



ExMC/526/DV
May 2009

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

For Consideration by Members of the IECEx Management Committee, ExMC

2008 IECEx Audited Accounts

Introduction

This document contains the IECEx 2008 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 discussion at the September 2009 Melbourne IECEx meetings, following which will be presented for CAB approval during the 2009 October IEC General Meeting.

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

Explanatory Notes to the 2008 IECEX Audited Accounts

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 auditors have requested to include the assessment fees (charged to ExCBs and ExTLs for the IECEX assessments) of CHF 70'533 as Scheme Income and the fees paid to IECEX Assessor's organisations of CHF 70'083 as Scheme Expenditure. This is similar practise as for the 2007 accounts. In noting that the difference CHF 450, this is regarded as Scheme income arising from the CHF 50 per invoice charged as administration fee for the Secretariat to process invoices.

INCOME

General

The total income of CHF 571'165 is **CHF 119'415** above budget predictions (some 27% above budget) largely due to the Certificate Fees being well above budget predictions and the very conservative approach to financial planning by the IECEX ExMC and its Officers. This coupled with Secretariat operating expenses being maintained below budget resulted in a surplus of CHF 113'291 for the year as a contribution to the IECEX General Reserve.

Annual Dues

Annual dues slightly above budget due to new members joining IECEX, noting that the 2008 Budget was set in 2007 and the conservative approach by IECEX.

Other Income

While the 2008 budget provided for the Secretariat Staff involvement in the IECEX Peer assessment process, this did not occur in 2008.

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 setting the 2008 budget IECEX took a conservative approach which resulted in CHF 17'000 above budget.

Application Fees

Application fees are applicable to new countries and new ExCBs and ExTLs joining IECEX. The 2008 accounts show CHF 2'000 above budget predictions.

Certificate Fees Equipment

The Certificate fees for the IECEX Certified Equipment Scheme resulted in CHF 36'125 above budget (17%)

Certificate Fees Services

The Certificate fees for the IECEx Certified Service Facility Scheme (new IECEx Scheme introduced late 2007) resulted in CHF 1'000. When setting the 2008 budget IECEx did not rely on any income from this area of activity.

Interest

In setting the 2008 Budget, IECEx applied a conservative approach and did not rely on income from this source.

EXPENSES

General

While 2008 resulted in extra income of 27% above budget, the difference between actual expenses and budget expenses was contained to around less than 1% above budget (CHF 3'260 above budget) due to the inclusion of the fees paid to assessors being included in the accounts and the additional costs for the IECEx Secretariat Office with increased space and facilities.

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 below budget predictions, noting that as the IECEx Secretary also serves as IECQ Secretary, hence travel for both IECEx and IECQ Systems is coordinated, where possible, in order to split travel costs.

Serviced Office facilities

The single CHF 24'900 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)
- All Telephone costs
- Meeting room facilities
- Reception facilities
- Computer Equipment for all Staff, including laptop computers + 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 in line with the budget.

Advertising Expenses

Maintained below budget.

Website

Maintained below budget

Special Projects

Maintained below budget

Travel and meeting expenses

Maintained below budget

Allocation to IECEX reserves

While CHF 37'750 was budgeted for 2008, the end of year result for 2008 means that the 2008 contribution to general reserve was **CHF 113'291**

GENERAL RESERVE

Taking into account the results for 2008 with its surplus of CHF 113'291, the IECEX General reserves provides a total of CHF 389'551. This reserve provides close to one full year operating expenditure with the target to achieve a reserve to cover 3 years operating expenses, as a safeguard.



BDO Visura
Audit

CH-1205 Geneva, Rue des Bains 33
Phone +41 22 322 24 24, Fax +41 22 322 24 00
www.bdo.ch

To the Conformity Assessment Board of

International Electrotechnical Commission

Geneva

Report of the auditor on the financial statements for the year 2008

of

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

24 February 2009
11304/21504198/5-4-1

Member of the Swiss Institute  of Certified
Accountants and Tax Consultants

ExMC/526/DV



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 2008.

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 2008 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, 24 February 2009

BDO Visura

Jean-Frédéric Braillard
Swiss Certified Accountant

Nadia Quévit
Swiss Certified Accountant
(Auditor in Charge)

Enclosures

- Financial statements

BALANCE SHEET AS AT 31 DECEMBER 2008

(with comparative figures for 2007)

	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
ASSETS	CHF	CHF	LIABILITIES AND GENERAL FUNDS	CHF	CHF
Cash and cash equivalents			Liabilities		
Bank, current account	<u>126'509</u>	<u>37'913</u>	IEC current account	37'108	0
Investment			Accrued liabilities	<u>15'300</u>	<u>41'573</u>
IEC Pool Investment	<u>50'000</u>	<u>0</u>		<u>52'408</u>	<u>41'573</u>
Other current assets					
Outstanding dues	0	1'000			
Accounts receivable					
- Publications	54	785			
- Certificates and surcharges	153'400	183'587			
Other receivables					
- Withholding tax	1'470	798			
IEC current account	0	1'124	IECEX General Funds		
Prepaid expenses (IECEX secretariat)	84'526	80'500	Capital at the beginning of the year	276'260	155'120
Accrued income	<u>26'000</u>	<u>12'126</u>	Surplus for the year	<u>113'291</u>	<u>121'140</u>
	<u>265'450</u>	<u>279'920</u>	Capital at the end of the year	<u>389'551</u>	<u>276'260</u>
Total	<u>441'959</u>	<u>317'833</u>	Total	<u>441'959</u>	<u>317'833</u>

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008
(with comparative figures for 2007)

	Budget 2008 (unaudited)	Actual 2008	Actual 2007
	CHF	CHF	CHF
INCOME			
Dues	206'750	211'250	191'500
Surcharges	0	17'000	12'500
Publications	9'250	5'751	7'360
Application fees	10'000	12'000	21'000
Certificates equipment	215'000	251'125	195'125
Certificates services	0	1'000	0
Other income	10'000	0	10'004
Interest income	750	2'506	1'648
Assessment fees	0	70'533	208'759
Total	<u>451'750</u>	<u>571'165</u>	<u>647'896</u>
EXPENSES (Central office secretariat)			
Miscellaneous, legal and audit	3'000	2'922	2'836
Advertising expenses	0	2'942	0
Travel and meetings expenses	0	0	276
Total	<u>3'000</u>	<u>5'864</u>	<u>3'112</u>
EXPENSES (Australia secretariat)			
Personnel expenses	280'000	276'027	196'799
Office equipment	5'000	1'863	541
Serviced office facilities	13'000	24'900	13'000
Miscellaneous, legal and audit	3'000	3'443	2'952
Website	5'000	4'013	5'733
Advertising expenses	15'000	8'322	0
Special projects	30'000	10'605	43'888
Travel and meetings expenses	60'000	52'754	52'772
Allocation to IECEx reserves	37'750	0	0
Costs to conduct assessments	0	70'083	207'959
Total	<u>448'750</u>	<u>452'010</u>	<u>523'644</u>
Budget result	<u>0</u>		
Surplus for the year		<u>113'291</u>	<u>121'140</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2008

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 and services associated with explosive atmospheres.

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