



ExMC/425/CD
March 2008

**INTERNATIONAL ELECTROTECHNICAL COMMISSION (IEC) SCHEME
FOR CERTIFICATION TO STANDARDS RELATING TO EQUIPMENT FOR
USE IN EXPLOSIVE ATMOSPHERES (IECEx SCHEME)**

For Consideration by Members of the IECEx Management Committee, ExMC

2007 IECEx Audited Accounts

Introduction

This document contains the IECEx 2007 audited accounts with a copy of the Auditors report attached and is submitted for consideration by ExMC Members.

Explanatory notes have been provided for the assistance of Members.

Given the new approval process for Scheme Finances, as announced by CAB, ExMC Members are requested to consider the audited accounts and advise the Secretariat, by **31 March 2008**, contact details below, of any objections to the accounts. Following this date the audited accounts, as presented here, will be submitted to CAB for final approval.

Members should note that the IECEx Chairman will permit discussion on both the 2007 audited accounts and draft 2009 budget (IECQ MC/424/DV) during the Paris 2008 ExMC meeting in order to assist in the consideration of a 3 year forecasted budget, to be circulated prior to the Paris 2008 ExMC meeting.

Kind Regards

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Secretary IECEx
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Explanatory Notes to the 2007 IECEx Audited Accounts

INCLUSION OF ASSESSMENT FEES AS BOTH INCOME AND EXPENDITURE:

The IECEx Management Committee previously decided to charge Assessment Fees directly to ExCBs and ExTLs for assessments conducted on behalf of the Scheme. In turn Fees are paid to Assessor Organisations by the Scheme as opposed to being paid directly by the ExCB and ExTL to the Assessor organisation.

The major issue to highlight is the fact that for this year the auditors have decided to include the assessment fees (charged to ExCBs and ExTLs for the IECEx assessments) of CHF 208'759 as Scheme Income and the fees paid to IECEx Assessor's organisations of CHF 207'959 as Scheme Expenditure. In noting that the difference CHF 800, this is regarded as Scheme income arising from the CHF 50 per invoice charged as administration fee for the Secretariat to process invoices. At the time of setting the 2007 budget, this was not the case.

INCOME:

The income of CHF 439'137 (Total Income less Assessment Fees) is **CHF 95'637** above budget predictions and due to the following main factors:

- Surcharges (not relied upon when developing the 2007 budget)
- Increases in sale of IECEx publications
- 100% increase in applications as budgeted
- Increased income from Certificate fees (50% above budget predictions)

This difference between actual and budget predictions is also reflective of the conservative approach to budgetary planning by the IECEx.

EXPENSES:

While the 2007 income resulted in extra income of some 28% above budget (when discounting the Assessment Fees and associated Income), the difference between actual expenses and budgeted was contained to some 8% (**CHF 27'685**), taking into account the CHF 50'000 allocated as an expense for contribution to the general reserve. The main contributor to the 8% over budget on expenses was the amount used for Special Projects (major upgrade of the IECEx On-Line Certificate of Conformity System) and travel, mainly due to the fact that at the time of setting the 2007 budget a number of additional travel demands were not known.

The 2007 costs for resources were also slightly above budget and due to additional work by the IECEx Central Secretariat in dealing with additional work associated with activities including:

- Roll out of the new IECEx 03 Certified Service Facilities Program
 - Expansion of On-Line Certificate of Conformity System
 - Development of Operational and Guidance Documents
 - Processing of applications from first round of ExCBs to join the new Program
- Dealing with an increased level of inquiries both from Scheme members and direct from industry
- Management of the ExCB + ExTL assessment, surveillance and re-assessment program

GENERAL RESERVES:

Taking into account the 2007 results, the IECEEx achieved a healthy **CHF 121'140** surplus for the 2007 year which when added to the General reserves provides a total of CHF 276'260 as a Scheme Reserve. This reserve provides for around 82% of the 2007 year expenses.

IECEEx OFFICERS REVIEW:

At the 14 March 2008 IECEEx Officers meeting in Singapore, Officers noted receipt of the Auditors report and while in support of the accounts, as presented, noted that some of the travel costs relate to presentations by the Secretariat as part of promoting the Scheme and its services and requested for future recording, that travel costs associated with promotional activities be identified as Advertising Expenses.



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Audit

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To the Conformity Assessment Board of

International Electrotechnical Commission

Geneva

Report of the auditors on the financial statements for the year 2007

of

IEC Scheme for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEx Scheme)

26 February 2008
11176/21504198/4-4-1

Report of the auditors

to the Conformity Assessment Board of

International Electrotechnical Commission, Geneva

As auditors, we have audited the accounting records and the financial statements (balance sheet, profit and loss account and notes) of the IEC Scheme for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX Scheme) for the year ended 31 December 2007.

These financial statements are the responsibility of the Secretary. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law, the statutes and rules of procedure of the International Electrotechnical Commission and the basic rules of the IEC Scheme for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX Scheme).

We recommend that the financial statements submitted to you be approved.

Geneva, 26 February 2008

BDO Visura



Jean-Frédéric Braillard
Swiss Certified Accountant



Nadia Quévit
Swiss Certified Accountant
(Auditor in Charge)

Enclosures

- Financial statements (balance sheet, profit and loss account and notes)

BALANCE SHEET AS AT 31 DECEMBER 2007
(with comparative figures for 2006)

| ASSETS | | 2007 | 2006 | LIABILITIES AND GENERAL FUNDS | | 2007 | 2006 |
|--------------------------------------|--|---------|---------|--------------------------------------|--|---------|---------|
| | | CHF | CHF | | | CHF | CHF |
| Cash and cash equivalents | | | | Liabilities | | | |
| Bank, current account | | 37'913 | 45'272 | Dues received in advance | | 0 | 20'500 |
| | | | | IEC current account | | 0 | 3'656 |
| Other current assets | | | | Accrued liabilities | | 41'573 | 9'750 |
| Outstanding dues | | 1'000 | 0 | | | 41'573 | 33'906 |
| Accounts receivable | | | | | | | |
| - Publications | | 785 | 107 | | | | |
| - Certificates and surcharges | | 183'587 | 87'475 | | | | |
| Other receivables | | | | | | | |
| - Withholding tax | | 798 | 222 | | | | |
| IEC current account | | 1'124 | 0 | IECEX General Funds | | | |
| Prepaid expenses (IECEX secretariat) | | 80'500 | 55'950 | Capital at the beginning of the year | | 155'120 | 81'723 |
| Accrued income | | 12'126 | 0 | Surplus for the year | | 121'140 | 73'397 |
| | | 279'920 | 143'754 | Capital at the end of the year | | 276'260 | 155'120 |
| Total | | 317'833 | 189'026 | Total | | 317'833 | 189'026 |

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007
(with comparative figures for 2006)

| | Budget 2007 (unaudited) | Actual 2007 | Actual 2006 |
|--|-------------------------------|----------------|----------------|
| | CHF | CHF | CHF |
| INCOME | | | |
| Dues | 189'500 | 191'500 | 177'000 |
| Surcharges | 0 | 12'500 | 6'100 |
| Publications | 1'000 | 7'360 | 6'705 |
| Subscription Ex Bullet | 2'000 | 0 | 0 |
| Application fees | 10'000 | 21'000 | 12'000 |
| Certificates fees | 130'000 | 195'125 | 143'875 |
| Other income | 10'000 | 10'004 | 3'400 |
| Interest income | 1'000 | 1'648 | 437 |
| Assessment fees | 0 | 208'759 | 0 |
| Total | 343'500 | 647'896 | 349'517 |
| EXPENSES (Central office secretariat) | | | |
| Personnel expenses | 3'000 | 0 | 0 |
| Miscellaneous, legal and audit | 2'500 | 2'836 | 2'438 |
| Travel and meetings expenses | 0 | 276 | 0 |
| Total | 5'500 | 3'112 | 2'438 |
| EXPENSES (Australia secretariat) | | | |
| Personnel expenses | 177'000 | 196'799 | 170'760 |
| Office equipment | 4'000 | 541 | 223 |
| Serviced office facilities | 13'000 | 13'000 | 10'500 |
| Miscellaneous, legal and audit | 1'500 | 2'952 | 3'299 |
| Website | 5'000 | 5'733 | 4'227 |
| Advertising expenses | 12'000 | 0 | 11'356 |
| Special projects | 30'000 | 43'888 | 28'437 |
| Travel and meetings expenses | 45'000 | 52'772 | 44'880 |
| Allocation to IECEx reserves | 50'500 | 0 | 0 |
| Costs to conduct assessments | | 207'959 | 0 |
| Total | 338'000 | 523'644 | 273'682 |
| Budget result | 0 | | |
| Surplus for the year | | 121'140 | 73'397 |

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2007

1 Structure and objectives

1.1 *International Electrotechnical Commission ("IEC")*

The International Electrotechnical Commission ("IEC") is an organization constituted as a non profit-making corporate association with legal entity in accordance with Articles 60 *et seq.* of the Swiss Civil Code. The seat of the IEC is in Geneva, Switzerland.

The IEC object is to promote international cooperation on all questions of standardization and related matters, such as the verification of conformity to standards in the fields of electricity, electronics and related technologies, and thus to promote international understanding. This object, inter alia, is achieved by issuing publications, including International Standards.

1.2 *IEC Scheme for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEx Scheme)*

Taking into account the object of the IEC, the particular object of the IECEx Scheme, operated under the authority of the IEC in conformity with the Statutes, is to provide a global frame work for independent assessment and certification of equipment and services associated with explosive atmospheres.

These financial statements relate to the IECEx Scheme, which is part of the IEC.