



ExMC/848/DV
May 2013

**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

2012 IECEx Audited Accounts

Introduction

This document contains the IECEx 2012 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 2013 Fortaleza IECEx meetings, following which will be presented for CAB approval during the 2013 October IEC General Meeting.

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

Chris Agius

IECEX Executive Secretary

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Explanatory Notes to the 2012 IECEX Audited Accounts

GENERAL OVERVIEW

Total Income: CHF 1'368'382
Total Expenditure: CHF 1'262'452
End Year Surplus CHF 105'930

General Reserve at end 2011: CHF 999'983

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 384'137 as Scheme Income and the fees paid to IECEX Assessor's organisations of CHF 382'836 as Scheme Expenditure. This has been the practise for the 2007, 2008, 2009, 2010 and 2011 accounts. In noting that the difference CHF 1'300, this is regarded as Scheme income arising 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 384'137) is CHF 984'245. This resulted in a contribution of CHF 105'930 to the reserves. CHF 102'500 were foreseen in the budget 2012 (budget achieved) and CHF 3430 above budget (surplus). This now has the IECEX General Reserve at end 2012 standing at **CHF 999'983**.

Annual Dues

Annual dues slightly above budget due to new ExCB and ExTL members joining IECEX and in line with 2011 previous year's 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 2012 budget did not rely on surcharges as part of a conservative approach taken by the IECEX Management Committee. Therefore the CHF 28'500 result positively contributes to the end of year result.

Application Fees

Application fees are applicable to new countries and new ExCBs and ExTLs joining IECEX. The 2012 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 599'975 being well above budget predictions and demonstrating sustained growth in demand for IECEx Certification and in line with 2011 end of year result showing sustained growth.

Certificate Fees Services

The Certificate fees for the IECEx Certified Service Facility Scheme resulted in CHF 41'750 and while in line with 2011 Accounts is below budget predictions.

Certificate Fees Persons

The Certificate fees for the IECEx Certified Persons Scheme resulted in CHF 21'950. While below budget predictions, it is an increase of 47% above the 2011 end of year accounts, noting that 2012 represents only the second full year of the Certified Persons Scheme operating, which explains the significant rise on the figures for 2012 over 2011.

Other Income

Other income for 2012 was due to funds received as sponsorship from manufactures as part of the 2012 IECEx / UNECE / ESMA Conference held in Dubai February 2012, to assist with offsetting Conference costs.

Interest

Results in line with 2011 end of year results and reflects the reduced interest rates associated with the Global Financial Crisis.

EXPENSES

General

While 2012 resulted slightly in an income above budget, the difference between actual operating expenses (total expenses minus allocation to Gen Reserve) was contained to CHF 879'615, being CHF 65'385 below budget.

With operating costs being below budget predictions and income being above budget contributed an increase in the annual contribution of CHF 105'930 resulting in a 12% increase to the IECEx General Reserve which now stands at CHF 999'983.

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 CHF 34'027 amount 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

Slightly above budget predictions and included the one-off costs associated with the development and launch of the new IECEX Portable Device App for both iPhone/iPAD and Android as well the Secretariat's participation in various promotional events.

Website

Maintained below budget

Special Projects

In line with budget predictions.

Special Event

The Special Event for 2012 relates to the 2012 IECEX Conference held in Dubai with the CHF 65'012 being offset by Other Income of CHF 32'365 as recorded income.

Allocation to IECEX reserves

The end of year result for 2012 with CHF of 105'930 is slightly 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 2012 with its contribution of **CHF 105'930**, the IECEX General reserves at end of 2012 provides a total of CHF 999'983. 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.

It is the intention to maintain the operation of the IECEX System for a duration of 1 year as the remaining funds serve as reserves for possible legal cases (e.g. IECEX Mark) and possible investments in the growth or/and improvement of the IECEX System.



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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 2012**

of

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

25 February 2013
11959/21505839/5-4

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 2012.

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 2012 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, 25 February 2013

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 2012

(with comparative figures for 2011)

	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
	CHF	CHF		CHF	CHF
ASSETS			LIABILITIES AND GENERAL FUNDS		
Cash and cash equivalents			Liabilities		
Bank, current account	<u>203'961</u>	<u>155'402</u>	IEC current account	21'559	26'288
			Accrued liabilities	<u>17'202</u>	<u>2'982</u>
Investment				<u>38'761</u>	<u>29'270</u>
IEC Pool Investment	<u>210'000</u>	<u>160'000</u>			
Other current assets			IECEX General Funds		
Accounts receivable			Capital at the beginning of the year	894'053	692'399
- Dues	1'000	0	Surplus for the year	<u>105'930</u>	<u>201'654</u>
- Publications	112	325	Capital at the end of the year	<u>999'983</u>	<u>894'053</u>
- Certificates and surcharges	397'619	377'750			
Other receivables					
- Withholding tax	286	336			
Prepaid expenses (IECEX secretariat)	163'170	155'400			
Accrued income	<u>62'596</u>	<u>74'110</u>			
	<u>624'783</u>	<u>607'921</u>			
Total	<u><u>1'038'744</u></u>	<u><u>923'323</u></u>	Total	<u><u>1'038'744</u></u>	<u><u>923'323</u></u>

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012
(with comparative figures for 2011)

	Budget 2012 (unaudited)	Actual 2012	Actual 2011
	CHF	CHF	CHF
INCOME			
Dues	234'500	244'000	236'500
Surcharges	0	28'500	24'500
Publications	7'000	8'418	8'390
Application fees	20'000	4'000	3'000
Certificates equipment	550'000	599'975	581'100
Certificates services	70'000	41'750	43'750
Certificates persons	50'000	21'950	14'950
Other income	5'000	32'365	3'300
Interest income	6'500	3'287	2'582
Assessment fees	2'000	384'137	341'601
Total	945'000	1'368'382	1'259'673
EXPENSES			
Personnel expenses	550'000	550'000	520'000
Office equipment	10'000	5'035	2'457
Serviced office facilities	70'000	34'027	32'719
Miscellaneous, legal and audit	10'000	4'793	8'748
Website	7'500	4'899	3'601
Advertising expenses	40'000	50'433	9'165
Special event	0	65'012	0
Special projects	40'000	37'892	24'232
Travel and meetings expenses	115'000	127'524	116'693
Allocation to IECEX reserves	102'500	0	0
Costs to conduct assessments	0	382'837	340'404
Total	945'000	1'262'452	1'058'019
Budget result	0		
Surplus for the year		105'930	201'654

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

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.