



**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**

**2023 IECEX Audited Accounts**

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**Introduction**

This document contains contains the IECEX extract of Document GA/195/DV – Report of the statutory auditor (KPMG) on the IEC Statutory Financial Statements for 2023 and notes and is submitted for consideration by IECEX ExMC Members during the September 2024 IECEX ExMC Brazil meeting.

Explanatory notes have been provided for the assistance of Members.

This Report is submitted for ExMC consideration at the September 2024 IECEX meetings, following which will be presented for CAB endorsement during the 2024 IEC General Assembly to be held in Edinburgh.

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# Explanatory Notes to the 2023 IECEX Audited Accounts

## IMPLEMENTATION OF NEW SWISS GAAP ACCOUNTING STANDARDS

Previously the IECEX Treasurer explained the adoption, by IEC, of the Swiss GAAP (General Accepted Accounting Practice) Standards across all activities of the Commission, including the IEC Conformity Assessment Systems.

One of the key features of the Swiss GAAP Accounting Standards is the provision of consolidated budgeting and accounting to capture all activities of the IEC, hence for the 2022 accounts, the financial results of all activities of IEC have been consolidated and presented as “The IEC Statutory Financial Statements for 2023” as IEC Document GA/195/DV. The IECEX 2023 financial results contained in this document have been extracted from GA/195/DV for ease of explanation. A full copy of GA/195/DV has been provided to ExMC for information and noting during the ExMC September 2024 Brazil Meeting.

## 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 Organizations 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 peer assessments) of **CHF 384'290** as Scheme Income and the fees paid to IECEX Assessor's organizations of **CHF 383'527** as Scheme Expenditure, with these amounts being referred as Transitional Funds. This has been the practice each year since 2007. In noting the positive difference of **CHF 763**, is due to currency exchange fluctuations. An amount of CHF 1'750 is recorded as regarded as Other Income and relates to the CHF 50 per invoice administration charge to process and manage invoices and bank charges.

## **SUMMARY**

The total income (less Assessment Fees Income plus CHF 763 admin fee [Assessment Fee Income less Assessment Fee Expenses]) and NET financial revenue (CHF 8'804) has resulted in an end of year total Income of **CHF 1,780,885** compared to **CHF 1,618'458** for 2022.

The Total Operating costs (Total expenses less Assessment Fees paid to Assessor Organizations of (CHF 383'527) is **CHF 1,614,482** compared to **CHF 1,456'533** for 2022.

Given the travel restrictions and other challenges associated with the COVID-19 pandemic of 2020, 2021 and 2022 and all matters taken into account an extremely positive result was achieved for 2023 with an end of year Operational result of **CHF 157'599** compared to 2022 result of **CHF 185'830**. Noting that travel recommenced at the later part of 2023.

In noting the Depreciation costs, associated with IECEX Trademark Registrations, of CHF 99'694 and “Net Financial Revenue” (investments) CHF 8'804 (the non-realised value of the IECEX amounts of the Reserve invested in the IEC pool of investments) an end of year surplus and contribution to the IECEX General Reserves of CHF 66'709 was achieved and considered a pleasing result in light of the global financial situation and travel restrictions, compared to CHF 70'795 for 2022.

For 2023, an amount of CHF 26'127 has been assigned from the Reserves to support the IEC Global Impact Fund (GIF) as previously covered during the 2023 ExMC Edinburgh meeting.

Therefore, at end of 2023, with an end of year result of CHF 66'709 surplus and allocation of CHF 26'127 to the GIF the IECEX Finances now sees IECEX with Free Capital (Reserves) of **CHF 2,659,842** comprising

Capital Fund = CHF 2,359,842 and  
Reserve for Innovation and Promotion = CHF 300,000

The Free Capital (Reserves) of **CHF 2,659,842** currently sits at 1.65 X annual operating expenses noting the previous IEC Finance Committee, FinCom and Business Advisory Committee, BAC, requests for IEC Business Units to maintain a reserve in the order of 1.5 X annual operating costs. There is however a view that given the IECEX exposure to legal issues, eg misuse of the IECEX TradeMark and Conformity Mark, that it would be more prudent to maintain a level of reserves at 2 X annual operating costs. In addition, costs associated with maintaining the worldwide registrations of the IECEX Trademark need to be considered.

In conclusion, while achieving the objectives of operating an active and growing International Conformity Assessment System and a return to activities post COVID-19 travel restrictions the IECEX was still able achieve a sound end of year result for 2023 with an end of year surplus and contribution to reserves that was in line with the 2023 budget predictions.

## **1 INCOME**

### **1.1 Membership Dues (Annual Dues)**

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

### **1.2 Sales (Sale of publications)**

This relates to the previous sale of IECEX publications, mainly the IECEX Bulletin, which traditionally has not been significant. However in 2023 IECEX introduced the on-line Bulletin to replace the previous manual system.

### **1.3 CA System Operations**

#### **a) 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. It is noted that the Surcharges were below budget predictions but yet still a healthy result especially noting that the 2022 result and was prepared during the uncertainties of the COVID-19 pandemic.

#### **b) RTPP annual fees**

This relates to the annual dues paid by IECEX Recognized Training Providers whom run and provide training programs that are in support of the IECEX Schemes. The 2023 result were above budget predictions demonstrating interest in this service.

#### **c) Application Fees**

Application fees are applicable to new countries and new ExCBs, ExTLs and ATFs joining IECEX. The 2023 results were slightly less than budget predictions but yet in line with previous year (2022) results, demonstrating on-going and sustained growth of membership.

#### **d) Certificate Fees Equipment**

The Certificate fee income for the IECEX Certified Equipment Scheme resulted in CHF 878'047 and while below budget predictions was above the results of the previous year (2022). An analysis of this result

suggests a lagging impact associated with delays in processing applications during COVID-19 lockdowns occurring in many countries. This aspect is under constant monitoring by the Treasurer and Secretariat.

**e) Certificate Fees Services**

The Certificate fee income for the IECEX Certified Service Facility Scheme resulted in 11.4% above budget predictions and 24% above the previous year's actuals (2022) showing growing interest in this service, despite travel restrictions associated with the COVID-19 pandemic.

**f) Certificate Fees Persons**

The Certificate fee income for the IECEX Certified Persons Scheme resulted in CHF 350'525 which **is more than double** budget predictions and 38% above the results for the previous year (2022), showing continuous growing interest in personnel competency certification. This result assists to offset the shortfall in Certificate income from the Certified Equipment Scheme.

**g) Other Income**

Other income provides for additional income generated within IECEX which normally includes income from sponsorships for IECEX workshops and conferences. For 2023, planned conferences were postponed to 2024 as IECEX recovers from the COVID-19 pandemic travel restrictions. The CHF 1'750 other income recorded for 2023 relates to the CHF 50 administration fee applied to peer assessment invoices as admin costs.

**h) Assessment Fees**

While reported in detail above, the budgeted income is derived from the IECEX Central Office issuing invoices to IECEX CBs for the involvement of Peer assessors and is offset by the expenditure item "*Costs to conduct Assessments*", as part of managing the peer assessment process including the engagement of Assessors and payments to Assessor organizations.

## **2 EXPENSES**

### **2.1 General**

For 2023 the total operational expenditure was well below budget predictions, with the overall actual operating expenses (total expenses minus costs to conduct assessments) was contained to **CHF 1,614,482** and 8.7% below 2023 budget predictions.

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.

### **2.2 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.

### **2.3 Rent and Maintenance**

Covers the Sydney based Secretariat Office and includes Rent, Power, Telephone, IT, etc. The total costs were below budget predictions.

The CHF 95'462 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

## **2.4 Office & Administration**

### **a) Office Equipment**

Office equipment covers usual office related equipment and consumables related to day to day running of the Secretariat office including computer related, stationery and printing and postage of CoPC cards and other documentation. While for 2021 this was contained well below budget predictions, for 2023 this was below budget predictions due to replacement office equipment being carried in 2022.

### **b) Contribution to overhead costs (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 195'817 is in line with the approved 2023 budget.

During its January 2022 and again in 2023 meeting, the IECEx Executive undertook a discussion on this matter noting that while acknowledging the various support services provided by the IEC Geneva Secretariat, the value that operating IEC CA Systems such as IECEx also bring significant value to the broader IEC and a factor that should be considered when determining this contribution level.

### **c) Miscellaneous Legal and audit**

Caters for various matters such as audit costs of the IECEx accounts and the provision of an external auditor's assessment/audit and reporting of the IECEx financial accounts / IECEx Trademark and website domain monitoring and bank fees and was below budget predictions.

### **d) Website**

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

### **e) Special Projects**

The 2023 results were above budget predictions and mainly covered costs associated with the development of the software package for the IECEx Question Bank project associated with the IECEx CoPC (Certificate of Personal Competence Scheme) and the updating of the IECEx website.

### **f) Costs to conduct assessments**

These assessment costs relate to the costs to conduct peer assessments of the IECEx Certification Bodies and Testing Laboratories for 2023. These costs are covered by the income from assessments as mentioned in item 1.3 h) above. This is effectively neutral sum gain with the positive CHF 763 difference between Assessment Fee Income and Costs to conduct assessment, relates to exchange rate fluctuations.

## **2.5 Communication and Printing**

This provides for communication of the IECEEx and promotion. These were maintained well below 2023 budget predictions however still enabled IECEEx to develop the additional IECEEx animated videos to assist in promoting IECEEx services. In addition, IECEEx maintains a ½ page advertisement taken out in the HazardEx magazine on a regular basis.

## **2.6 Meeting and Travel**

### **a) Special Event**

The main purpose of Special Events is the promotion and increased awareness of the IECEEx System by way of conducting International Conferences, in partnership with both the United Nations UNECE (due to their formal endorsement of IECEEx) and the National Committee of IEC in a specific country.

Due to COVID-19 travel restrictions conferences or special events were postponed to 2024 with 2 being planned. At the time of preparing this report IECEEx had organized 2 x IECEEx Conferences for 2024.

### **b) Travel and Meeting Expenses**

Travel and meeting expenses were minimal during 2023 as the IECEEx Secretariat re-commences travel following the COVID-19 travel restrictions of recent years. Travel and face to face meetings did resume during 2023. The 2023 results reflect this situation.

Examples of normal travel and meeting costs are associated with:

- Secretariat staff for IECEEx Operational Meetings
- Secretariat staff for IECEEx Annual IECEEx meetings
- Secretariat Staff to attend meetings of CAB and CAB WG Meetings,
- Meetings of ISO CASCO WGs
- Promotional events etc
- Others, eg IEC Geneva Office and meetings with Member Bodies, potential new Member Bodies where necessary

## **2.7 DEPRECIATION – TRADEMARK REGISTRATION**

This covers the depreciation of costs associated with the worldwide registration of the IECEEx TradeMark as a means of protecting the IECEEx brand, IEC and its members. The total cost associated with this registration is to be depreciated over a 10 year period, which commenced in 2020.

## **2.8 NET FINANCIAL REVENUE**

This includes revenue for investment portfolio of the IECEEx General Reserves.

For 2023, the result of CHF 8'804 as the non-realised value of the IECEEx amounts of the Reserve invested in the IEC pool of investments and reflected the state of play in the global financial markets at that time.

## **2.9 ALLOCATION TO IECEEx RESERVES + DESIGNATED RESERVES**

Designated Reserves are funds of the Free capital (previously known as General Reserves) that have been designated for certain possible costs/expenditure that are considered to be in addition to day to day Operational costs, eg one-off costs. In light of previous requests from the IECEEx Membership and its Management Committee, to provide dedicated software to support the IECEEx Question Bank associated with the IECEEx CoPC Scheme along with calls for structured IECEEx Marketing, re new IECEEx ExMC WG17 "Marketing" funds of total CHF 300,000 are being allocated as Designated Reserves for "**Innovation and Promotion**" comprising the following two items detailed in a) and b) below.

- a) IECEx CoPC Question Bank Software
- b) IECEx Marketing Activities/Projects

Therefore, the 2023 end of year surplus of CHF 66'709 has been assigned to the IECEx Capital and Reserves. Taking into account the impacts of the global COVID-19 pandemic, the end of year surplus is a yet another most pleasing end of year result for IECEx.

## **2.10 ALLOCATION TO IEC GLOBAL IMPACT FUND**

As previously determined by IEC Board (IB) and agreed by the IEC General Assembly (GA) all 4 Conformity Assessment Systems contribute 1% of their capital as a start up contribution to the Global Impact fund. For 2023 this equates to CHF 26,127 being allocated to IECEx.

## **2.11 IECEx Free Capital GENERAL RESERVE**

Taking into account the results for 2023, the IECEx Reserves provide for Free capital of **CHF 2'659'842**. The General IEC policy on reserves is that reserves should be at a level of 1.5 times annual operating costs. In noting that at the end of 2023 the IECEx Free Capital Reserves are at 1.65 x Annual Operating costs, it is recommended that given the IECEx exposure to legal issues, eg misuse of the IECEx TradeMark and Conformity Mark, that it would be more prudent to maintain a level of reserves at 2 X annual operating costs. In addition, costs associated with maintaining the worldwide registrations of the IECEx Trademark need to be considered.

## **3 CONCLUSION**

The IECEx finances continue to remain in a healthy state, and recommended by the IECEx Treasurer for acceptance by the IECEx Management Committee for submission to CAB.

**BALANCE SHEET AS AT 31 DECEMBER 2023**

INTERNATIONAL ELECTROTECHNICAL COMMISSION

IECEX

(with comparative figures for 2022)

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>	<b>CHF</b>	<b>CHF</b>
<b>Current Assets</b>	<b>2'508'241</b>	<b>2'417'982</b>
<b>Cash &amp; cash equivalents</b>	<b>651'486</b>	<b>610'839</b>
<i>Banks, current accounts</i>	<i>651'486</i>	<i>610'839</i>
<b>Securities</b>	<b>225'296</b>	<b>216'215</b>
<i>IEC Pool Investments</i>	<i>225'296</i>	<i>216'215</i>
<b>Accounts receivable</b>	<b>1'124'965</b>	<b>1'094'005</b>
<b>Test Report Form</b>		
<i>Membership Dues (all years)</i>	<i>21'000</i>	<i>5'250</i>
<i>Publications</i>	<i>11'619</i>	<i>180</i>
<i>Certificates and surcharges</i>	<i>727'964</i>	<i>513'436</i>
<i>IEC St&amp;S current account</i>	<i>364'382</i>	<i>541'289</i>
<i>Other receivable</i>	<i>0</i>	<i>33'850</i>
<b>Prepaid expenses and accrued income</b>	<b>506'495</b>	<b>496'923</b>
<i>Prepaid expenses (IECEX secretariat)</i>	<i>312'986</i>	<i>298'082</i>
<i>Accrued income</i>	<i>193'509</i>	<i>198'841</i>
<b>Long term Assets</b>	<b>614'228</b>	<b>702'817</b>
<i>Trademarks</i>	<i>614'228</i>	<i>702'817</i>
<b>TOTAL ASSETS</b>	<b>3'122'469</b>	<b>3'120'799</b>
<b>LIABILITIES, CAPITAL AND RESERVES</b>		
<b>Current Liabilities</b>	<b>462'627</b>	<b>501'538</b>
<b>Short-term liabilities</b>	<b>27'941</b>	<b>66'852</b>
<i>Suppliers</i>	<i>7'520</i>	<i>42'356</i>
<i>Accrued liabilities</i>	<i>20'421</i>	<i>24'496</i>
<b>Provisions</b>	<b>434'686</b>	<b>434'686</b>
<i>Provision</i>	<i>434'686</i>	<i>434'686</i>
<b>Capital &amp; Reserves</b>	<b>2'659'842</b>	<b>2'619'260</b>
<b>Free Capital</b>	<b>2'659'842</b>	<b>2'619'260</b>
<i>Capital Fund IECEX</i>	<i>2'359'842</i>	<i>2'319'260</i>
<i>Reserve for Innovation &amp; Promotion</i>	<i>300'000</i>	<i>300'000</i>
<b>TOTAL LIABILITIES, CAPITAL &amp; RESERVES</b>	<b>3'122'469</b>	<b>3'120'799</b>



**STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2023**

INTERNATIONAL ELECTROTECHNICAL COMMISSION

IECEX

(with comparative figures for 2022)

	Budget 2023 (unaudited)	Actuals 2023	Actuals 2022
	CHF	CHF	CHF
<b>INCOME</b>			
<b>Membership Dues</b>	<b>340'000</b>	<b>342'500</b>	<b>337'000</b>
<b>Sales</b>	<b>3'000</b>	<b>0</b>	<b>3'010</b>
<b>System operations</b>	<b>1'617'000</b>	<b>1'813'108</b>	<b>1'652'768</b>
<i>Surcharges</i>	65'000	55'000	39'000
<i>Test report form</i>	0	996	0
<i>RTPP annual fees</i>	15'000	17'000	18'000
<i>Application fees</i>	15'000	11'000	15'000
<i>Certificate equipment</i>	1'200'000	878'047	873'050
<i>Certificates services</i>	100'000	114'500	92'250
<i>Certificates persons</i>	160'000	350'525	254'550
<i>Other income</i>	60'000	1'750	3'050
<i>Assessment fees</i>	2'000	384'290	357'868
<b>TOTAL OPERATIONAL INCOME</b>	<b>1'960'000</b>	<b>2'155'608</b>	<b>1'992'778</b>
<b>EXPENDITURE</b>			
<b>Personnel expenses</b>	<b>1'144'660</b>	<b>1'144'660</b>	<b>1'111'320</b>
<b>Rent &amp; maintenance</b>	<b>105'000</b>	<b>95'462</b>	<b>92'812</b>
<b>Office &amp; administration</b>	<b>288'317</b>	<b>648'941</b>	<b>564'380</b>
<i>Office equipment</i>	10'000	4'768	9'924
<i>Contribution to overhead costs</i>	195'817	195'817	160'375
<i>Miscellaneous, legal and audit</i>	7'500	6'047	7'061
<i>Website</i>	30'000	6'637	7'227
<i>Special projects</i>	45'000	52'145	29'378
<i>Costs to conduct assessments</i>	0	383'527	350'415
<b>Communication &amp; printing</b>	<b>80'000</b>	<b>34'188</b>	<b>17'382</b>
<b>Meetings &amp; travel expenses</b>	<b>150'000</b>	<b>74'758</b>	<b>21'054</b>
<i>Special event</i>	40'000	0	0
<i>Travel and meetings expenses</i>	110'000	74'758	21'054
<b>TOTAL OPERATIONAL EXPENDITURE</b>	<b>1'767'977</b>	<b>1'998'009</b>	<b>1'806'948</b>
<b>OPERATIONAL RESULT</b>	<b>192'023</b>	<b>157'599</b>	<b>185'830</b>
<b>Depreciation</b>	<b>(91'500)</b>	<b>(99'694)</b>	<b>(98'583)</b>
<b>Net financial revenue</b>	<b>2'500</b>	<b>8'804</b>	<b>(16'452)</b>
<b>OPERATIONAL &amp; FINANCIAL RESULT</b>	<b>103'023</b>	<b>66'709</b>	<b>70'795</b>
<b>ANNUAL RESULT BEFORE ALLOCATIONS</b>	<b>103'023</b>	<b>66'709</b>	<b>70'795</b>
<b>Allocations (to) / from Capital &amp; Reserves</b>	<b>(103'023)</b>	<b>(66'709)</b>	<b>(70'795)</b>
<i>Capital Fund IECEX</i>	(103'023)	(66'709)	(70'795)
<i>Capital Fund IECEX</i>	0	26'127	25'660
<i>Global Impact Fund</i>	0	(26'127)	(25'660)
<b>ANNUAL RESULT AFTER ALLOCATIONS</b>	<b>0</b>	<b>0</b>	<b>0</b>