



ExMC/741/DV
June 2011

**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

2011 IECEX Audited Accounts

Introduction

This document contains the IECEX 2011 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 2012 Calgary IECEX meetings, following which will be presented for CAB approval during the 2012 October IEC General Meeting.

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

Explanatory Notes to the 2011 IECEx Audited Accounts

GENERAL OVERVIEW

Total Income: CHF 1'259'673
Total Expenditure: CHF 1'058'019
End Year Surplus CHF 201'654

General Reserve at end 2011: CHF 894'053

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 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 341'601 as Scheme Income and the fees paid to IECEx Assessor's organisations of CHF 340'404 as Scheme Expenditure. This is similar practise as for the 2007, 2008, 2009 + 2010 accounts. In noting that the difference CHF 1'197, this is regarded as Scheme income arising mainly from the CHF 50 per invoice charged as administration fee for the Secretariat to process and manage invoices.

INCOME

General

The total income (less Assessment Fees Income of 341'601) of CHF 918'072 is CHF 113,572 above budget predictions largely due to the Certificate Fees being above budget predictions. This coupled with Secretariat operating expenses being maintained below budget resulted in a total surplus of CHF 201'654, an increased level of annual surplus, compared to that achieved in 2010 (CHF178'221). This now has the IECEx General Reserve at end 2011 standing at CHF 894'053.

Annual Dues

Annual dues slightly below budget due to expectation of new members not yet realized but is in line with 2010 previous years figures.

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. The 2011 budget did not rely on surcharges as part of a conservative approach taken by the IECEx Management Committee. Therefore the CHF 24'500 result contributed to the end of year surplus.

Application Fees

Application fees are applicable to new countries and new ExCBs and ExTLs joining IECEX. The 2011 accounts figure is well below budget prediction due to interests from new Member Bodies and CBs / TLs not yet being converted to an application.

Certificate Fees Equipment

The Certificate fees for the IECEX Certified Equipment Scheme resulted in CHF 581'100 being well above budget predictions and demonstrating sustained growth in demand for IECEX Certification. Also noting the 17.6% increase over the 2010 figure.

Certificate Fees Services

The Certificate fees for the IECEX Certified Service Facility Scheme resulted in CHF 43'750 being well above budget predictions and demonstrating growth in demand for IECEX Certification of Ex Services. Also noting the 35.7% increase over the 2010 figure.

Certificate Fees Persons

The Certificate fees for the IECEX Certified Persons Scheme resulted in CHF 14'950. This is below budget predictions, noting that 2011 is the first full year of the Certified Persons Scheme operating, which explains the significant rise on the figures for 2010.

Interest

Results in line with 2010 results and reflects the reduced interest rates associated with the Global Financial Crisis.

EXPENSES

General

While 2011 resulted in income above budget, the difference between actual operating expenses (total expenses minus allocation to Gen Reserve) was contained to CHF 717,615, being CHF 24'885 below budget.

With operating costs being below budget predictions and income being above budget contributed an increase in the annual surplus of CHF 201'654 being an increase of 13% on the 2010 figure of CHF 178'221.

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

Personnel Costs

Personnel costs were in line with budget predictions

Travel and Meeting Expenses

Slightly above 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 single CHF 32'719 provides for a full serviced office for the IECEx Secretariat Office located in Sydney catering for the Secretariat staff with the following being covered by the single annual fee:

- Secure Office accommodation
- Heating and cleaning
- Electricity costs (light + Power)
- Telephone costs
- Meeting room facilities
- Reception facilities
- Full 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 report and was below budget predictions.

Advertising Expenses

Maintained below budget.

Website

Maintained below budget

Special Projects

In line with budget predictions.

Allocation to IECEx reserves

While CHF 62'000 was budgeted for 2011, the end of year result for 2011 means that the 2011 contribution to general reserve was **CHF 201'654**, another year with an increase on the previous.

GENERAL RESERVE

Taking into account the results for 2011 with its surplus of **CHF 201'654**, the IECEx General reserves at end of 2011 provides a total of CHF 894'053. This reserve provides one full year operating expenditure with the target to achieve a reserve to cover 2 years operating expenses, as agreed by ExMC in 2009.



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To the Conformity Assessment Board of

International Electrotechnical Commission

Geneva

**Report of the auditor
on the financial statements for the year 2011**

of

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

23 February 2012
11784/21505839/5-4

Report of the auditor
to the Conformity Assessment Board of

International Electrotechnical Commission, Geneva

In accordance with our engagement, we have audited the accompanying financial statements of the IEC System for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX System), which comprise the balance sheet, profit and loss account and notes for the year ended 31 December 2011.

Secretary's Responsibility

The Secretary is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law, the statutes and rules of procedure 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 System). 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 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 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.

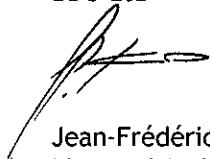
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 the 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 2011 comply with Swiss law, the statutes and rules of procedure 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 System).

Geneva, 23 February 2012

BDO Ltd



Jean-Frédéric Braillard
Licensed Audit Expert



Nadia Quévit
Licensed Audit Expert
(Auditor in Charge)

Enclosures

Financial statements

BALANCE SHEET AS AT 31 DECEMBER 2011

(with comparative figures for 2010)

	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
ASSETS	CHF	CHF	LIABILITIES AND GENERAL FUNDS	CHF	CHF
Cash and cash equivalents					
Bank, current account	<u>155'402</u>	40'068	Liabilities		
			IEC current account	26'288	52'272
			Accrued liabilities	<u>2'982</u>	<u>30'244</u>
				<u>29'270</u>	<u>82'516</u>
Investment					
IEC Pool Investment	<u>160'000</u>	<u>130'000</u>			
Other current assets					
Accounts receivable					
- Publications	325	176			
- Certificates and surcharges	377'750	401'911			
Other receivables					
- Withholding tax	336	215	IECEX General Funds		
Prepaid expenses (IECEX secretariat)	155'400	148'000	Capital at the beginning of the year	692'399	514'178
Accrued income	74'110	54'545	Surplus for the year	201'654	178'221
	<u>607'921</u>	<u>604'847</u>	Capital at the end of the year	<u>894'053</u>	<u>692'399</u>
Total	<u><u>923'323</u></u>	<u><u>774'915</u></u>	Total	<u><u>923'323</u></u>	<u><u>774'915</u></u>

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011
(with comparative figures for 2010)

	Budget 2011 (unaudited)	Actual 2011	Actual 2010
	CHF	CHF	CHF
INCOME			
Dues	250'000	236'500	231'250
Surcharges	0	24'500	15'000
Publications	13'000	8'390	3'764
Application fees	26'000	3'000	8'000
Certificates equipment	450'000	581'100	494'000
Certificates services	25'000	43'750	32'250
Certificates persons	30'000	14'950	1'250
Other income	4'000	3'300	8'500
Interest income	5'000	2'582	2'869
Assessment fees	1'500	341'601	293'749
Total	804'500	1'259'673	1'090'632
EXPENSES			
Personnel expenses	520'000	520'000	400'000
Office equipment	5'000	2'457	24'198
Serviced office facilities	32'500	32'719	28'600
Miscellaneous, legal and audit	10'000	8'748	4'490
Website	5'000	3'601	6'821
Advertising expenses	40'000	9'165	12'009
Special projects	25'000	24'232	40'212
Travel and meetings expenses	105'000	116'693	103'198
Allocation to IECEX reserves	62'000	0	0
Costs to conduct assessments	0	340'404	292'883
Total	804'500	1'058'019	912'411
Budget result	0		
Surplus for the year		201'654	178'221

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

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.