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CAB/737/DV

2008-04-02

INTERNATIONAL ELECTROTECHNICAL COMMISSION

CONFORMITY ASSESSMENT BOARD (CAB)

SUBJECT

Approval of IECEx Audited Accounts for 2007

BACKGROUND

The IECEx MC approved by correspondence the 2007 Audited Accounts as presented in the attached document.

ACTION

CAB Members are invited to:

- ask questions or make comments on this document by **2008-04-12**, using the CAB server's comment facility
- approve the IECEx Accounts for 2007, by using the automatic voting system on the CAB Server by **2008-04-20**.



1 April 2008

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

Presentation of the IECEx 2007 Accounts by ExMC

Introductory Note

The Audited accounts for 2007 were issued to the IECEx Management Committee, ExMC for approval via correspondence.

At the conclusion of the approval process on 31 March 2008, the 2007 audited accounts, as presented in this document were approved by ExMC for submission to CAB.

No concerns nor objections were raised by ExMC.

The accounts were also considered during the recent IECEx Officers meeting held in Singapore on 14 March 2008 with remarks from the Officers included as a final Explanatory Note on page 3.

The 2007 Audit Accounts are now submitted to CAB for final approval.

The same Explanatory Notes provided to ExMC, have also been included in this document, to assist CAB members with an explanation of various line items.

Chris Agius
IECEx Secretary

Explanatory Notes to the 2007 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 major issue to highlight is the fact that for this year the auditors have decided to include the assessment fees (charged to ExCBs and ExTLs for the IECEX assessments) of CHF 208'759 as Scheme Income and the fees paid to IECEX Assessor's organisations of CHF 207'959 as Scheme Expenditure. In noting that the difference CHF 800, this is regarded as Scheme income arising from the CHF 50 per invoice charged as administration fee for the Secretariat to process invoices. At the time of setting the 2007 budget, this was not the case.

INCOME:

The income of CHF 439'137 (Total Income less Assessment Fees) is **CHF 95'637** above budget predictions and due to the following main factors:

- Surcharges (not relied upon when developing the 2007 budget)
- Increases in sale of IECEX publications
- 100% increase in applications as budgeted
- Increased income from Certificate fees (50% above budget predictions)

This difference between actual and budget predictions is also reflective of the conservative approach to budgetary planning by the IECEX.

EXPENSES:

While the 2007 income resulted in extra income of some 28% above budget (when discounting the Assessment Fees and associated Income), the difference between actual expenses and budgeted was contained to some 8% (**CHF 27'685**), taking into account the CHF 50'000 allocated as an expense for contribution to the general reserve. The main contributor to the 8% over budget on expenses was the amount used for Special Projects (major upgrade of the IECEX On-Line Certificate of Conformity System) and travel, mainly due to the fact that at the time of setting the 2007 budget a number of additional travel demands were not known.

The 2007 costs for resources were also slightly above budget and due to additional work by the IECEX Central Secretariat in dealing with additional work associated with activities including:

- Roll out of the new IECEX 03 Certified Service Facilities Program
 - Expansion of On-Line Certificate of Conformity System
 - Development of Operational and Guidance Documents
 - Processing of applications from first round of ExCBs to join the new Program
- Dealing with an increased level of inquiries both from Scheme members and direct from industry
- Management of the ExCB + ExTL assessment, surveillance and re-assessment program

GENERAL RESERVES:

Taking into account the 2007 results, the IECEX achieved a healthy **CHF 121'140** surplus for the 2007 year which when added to the General reserves provides a total of CHF 276'260 as a Scheme Reserve. This reserve provides for around 82% of the 2007 year expenses.

IECEX OFFICERS REVIEW:

At the 14 March 2008 IECEX Officers meeting in Singapore, Officers noted receipt of the Auditors report and while in support of the accounts, as presented, noted that some of the travel costs relate to presentations by the Secretariat as part of promoting the Scheme and its services and requested for future recording, that travel costs associated with promotional activities be identified as Advertising Expenses.



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To the Conformity Assessment Board of

International Electrotechnical Commission

Geneva

Report of the auditors on the financial statements for the year 2007

of

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

26 February 2008
11176/21504198/4-4-1

Report of the auditors

to the Conformity Assessment Board of

International Electrotechnical Commission, Geneva

As auditors, we have audited the accounting records and the financial statements (balance sheet, profit and loss account and notes) of the IEC Scheme for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX Scheme) for the year ended 31 December 2007.

These financial statements are the responsibility of the Secretary. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

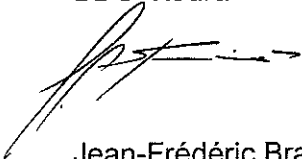
Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law, the statutes and rules of procedure of the International Electrotechnical Commission and the basic rules of the IEC Scheme for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX Scheme).

We recommend that the financial statements submitted to you be approved.

Geneva, 26 February 2008

BDO Visura



Jean-Frédéric Braillard
Swiss Certified Accountant



Nadia Quévit
Swiss Certified Accountant
(Auditor in Charge)

Enclosures

- Financial statements (balance sheet, profit and loss account and notes)

BALANCE SHEET AS AT 31 DECEMBER 2007

(with comparative figures for 2006)

	<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>
ASSETS	CHF	CHF	LIABILITIES AND GENERAL FUNDS	CHF	CHF
Cash and cash equivalents			Liabilities		
Bank, current account	<u>37'913</u>	<u>45'272</u>	Dues received in advance	0	20'500
Other current assets			IEC current account	0	3'656
Outstanding dues	1'000	0	Accrued liabilities	<u>41'573</u>	<u>9'750</u>
Accounts receivable				<u>41'573</u>	<u>33'906</u>
- Publications	785	107			
- Certificates and surcharges	183'587	87'475	IECEX General Funds		
Other receivables			Capital at the beginning of the year	155'120	81'723
- Withholding tax	798	222	Surplus for the year	<u>121'140</u>	<u>73'397</u>
IEC current account	1'124	0	Capital at the end of the year	<u>276'260</u>	<u>155'120</u>
Prepaid expenses (IECEX secretariat)	80'500	55'950			
Accrued income	<u>12'126</u>	<u>0</u>	Total	<u>317'833</u>	<u>189'026</u>
Total	<u>279'920</u>	<u>143'754</u>			
	<u>317'833</u>	<u>189'026</u>			

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007
(with comparative figures for 2006)

	Budget 2007 (unaudited)	Actual 2007	Actual 2006
INCOME	CHF	CHF	CHF
Dues	189'500	191'500	177'000
Surcharges	0	12'500	6'100
Publications	1'000	7'360	6'705
Subscription Ex Bullet	2'000	0	0
Application fees	10'000	21'000	12'000
Certificates fees	130'000	195'125	143'875
Other income	10'000	10'004	3'400
Interest income	1'000	1'648	437
Assessment fees	0	208'759	0
Total	343'500	647'896	349'517
EXPENSES (Central office secretariat)			
Personnel expenses	3'000	0	0
Miscellaneous, legal and audit	2'500	2'836	2'438
Travel and meetings expenses	0	276	0
Total	5'500	3'112	2'438
EXPENSES (Australia secretariat)			
Personnel expenses	177'000	196'799	170'760
Office equipment	4'000	541	223
Serviced office facilities	13'000	13'000	10'500
Miscellaneous, legal and audit	1'500	2'952	3'299
Website	5'000	5'733	4'227
Advertising expenses	12'000	0	11'356
Special projects	30'000	43'888	28'437
Travel and meetings expenses	45'000	52'772	44'880
Allocation to IECEx reserves	50'500	0	0
Costs to conduct assessments	0	207'959	0
Total	338'000	523'644	273'682
Budget result	0		
Surplus for the year		121'140	73'397

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2007

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 Scheme for Certification to Standards relating to Equipment for use in Explosive Atmospheres (IECEX Scheme)*

Taking into account the object of the IEC, the particular object of the IECEX Scheme, 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 Scheme, which is part of the IEC.