



ExMC/1023/DV  
June 2015

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

**For Consideration by Members of the IECEx Management Committee, ExMC**

**2014 IECEx Audited Accounts**

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**Introduction**

This document contains the IECEx 2014 audited accounts including a copy of the IEC Auditors report, attached and is submitted for consideration by ExMC Members.

Explanatory notes have been provided for the assistance of Members.

This Report is submitted for ExMC consideration at the September 2015 IECEx meetings in Christchurch, NZ, following which will be presented for CAB approval during the 2015 October IEC General Meeting.

The Auditors report has been reviewed by both the IECEx Treasurer and Secretary.

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*Chris Aqius*

**IECEx Executive Secretary**

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# Explanatory Notes to the 2014 IECEx Audited Accounts

## GENERAL OVERVIEW

Total Income: CHF 1'840'304  
Total Expenditure: CHF 1'524'990  
End Year Surplus CHF 315'314

General Reserve at end 2014: CHF 1'466'789

## INCLUSION OF ASSESSMENT FEES AS BOTH INCOME AND EXPENDITURE:

The IECEx Management Committee previously decision for IECEx to control the payment of fees to Assessors and hence invoice these amounts to ExCBs and ExTLs means that Assessment fees are included as income and expenditure in the end of year accounts.

The main issue to highlight is that the Swiss auditors have requested to include the assessment fees (charged to ExCBs and ExTLs for the IECEx assessments) of CHF 494'038 as Scheme Income and the fees paid to IECEx Assessor's organisations of CHF 492'019 as Scheme Expenditure. This has been the practise each year since 2007. In noting that the difference CHF 2'020, this is regarded as Scheme income arising from a small fee per invoice charged as administration fee for the Secretariat to process and manage invoices.

## **INCOME**

### General

The total income (less Assessment Fees Income of 494'038) is **CHF 1'346'266** compared to CHF 1'090'924 for 2013. This resulted in a contribution of CHF 315'314 to the reserves compared to CHF 151'492 for 2013, which is 180% of the budget amount of CHF 175'500. This now has the IECEx General Reserve at end 2014 standing at **CHF 1'466'789**.

### Annual Dues

Annual dues were in line with Budget expectations noting the planned joining of IECEx by other countries and new ExCB / ExTL applications and is above 2013 Accounts.

### Surcharges

Surcharges apply to Manufacturers and Service Facilities that are located in non IECEx member countries whom derive the full benefit of IECEx without their country contributing to the IECEx annual dues. While close to budget expectations this amount is an increase of the figures for the previous year of CHF 32'500.

### Application Fees

Application fees are applicable to new countries and new ExCBs and ExTLs joining IECEx. The 2014 accounts figure is below budget prediction due to interests from new Member Bodies and CBs / TLs not yet being converted to an application. These however have done so during 2015.

### **Certificate Fees Equipment**

The Certificate fees for the IECEx Certified Equipment Scheme resulted in CHF 821'625 being well above both budget predictions and the previous year by thereby demonstrating sustained growth in demand for IECEx Equipment Certification.

### **Certificate Fees Services**

The Certificate fees for the IECEx Certified Service Facility Scheme resulted in CHF 53'250 and while above 2013 Accounts is below budget predictions.

### **Certificate Fees Persons**

The Certificate fees for the IECEx Certified Persons Scheme resulted in CHF 84'900, which is 41.5% above budget predictions and an impressive 150% above the 2013 accounts. This trend is continuing as IECEx enters 2015.

### **Other Income**

Other income for 2014 was due to mainly to income received from sponsorship of the 2014 IECEx Conference held in Kuala Lumpur and is in line with the 2014 Budget.

### **Interest**

Results in line with 2013 end of year results and reflects the reduced interest rates associated with the Global Financial Crisis.

## **EXPENSES**

### **General**

While 2014 resulted in an income above budget, the difference between overall actual operating expenses (total expenses minus allocation to Gen Reserve) was contained to CHF 1'032'971 being CHF 34'529 below budget.

With operating costs being below budget predictions and income being above budget contributed to an annual contribution of CHF 315'314 to the IECEx General Reserve which now stands at **CHF 1'466'789** compared to CHF 1'151'475 at end 2013.

In line with expected business practice, the IECEx monthly accounts are constantly reviewed and any adjustments to expenditure are made according to income levels.

From the auditor's report we see that most of the Expenses items have resulted in an end of year accounts being below budget predictions. The following items are specifically noted.

### **Personnel Costs**

Personnel costs were in line with budget predictions.

### **Travel and Meeting Expenses**

While in line with 2013 accounts 2014 end of year results were below budget predictions, noting that as the IECEx Secretary also serves as IECQ Secretary, travel for both IECEx and IECQ Systems is coordinated, where possible, in order to split travel costs.

#### **Serviced Office facilities**

The CHF 73'712 amount is below budget predictions and provides for operating the IECEx Secretariat Office located in Sydney catering for the Secretariat staff with the following being covered:

- Secure Office accommodation
- Heating and cleaning
- Electricity costs (light + Power)
- Telephone costs
- Meeting room facilities
- Reception facilities
- IT services and support
- Printing and photo copying
- Fax facilities

#### **Miscellaneous Legal and audit**

Caters mainly for the audit costs of the IECEx accounts and the provision of an external auditors review and reporting of the IECEx financial accounts and was below budget predictions.

#### **Advertising Expenses**

Maintained below budget predictions.

#### **Website**

Maintained below budget

#### **Special Projects**

Maintained below budget predictions.

#### **Special Event**

This item is introduced for the annual 2 day Special Event to promote IECEx and its members and those companies and persons holding IECEx Certification, noting the successful event held February 2014 in Kuala Lumpur, MY.

#### **Extraordinary Expenses**

The CHF 1'215 for extraordinary expenses incurred in 2014 relates to adjustment of annual fees for one of the ExTLs in India (CHF 1'000) now operating with an ExCB located in GB. The remaining CHF 215 relates to withholding tax incurred for 2014.

#### **Allocation to IECEx reserves**

The end of year result for 2014 of CHF 315'314 is above budget predictions. With all the above taken into account, the end of year surplus is a pleasing result for IECEx.

#### **GENERAL RESERVE**

Taking into account the results for 2014 with its contribution of **CHF 315'314**, the IECEx General reserves at end of 2014 provides a total of **CHF 1'466'789**. This reserve provides at least one full year operating expenditure with the target to achieve a reserve to cover 3 years operating expenses, in accordance with the CAB recorded Decision 33/5 of Document CAB/1170/DL, List of Decisions from the June 2013 CAB Meeting.

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**INTERNATIONAL ELECTROTECHNICAL COMMISSION,  
IEC System for Certification to Standards relating to  
Equipment for use in Explosive Atmospheres (IECEx)  
GENEVA**

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**Report of the Auditor**

**31 December 2014**

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## **Report of the Auditor to the Conformity Assessment Board of International Electrotechnical Commission, Geneva**

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### **Report of the Auditor on the Financial Statements**

We have audited the accompanying financial statements of IEC System for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX), which comprise the balance sheet as at 31 December 2014, and the income statement and notes for the year then ended.

### **Executive Secretary's Responsibility**

The Executive Secretary is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law, the association's statutes and rules of procedures of the International Electrotechnical Commission and the basic rules of the IEC System for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Executive Secretary is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the association's statutes and rules of procedures of the International Electrotechnical Commission and the basic rules of the IEC System for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX).

**Other matters**

The financial statements of IEC System for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEx) for the year ended 31 December 2013, were audited by another auditor who expressed an unqualified opinion in his report dated 14 March 2014.

Geneva, 23 March 2015

**MAZARS SA**Daniel Dumas  
Licensed Audit Expert  
Auditor in chargeSébastien Gianelli  
Licensed Audit Expert**Enclosures:**

- Financial statements as at 31 December 2014

**BALANCE SHEET AS AT 31 DECEMBER 2014**  
(with comparative figures for 2013)

	2014	2013	2014	2013
	CHF	CHF	CHF	CHF
<b>ASSETS</b>				
<b>Cash and cash equivalents</b>				
Bank, current account	276'420	278'758		
<b>Investment</b>				
IEC Pool Investment	229'682	2'16'666	55'238	87'473
<b>Other current assets</b>				
Accounts receivable				
- Dues	1'000	2'000		
- Publications	368	272		
- Certificates and surcharges	629'328	442'665		
Other receivables				
- Withholding tax	0	215		
IEC current account	38'731	2'442		
Prepaid expenses (IECEX secretariat)	201'757	192'150	1'151'475	999'983
Accrued income	144'741	103'780	315'314	151'492
	<u>1'015'925</u>	<u>743'524</u>	<u>1'466'789</u>	<u>1'151'475</u>
<b>Liabilities</b>				
Accrued liabilities				
			55'238	87'473
<b>LIABILITIES AND GENERAL FUNDS</b>				
			1'151'475	999'983
			315'314	151'492
			<u>1'466'789</u>	<u>1'151'475</u>
<b>Total</b>	<u>1'522'027</u>	<u>1'238'948</u>	<u>1'522'027</u>	<u>1'238'948</u>



**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
(with comparative figures for 2013)

	<b>Budget 2014 (unaudited)</b>	<b>Actual 2014</b>	<b>Actual 2013</b>
	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
<b>INCOME</b>			
Dues	250'000	259'250	248'250
Surcharges	50'000	50'000	32'500
Publications	7'000	7'217	8'049
Application fees	20'000	11'000	13'000
Certificates equipment	720'000	821'625	692'675
Certificates services	80'000	53'250	48'750
Certificates persons	60'000	84'900	34'050
Other income	50'000	57'633	10'050
Interest income	4'000	1'391	3'600
Assessment fees	2'000	494'038	332'045
<b>Total</b>	<b>1'243'000</b>	<b>1'840'304</b>	<b>1'422'969</b>
<b>EXPENSES</b>			
Personnel expenses	720'000	720'000	698'390
Office equipment	10'000	2'167	6'477
Serviced office facilities	90'000	73'712	67'211
Miscellaneous, legal and audit	10'000	4'787	4'506
Website	7'500	2'448	6'298
Advertising expenses	60'000	42'007	13'158
Special event	0	54'443	0
Special projects	40'000	23'989	23'586
Travel and meetings expenses	130'000	108'203	121'176
Extraordinary expenses	0	1'215	0
Allocation to IECEX reserves	175'500	0	0
Costs to conduct assessments	0	492'019	330'675
<b>Total</b>	<b>1'243'000</b>	<b>1'524'990</b>	<b>1'271'477</b>
<b>Budget result</b>	<b>0</b>		
<b>Surplus for the year</b>		<b>315'314</b>	<b>151'492</b>

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

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### **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 System for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX System)***

Taking into account the object of the IEC, the particular object of the IECEX System, 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, services and personnel associated with explosive atmospheres.

These financial statements relate to the IECEX System, which is part of the IEC.