



ExMC/1115/DV  
May 2016

**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**

**2015 IECEX Audited Accounts**

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**Introduction**

This document contains the IECEX 2015 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 2016 IECEX meetings in South Africa, following which will be presented for CAB approval during the 2016 October IEC General Meeting.

The Auditors report has been reviewed by both the IECEX Treasurer and Secretary and for further review during the Executive's May 2016 meeting.

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*Chris Agius*

**IECEX Executive Secretary**

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# Explanatory Notes to the 2015 IECEX Audited Accounts

## GENERAL OVERVIEW

Total Income: CHF 1'983'347  
Total Expenditure: CHF 1'721'395  
End Year Surplus CHF 261'952

General Reserve at end 2015: CHF 1'728'741

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

The IECEX Management Committee previous decision for IECEX to control the payment of fees to Assessor Organisations 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 573'716 as Scheme Income and the fees paid to IECEX Assessor's organisations of CHF 571,369 as Scheme Expenditure, with these amounts being referred as Transitional Funds. This has been the practise each year since 2007. In noting that the difference **CHF 2'347**, 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 573'716 but plus CHF 2'347 admin fee [Assessment Fee Income less Assessment Fee Expenses]) is **CHF 1'411'978** compared to CHF 1'346'266 for 2014, and 7% above 2015 budget predictions.

The Total Operating costs (Total expenses less Assessment Fees paid to Assessor Organisations of CHF 571'369) is CHF 1'150'026 compared to CHF 1'032'971 for 2014, and 10% below 2015 budget predictions.

Above budget income and below budget expenses resulted in a contribution of **CHF 261'952** to the general reserves compared to a budget amount of CHF 49'627, being more than **5** times 2015 budget predictions. A good end of year result.

The IECEX General Reserve at end 2015 now stands at **CHF 1'728'741** compared to CHF 1'466'789. At end 2014 and represents approx. 1.5 times annual operating costs.

### Annual Dues

Annual dues were above Budget expectations due to new bodies now participating in the various IECEX Schemes.

### 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. In noting above budget this amount is an increase of the figures for the previous year of CHF 50'000 for 2014 and

CHF 32'500 for 2013, showing growing interest in IECEX by industries in countries that are not yet IECEX Members.

### **Application Fees**

Application fees are applicable to new countries and new ExCBs and ExTLs joining IECEX. The 2015 accounts figure is more than double the budget provisions and is representative of the sustained annual growth and interest of the IECEX Schemes.

### **Certificate Fees Equipment**

The Certificate fees for the IECEX Certified Equipment Scheme resulted in CHF 869'150 being well above both budget predictions and the previous year thereby demonstrating sustained growth in demand for IECEX Equipment Certification. This trend is continuing as IECEX enters 2016

### **Certificate Fees Services**

The Certificate fees for the IECEX Certified Service Facility Scheme resulted in CHF 50'000 and while in line with 2013 Accounts is below budget predictions. Expansion of the Services Scheme into other services areas is expected to see an increase in the number of Service facility certificates.

### **Certificate Fees Persons**

The Certificate fees for the IECEX Certified Persons Scheme resulted in CHF 71'800, which is 19.7% above budget predictions. This trend is continuing as IECEX enters 2016.

### **Other Income**

Other income for 2015 was due to mainly to income received from sponsorship of the 2015 IECEX Conference held in Gdansk, Poland and while below budget the corresponding expenses for the Conference were significantly below budget expense predictions. Therefore the 2015 IECEX Gdansk conference was not such a financial burden to IECEX.

### **Interest**

Results in line with budget predictions and reflects the reduced interest rates associated with the Global Financial Situation.

## **EXPENSES**

### **General**

While 2015 resulted in an income above budget, the difference between overall actual operating expenses (total expenses minus allocation to Gen Reserve) was contained to CHF 1'150'026 being **CHF 120'597 below** 2015 budget.

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 and covers all personnel related costs (eg, Staff Remuneration, Insurance, Pensions and other statutory employee related costs) with a mix of full time and part-time resources.

### **Office Equipment**

Office equipment covers usual office related equipment and consumables related to day to day running of the Secretariat office including computer and IT, stationery and printing and postage of CoPC cards and other documentation. Significant costs during 2015 related to a replacement Laptop and printer.

### **Serviced Office facilities**

The CHF 73'379 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

### **Indirect IEC Costs**

Contribution to IEC Geneva Office Costs, covers use by IECEx of IEC Central Office Services including:

- IT Department
- Communications and Promotions Department
- Publishing Department
- Printing Department
- Finance Department
- Others

The amount of CHF 75'624 is in line with the approved 2015 budget

### **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**

While maintained below 2015 budget predictions this provided for the introduction of the new IECEx Mobile Apps and participation at various Promotional events, eg PCIC Conferences in Abu Dhabi, PCIC Europe in London, PCIC Nth America. .

### **Website**

Maintained below budget and covers the IT Webmaster services for the dedicated Website

### **Special Event**

The special event for 2015 was the 2 day IECEx International Conference held in Gdansk Poland. The amount of CHF 16'344 while well below budget predictions catered for the rental of conference facilities and

equipment and catering costs to enable IECEX to provide this event free of charge to attendees. The main purpose of this event is the promotion and increased awareness of the IECEX System and its Schemes.

### **Special Projects**

Maintained below budget predictions and covered the additional resources associated with the introduction of the new Mobile Apps and preparations for the annual 2015 IECEX Gdansk Conference.

### **Travel and Meeting Expenses**

The final amount of CHF 121'690 is below budget predictions and caters for travel and meeting costs of the Secretariat staff, noting that as the IECEX Executive Secretary also serves as IECQ Executive Secretary, travel for both IECEX and IECQ Systems is coordinated, where possible, in order to split travel costs.

### **Extraordinary Expenses**

There were no extraordinary expenses incurred in 2015.

### **Allocation to IECEX reserves**

The end of year result for 2015 of CHF 261'952 is above budget predictions. With all the above taken into account, the end of year surplus is a most pleasing result for IECEX.

### **GENERAL RESERVE**

Taking into account the results for 2015 with its contribution of **CHF 261'952**, the IECEX General reserves at end of 2015 provides a total of **CHF 1'728'741**. This reserve provides 1.5 year's 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**

**REPORT OF THE AUDITOR  
31 DECEMBER 2015**

**Report of the Auditor to the Conformity Assessment Board of  
International Electrotechnical Commission, Geneva****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 2015, 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.

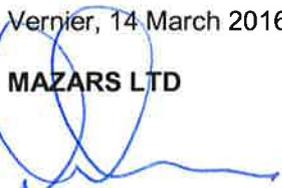
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 2015 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).

Vernier, 14 March 2016

MAZARS LTD

  
Daniel Dumas  
Licensed Audit Expert  
(Auditor in charge)  
Sébastien Gianelli  
Licensed Audit Expert**Enclosures:**

- Financial statements as at 31 December 2015

**BALANCE SHEET AS AT 31 DECEMBER 2015**  
(with comparative figures for 2014)

|                                      | <u>2015</u>             | <u>2014</u>             |                                      | <u>2015</u>             | <u>2014</u>             |
|--------------------------------------|-------------------------|-------------------------|--------------------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                        | <b>CHF</b>              | <b>CHF</b>              | <b>LIABILITIES AND GENERAL FUNDS</b> | <b>CHF</b>              | <b>CHF</b>              |
| <b>Cash and cash equivalents</b>     |                         |                         |                                      |                         |                         |
| Bank, current account                | <u>517'009</u>          | <u>276'420</u>          | <b>Liabilities</b>                   |                         |                         |
|                                      |                         |                         | Accrued liabilities                  | <u>71'945</u>           | <u>55'238</u>           |
| <b>Investment</b>                    |                         |                         |                                      |                         |                         |
| IEC Pool Investment                  | <u>240'687</u>          | <u>229'682</u>          |                                      |                         |                         |
| <b>Other current assets</b>          |                         |                         |                                      |                         |                         |
| Accounts receivable                  |                         |                         |                                      |                         |                         |
| - Dues                               | 0                       | 1'000                   |                                      |                         |                         |
| - Publications                       | 0                       | 368                     |                                      |                         |                         |
| - Certificates and surcharges        | 554'610                 | 629'328                 | <b>IECEx General Funds</b>           |                         |                         |
| IEC current account                  | 70'061                  | 38'731                  | Capital at the beginning of the year | 1'466'789               | 1'151'475               |
| Prepaid expenses (IECEx secretariat) | 211'844                 | 201'757                 | Surplus for the year                 | <u>261'952</u>          | <u>315'314</u>          |
| Accrued income                       | <u>206'475</u>          | <u>144'741</u>          | Capital at the end of the year       | <u>1'728'741</u>        | <u>1'466'789</u>        |
|                                      | <u>1'042'990</u>        | <u>1'015'925</u>        |                                      |                         |                         |
| <b>Total</b>                         | <u><u>1'800'686</u></u> | <u><u>1'522'027</u></u> | <b>Total</b>                         | <u><u>1'800'686</u></u> | <u><u>1'522'027</u></u> |

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**  
(with comparative figures for 2014)

|                                | Budget<br>2015<br>(unaudited) | Actual<br>2015   | Actual<br>2014   |
|--------------------------------|-------------------------------|------------------|------------------|
|                                | CHF                           | CHF              | CHF              |
| <b>INCOME</b>                  |                               |                  |                  |
| Dues                           | 259'250                       | 278'000          | 259'250          |
| Surcharges                     | 50'000                        | 53'250           | 50'000           |
| Publications                   | 7'000                         | 3'374            | 7'217            |
| Application fees               | 20'000                        | 41'000           | 11'000           |
| Certificates equipment         | 800'000                       | 869'150          | 821'625          |
| Certificates services          | 70'000                        | 50'000           | 53'250           |
| Certificates persons           | 60'000                        | 71'800           | 84'900           |
| Other income                   | 50'000                        | 40'089           | 57'633           |
| Interest income                | 2'000                         | 2'968            | 1'391            |
| Assessment fees                | 2'000                         | 573'716          | 494'038          |
| <b>Total</b>                   | <b>1'320'250</b>              | <b>1'983'347</b> | <b>1'840'304</b> |
| <b>EXPENSES</b>                |                               |                  |                  |
| Personnel expenses             | 785'000                       | 785'000          | 720'000          |
| Office equipment               | 10'000                        | 5'724            | 2'167            |
| Serviced office facilities     | 95'000                        | 73'379           | 73'712           |
| Indirect IEC costs             | 75'623                        | 75'624           | 0                |
| Miscellaneous, legal and audit | 10'000                        | 4'366            | 4'787            |
| Website                        | 10'000                        | 2'204            | 2'448            |
| Advertising expenses           | 60'000                        | 48'007           | 42'007           |
| Special event                  | 45'000                        | 16'344           | 54'443           |
| Special projects               | 40'000                        | 17'688           | 23'989           |
| Travel and meetings expenses   | 140'000                       | 121'690          | 108'203          |
| Extraordinary expenses         | 0                             | 0                | 1'215            |
| Allocation to IECEx reserves   | 49'627                        | 0                | 0                |
| Costs to conduct assessments   | 0                             | 571'369          | 492'019          |
| <b>Total</b>                   | <b>1'320'250</b>              | <b>1'721'395</b> | <b>1'524'990</b> |
| <b>Budget result</b>           | <b>0</b>                      |                  |                  |
| <b>Surplus for the year</b>    |                               | <b>261'952</b>   | <b>315'314</b>   |

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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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.