



ExMC/616/DV
June 2010

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

For Consideration by Members of the IECEx Management Committee, ExMC

2009 IECEx Audited Accounts

Introduction

This document contains the IECEx 2009 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 2010 Berlin IECEx meetings, following which will be presented for CAB approval during the 2010 October IEC General Meeting.

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

Explanatory Notes to the 2009 IECEx Audited Accounts

GENERAL OVERVIEW

Total Income: CHF 847'101
Total Expenditure: CHF 722'474
End Year Surplus CHF 124'627

General Reserve at end 2009: CHF 514'178

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 266'385 as Scheme Income and the fees paid to IECEx Assessor's organisations of CHF 265'277 as Scheme Expenditure. This is similar practise as for the 2007 + 2008 accounts. In noting that the difference CHF 1'108, this is regarded as Scheme income arising mainly from the CHF 50 per invoice charged as administration fee for the Secretariat to process invoices.

INCOME

General

The total income (less Assessment Fees) of CHF 580'716 is CHF 17'716 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 surplus of CHF 124'627, an increased level of annual surplus, compared to that achieved in 2008 (CHF 113'291). This now has the IECEx General Reserve at end 2009 standing at CHF 514'178.

Annual Dues

Annual dues slightly above budget due to new members joining IECEx, noting that the 2009 Budget was set in 2008 and the conservative approach by IECEx.

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 2009 budget IECEx took a conservative approach not to rely on this income which resulted in CHF 13'500 above budget.

Application Fees

Application fees are applicable to new countries and new ExCBs and ExTLs joining IECEx. The 2009 accounts show CHF 18'000 slightly below budget prediction of CHF 20'000.

Certificate Fees Equipment

The Certificate fees for the IECEx Certified Equipment Scheme resulted in CHF 284'625 being above budget predictions.

NOTE: It should be noted that from Jan 2010 Certificates for the Equipment Scheme were increased, refer to OD 019.

Certificate Fees Services

The Certificate fees for the IECEx Certified Service Facility Scheme (new IECEx Scheme introduced late 2007) resulted in CHF 16'500, being slightly below budget predictions.

NOTE: It should be noted that with this new scheme now into its 3rd year of operation, in 2010, certificate fee income during 2010 had achieved entire 2010 annual level at end of May 2010 due to demand and take up of this new scheme.

Interest

In setting the 2009 Budget, IECEx applied a conservative approach and did not rely on income from this source. Results in line with budget predictions.

IECEx Mark Fees

While setting the 2009 budget, ExMC did provide for introduction of a Mark License fee, a decision taken at the 2008 annual IECEx meetings, agreed to defer application of the Mark License fee.

EXPENSES

General

While 2009 resulted in income above budget, the difference between actual operating expenses (total expenses minus allocation to Gen Reserve) was contained to CHF 457'197, being CHF 23'803 below budget.

With operating costs being below budget predictions and income being above budget contributed an increase in the annual surplus to CHF 124'627 is the result.

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 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 below budget predictions.

Advertising Expenses

Maintained below budget.

Website

Maintained below budget

Special Projects

Maintained below budget

Allocation to IECEx reserves

While CHF 82'000 was budgeted for 2009, the end of year result for 2009 means that the 2009 contribution to general reserve was **CHF 124'627**, an increase on the 2008 level.

GENERAL RESERVE

Taking into account the results for 2009 with its surplus of CHF 124'627, the IECEx General reserves at end of 2009 provides a total of CHF 514'178. This reserve provides close to 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 2009**

of

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

2 March 2010
11469/21505839/5-4-1

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 2009.

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.

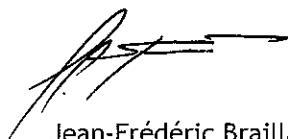
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 2009 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, 2 March 2010

BDO SA



Jean-Frédéric Braillard
Swiss Certified Accountant



Nadia Quévit
Swiss Certified Accountant
(Auditor in Charge)

Enclosures

- Financial statements

BALANCE SHEET AS AT 31 DECEMBER 2009

(with comparative figures for 2008)

	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>
ASSETS	CHF	CHF	LIABILITIES AND GENERAL FUNDS	CHF	CHF
Cash and cash equivalents					
Bank, current account	<u>132'960</u>	<u>126'509</u>	Liabilities		
			IEC current account	0	37'108
			Accrued liabilities	<u>28'434</u>	<u>15'300</u>
Investment				<u>28'434</u>	<u>52'408</u>
IEC Pool Investment	<u>50'000</u>	<u>50'000</u>			
Other current assets					
Accounts receivable			IECEX General Funds		
- Publications	127	54	Capital at the beginning of the year	389'551	276'260
- Certificates and surcharges	212'155	153'400	Surplus for the year	<u>124'627</u>	<u>113'291</u>
Other receivables			Capital at the end of the year	<u>514'178</u>	<u>389'551</u>
- Withholding tax	109	1'470			
IEC current account	3'136	0			
Prepaid expenses (IECEX secretariat)	115'000	84'526			
Accrued income	<u>29'125</u>	<u>26'000</u>			
	<u>359'652</u>	<u>265'450</u>			
Total	<u>542'612</u>	<u>441'959</u>	Total	<u>542'612</u>	<u>441'959</u>

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009
(with comparative figures for 2008)

	Budget 2009 (unaudited)	Actual 2009	Actual 2008
	CHF	CHF	CHF
INCOME			
Dues	221'000	241'500	211'250
Surcharges	0	13'500	17'000
Publications	7'500	4'745	5'751
Application fees	20'000	18'000	12'000
Certificates equipment	266'500	284'625	251'125
Certificates services	20'000	16'500	1'000
Other income	10'000	0	0
Interest income	2'000	1'846	2'506
Assessment fees	1'000	266'385	70'533
IECEX Mark fees	15'000	0	0
Total	563'000	847'101	571'165
EXPENSES			
Personnel expenses	308'000	308'000	276'027
Office equipment	5'500	3'387	1'863
Serviced office facilities	25'000	25'000	24'900
Miscellaneous, legal and audit	6'000	4'872	6'365
Website	5'500	3'973	4'013
Advertising expenses	25'000	14'306	11'264
Special projects	36'000	25'543	10'605
Travel and meetings expenses	70'000	72'116	52'754
Allocation to IECEX reserves	82'000	0	0
Costs to conduct assessments	0	265'277	70'083
Total	563'000	722'474	457'874
Budget result	0		
Surplus for the year		124'627	113'291

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2009

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.

2 Departure from consistency of presentation

Certain items from 2008 have been reclassified to conform to the presentation of 2009.