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

2025 IECEx Audited Accounts

Introduction

This document contains a report from the Statutory Auditor on the IEC Statutory Financial Statements for 2025 (2025 IEC Audited Accounts) and notes and is submitted for consideration by IECEx ExMC Members during the September 2026 meeting in Beijing.

The figures contained in Annex A are derived from the Report of the statutory auditor (KPMG) on the IEC Statutory Financial Statements for 2025, document **GA/358/DV**.

Explanatory notes, as prepared by the IECEx Treasurer and Secretary, have been provided for the assistance of Members.

This Report is submitted for ExMC consideration at the September 2026 IECEx meetings. The report will also be presented at the IECEx Conformity Assessment Board (CAB) meeting for endorsement during the 2026 IEC General Assembly to be held in Hamburg.

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Explanatory Notes to the 2025 IECEx Audited Accounts

IMPLEMENTATION OF SWISS GAAP ACCOUNTING STANDARDS

Previously the IECEx Treasurer explained the adoption, by IEC, of the Swiss GAAP (General Accepted Accounting Practice) Standards across all activities of the Commission, including the IEC Conformity Assessment Systems.

One of the key features of the Swiss GAAP Accounting Standards is the provision of consolidated budgeting and accounting to capture all activities of the IEC, hence for the IECEx accounts, along with those of other IEC Conformity Assessment, CA, Systems follow the format used in the consolidated accounts and budgets.
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INCLUSION OF ASSESSMENT FEES AS BOTH INCOME AND EXPENDITURE:

The IECEx Management Committee previous decision for IECEx to control the payment of fees to Assessor Organizations and hence invoice these amounts to ExCBs, ExTLs and ATFs 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, ExTLs and ATFs for the IECEx peer assessments) of **CHF 685’925** as Scheme Income and the fees paid to IECEx Assessor’s organizations of **CHF 686’004** as Scheme Expenditure, with these amounts being referred to as Transitionary Funds. The slight variation between funds paid for assessments and funds received from assessments relate to bank charge. These are compensated via Other Income **CHF 2’150** which relates to the CHF 50 per invoice administration charge to process and manage invoices and bank charges.

SUMMARY

	2025 Actual CHF	**2025 Budget** CHF	**2024 Actual** CHF
Total Income	**2’827’355**	**2’528’000**	**2’562’241**
Operating Expenses	**(2’515,842)**	**(2’401’512)**	**(2’345’676)**
Depreciation	(103’985)	(91’500)	(102’204)
Net financial revenue	6’946	8’500	6’937
Annual Result (Surplus)	**214’474**	**43’488**	**121’298**

The most significant variation to budget was Assessment Fee Income and expense due to the additional IECEx peer assessments of IECEx Certification Bodies, ExCBs, IECEx Testing Laboratories, ExTLs and Additional Testing Facilities, ATFs compared to those conducted in 2024.

While operating costs were CHF 114’330 above budget predictions this was overwhelmingly due to the CHF 286’004 above budget costs for IECEx peer assessments, noting that the over budget peer assessment costs were covered by additional income from conducting IECEx assessments.

Income from Membership fees and Certificate fees remained consistent with budget predictions.

In noting the Depreciation costs, associated with IECEx Trademark Registrations, of CHF 103’985 and “Net Financial Revenue” (investments) CHF 6’946 (the non-realised value of the IECEx amounts of the Reserve invested in the IEC pool of investments) an end of year surplus and contribution to the IECEx General Reserves of CHF 214’474 was achieved and considered a pleasing result in light of the global financial situation, compared to an end of year result of CHF 121’298 for 2024.

Therefore, at end of 2025, with an end of year result of CHF 214’474 which is being transferred to the IECEx Reserves, the IECEx Finances now sees IECEx with Free Capital (Reserves) of **CHF 2,969,042** comprising:

Capital Fund = CHF 2,669,042 and
Reserve for Innovation and Promotion = CHF 300,000

However, noting the introduction of additional Designated Reserve of CHF 500’000 allocated since the 2026 Budget for IECEx Trade Mark Registration Renewals.

The Free Capital (Reserves) of **CHF 2,969,042** currently sits at 1.62 X annual operating expenses (negating Assessment costs which are transitionary funds) noting that this satisfies the previous IEC Finance Committee, FinCom and Business Advisory Committee, BAC, for maintaining a minimum reserve, however IECEx have maintained a need that given the IECEx exposure to legal issues, eg misuse of the IECEx TradeMark and Conformity Mark, that it would be more prudent to maintain a level of reserves at 2 X annual operating costs. In addition, costs associated with maintaining the worldwide registrations of the IECEx Trademark also need to be covered.

In conclusion, while achieving the objectives of operating an active and growing International Conformity Assessment System IECEx was able achieve a sound end of year result for 2025 with an end of year surplus and contribution to reserves that was well above the 2025 budget predictions.

1 INCOME

1.1 Membership Dues (Annual Dues)

Annual Membership dues were in line with Budget expectations due to new bodies now participating in the various IECEx Schemes. A slight decrease compared to 2024 due to consolidation of Bodies.

1.2 Sales (Sale of publications)

This relates to the previous sale of IECEx publications, mainly the IECEx Bulletin, which traditionally has not been significant. However in 2023 IECEx introduced the on-line Bulletin to replace the previous manual system.

1.3 CA System Operations

a) 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. It is noted that the Surcharges were above both budget predictions and 2024 result.

b) RTP annual fees

This relates to the annual dues paid by IECEx Recognized Training Providers whom run and provide training programs that are in support of the IECEx Schemes. The 2025 result was in line with 2024 result but slightly below budget predictions.

c) Application Fees

Application fees are applicable to new countries and new ExCBs, ExTLs and ATFs joining IECEx. The 2025 result was close to budget predictions, but above 2024 result noting discussions with new countries and ExCBs / ExTLs considering to join the IECEx system.

d) **Certificate Fees Equipment**

The Certificate fee income for the IECEx Certified Equipment Scheme resulted in CHF 1’113’955 and above budget predictions as well as 2024 result.

e) **Certificate Fees Services**

The Certificate fee income for the IECEx Certified Service Facility Scheme resulted above budget predictions and in line with 2024 result.

f) **Certificate Fees Persons**

The Certificate fee income for the IECEx Certified Persons Scheme resulted in CHF 435'950 and while above budget predictions was slightly below 2024 result

g) Other Income

Other income provides for additional income generated within IECEx which normally includes income from sponsorships for IECEx workshops and conferences. For 2024, The IECEx 2024 Hydrogen Conference was held in Singapore and attracted CHF 55'211 income from sponsors. For 2025 no conferences were held with discussions underway for plans in 2027. Other income recorded for 2025 related to the CHF 50 fee charge for the invoicing of IECEx peer assessment costs as explained earlier.

h) Assessment Fees

While reported in detail above, the budgeted income is derived from the IECEx Central Office issuing invoices to IECEx CBs for the involvement of Peer assessors and is offset by the expenditure item "*Costs to conduct Assessments*", as part of managing the peer assessment process including the engagement of Assessors and payments to Assessor organizations.

For 2025, additional IECEx peer assessments were conducted arising from both the scheduled re-assessments, surveillance assessments and mid-term assessments. However in 2025 additional assessments related to scope extension and new applicant assessments conducted beyond the planed schedule.

2 EXPENSES

2.1 General

For the total operational expenditure was below budget predictions, with the overall actual operating expenses were CHF 2'515'842 however Secretariat Operational costs (total expenses minus costs to conduct assessments) was contained to **CHF 1,829,838** and **8.6% below** 2025 budget predictions.

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

From the auditor's report we see that most of the Expenses items have resulted in an end of year accounts being below budget predictions. The exception being for IECEx Website enhancements which incurred additional enhancements and member provisions not considered when the 2025 budget was prepared in early 2024. The following items are specifically noted.

2.2 Personnel Costs

Personnel costs were in line with budget predictions and covers all personnel related costs (eg, Staff Remuneration, Insurance, Pensions and other statutory employee related costs) with a mix of full time and part-time resources.

2.3 Rent and Maintenance

Covers the Sydney based Secretariat Office and includes Rent, Power, Telephone, IT, etc. The total costs were below both budget predications and 2024 results due to the timing and gap of lease changes for the Sydney office.

Rent and Office covers serviced office facilities which includes:

- Secure Office accommodation
- Heating and cleaning
- Electricity costs (light + Power)
- Telephone costs
- Meeting room facilities
- Reception facilities
- IT services and support
- Printing and photo copying

2.4 Office & Administration

a) **Office Equipment**

Office equipment covers usual office related equipment and consumables related to day to day running of the Secretariat office including computer related, stationery and printing and postage of CoPC cards and other documentation. For 2025 this was above budget predictions to provide computer and office equipment for new Staff member as part of succession planning for the pending retirement of one of the Secretariat staff..

b) Contribution to overhead costs (Indirect IEC Costs)

Contribution to IEC Geneva Office Costs, covers use by IECEx of IEC Central Office Services including:

- IT Department
- Communications and Promotions Department
- Publishing Department
- Printing Department
- Finance Department
- Others

The amount of CHF 245'974 is in line with the approved 2025 budget, as set during the IEC Treasurers meeting.

c) **Miscellaneous Legal and audit**

Caters for various matters such as audit costs of the IECEx accounts and the provision of an external auditor's assessment/audit and reporting of the IECEx financial accounts / IECEx Trademark and website domain monitoring and bank fees and was below budget predictions.

d) **Website**

For 2025 IECEx paid for a perpetual license for the YouTestMe software used to support the IECEx Certificate of Personal Competence (CoPC Scheme) following extensive testing and trial via a monthly subscription. This resulted in a 2025 result that was significantly over budget, noting that IECEx maintains a designated Reserve of innovation and promotion, however due the pleasing result in 2025, the additional costs for the license was covered by operational income and no need to draw on the Designated Reserves.

e) **Special Projects**

The 2025 results were below budget and mainly covered costs associated with the updating of the IECEx Question Bank project associated with the IECEx CoPC (Certificate of Personal Competence Scheme) and the updating of the IECEx website.

f) **Costs to conduct assessments**

These assessment costs relate to the costs to conduct peer assessments of the IECEx Certification Bodies, Testing Laboratories and Additional Testing Facilities for 2025. These costs are covered by the income from assessments as mentioned in item 1.3 h) above. .

2.5 Communication and Printing

This provides for communication of the IECEx and promotion. These were maintained well below 2025 budget predictions however still enabled IECEx to develop the additional IECEx animated videos to assist in promoting IECEx services. In addition, IECEx maintains a ½ page advertisement taken out in the HazardEx magazine on a regular basis.

2.6 Meeting and Travel

a) Special Event

The main purpose of Special Events is the promotion and increased awareness of the IECEx System by way of conducting International Conferences, in partnership with both the United Nations UNECE (due to their formal endorsement of IECEx) and the National Committee of IEC in a specific country.

As an example, during 2024 IECEx held the 2024 IECEx Hydrogen Conference in Singapore as a partnered event with ISO, UNECE, IRENA, Hydrogen Council and Enterprise Singapore with most costs offset by Other Income being sponsorship income.

For 2025 there were no special events held.

b) Travel and Meeting Expenses

Travel and meeting expenses were minimal during 2025 as the IECEx Secretariat re-commences travel. The expenditure was below budget predictions.

Examples of normal travel and meeting costs are associated with:

- Secretariat staff for IECEx Meetings including Annual IECEx meetings
- Secretariat Staff to attend meetings of CAB and CAB WG Meetings,
- Meetings of ISO CASCO WGs
- Meetings of TCs, eg IEC TC 31 and ISO TC 197/SC1
- Promotional events etc
- Others, eg IEC Geneva Office and meetings with Member Bodies, potential new Member Bodies where necessary

2.7 DEPRECIATION – TRADEMARK REGISTRATION

This covers the depreciation of costs associated with the worldwide registration of the IECEx TradeMark as a means of protecting the IECEx brand, IEC and its members. The total cost associated with this registration is to be depreciated over a 10 year period, which commenced in 2020.

2.8 NET FINANCIAL REVENUE

This includes revenue for investment portfolio of the IECEx General Reserves.

For 2025, the result of CHF 6’946 as the non-realised value of the IECEx amounts of the Reserve invested in the IEC pool of investments and reflected the state of play in the global financial markets at that time.

2.9 ALLOCATION TO IECEx RESERVES + DESIGNATED RESERVES

Designated Reserves are funds of the Free capital (previously known as General Reserves) that have been designated for certain possible costs/expenditure that are considered to be in addition to day to day Operational costs, eg one-off costs. In light of previous requests from the IECEx Membership and its Management Committee, to provide dedicated software to support the IECEx Question Bank associated with the IECEx CoPC Scheme along with calls for structured IECEx Marketing, re IECEx ExMC WG17 “Marketing” funds of total CHF 300,000 are being allocated as Designated Reserves for “**Innovation and Promotion**” comprising the following two items detailed in a) and b) below.

a) IECEx CoPC Question Bank Software
b) IECEx Marketing Activities/Projects

Therefore, the 2025 end of year surplus of CHF 214’474 has been assigned to the IECEx Capital and Reserves. The end of year surplus is a yet another most pleasing end of year result for IECEx.

2.10 ALLOCATION TO IEC GLOBAL IMPACT FUND

As previously determined by IEC Board (IB) and agreed by the IEC General Assembly (GA) all 4 Conformity Assessment Systems contribute 1% of their capital as a startup contribution to the Global Impact fund. For 2024 this equates to CHF 26,572 being allocated to IECEx. However this ceased at end of 2024 and therefore no provisions made for 2025.

2.11 IECEx Free Capital GENERAL RESERVE

Taking into account the results for 2025, the IECEx Reserves provide for Free capital of **CHF 2’969’042**. The General IEC policy on reserves is that reserves should be at a level of 1.0 times annual operating costs. In noting that at the end of 2025 the IECEx Free Capital Reserves are at 1.62 x Annual Operating costs (less Assessment costs which are transitionary funds) [it was 1.52 in 2024], it is recommended that given the IECEx exposure to legal issues, eg misuse of the IECEx TradeMark and Conformity Mark, that it would be more prudent to maintain a level of reserves at least 2 X annual operating costs. In addition, costs associated with maintaining the worldwide registrations of the IECEx Trademark need to be considered with provisions made in the 2026 budget for CHF 500’000 towards re-registration costs.

3 CONCLUSION

The IECEx finances continue to remain in a healthy state, and recommended by the IECEx Treasurer for acceptance by the IECEx Management Committee for submission to CAB.

Att. IECEx Extract from IEC GA/358/DV - *Report of the statutory auditor (KPMG) on the IEC Statutory Financial Statements for 2025*

BALANCE SHEET AS AT 31 DECEMBER 2025
INTERNATIONAL ELECTROTECHNICAL COMMISSION
IECEx
(with comparative figures for 2024)

	2025	2024
ASSETS	**CHF**	**CHF**
Current Assets	**3'611'056**	**2'691'825**
Cash & cash equivalents	**801'422**	**268'954**
Banks, current accounts	*801'422*	*268'954*
Securities	**207'004**	**229'758**
IEC Pool Investments	*207'004*	*229'758*
Accounts receivable	**1'430'496**	**1'526'600**
Membership Dues (all years)	*20'000*	*15'750*
Certificates and surcharges	*276'357*	*650'877*
IEC current account	*1'134'139*	*859'973*
Prepaid expenses and accrued income	**1'172'134**	**666'513**
Prepaid expenses (IECEx secretariat)	*345'066*	*328'635*
Accrued income	*827'068*	*337'878*
Long term Assets	**450'956**	**537'166**
Trademarks	*450'956*	*537'166*
TOTAL ASSETS	**4'062'011**	**3'228'991**

LIABILITIES, CAPITAL AND RESERVES

	2025	2024
Current Liabilities	**1'092'969**	**474'422**
Short-term liabilities	**658'283**	**39'736**
Suppliers	*606'913*	*73*
Accrued liabilities	*51'370*	*39'664*
Provisions	**434'686**	**434'686**
Provision	*434'686*	*434'686*
Capital & Reserves	**2'969'042**	**2'754'568**
Free Capital	**2'969'042**	**2'754'568**
Capital Fund IECEx	*2'669'042*	*2'454'568*
Reserve for Innovation & Promotion	*300'000*	*300'000*
TOTAL LIABILITIES, CAPITAL & RESERVES	**4'062'011**	**3'228'991**

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

INTERNATIONAL ELECTROTECHNICAL COMMISSION

IECEx

(with comparative figures for 2024)

		Budget 2025 (unaudited)	Actuals 2025	Actuals 2024
		CHF	CHF	CHF
INCOME				
Membership Dues		345'000	342'250	343'500
Sales		0	0	425
System operations		2'183'000	2'485'105	2'218'316
	Surcharges	*65'000*	*82'000*	*66'000*
	Test report form	*1'000*	*2'375*	*615*
	RTPP annual fees	*20'000*	*17'500*	*17'500*
	Application fees	*15'000*	*13'000*	*5'000*
	Certificate equipment	*1'100'000*	*1'113'955*	*953'475*
	Certificates services	*120'000*	*132'250*	*131'500*
	Certificates persons	*400'000*	*435'950*	*455'625*
	Other income	*60'000*	*2'150*	*55'211*
	Assessment fees	*402'000*	*685'925*	*533'390*
TOTAL OPERATIONAL INCOME		2'528'000	2'827'355	2'562'241
EXPENDITURE				
Personnel expenses		1'263'038	1'263'036	1'202'892
Rent & maintenance		110'000	68'842	111'871
Office & administration		748'474	1'067'417	849'278
	Office equipment	*10'000*	*15'285*	*12'683*
	Contribution to overhead costs	*245'974*	*245'974*	*233'308*
	Miscellaneous, legal and audit	*7'500*	*5'490*	*5'921*
	Website	*30'000*	*99'131*	*15'993*
	Special projects	*55'000*	*15'532*	*49'229*
	Costs to conduct assessments	*400'000*	*686'004*	*532'143*
Communication & printing		90'000	11'714	42'321
Meetings & travel expenses		190'000	104'834	139'315
	Special event	*40'000*	*0*	*59'567*
	Travel and meetings expenses	*150'000*	*104'834*	*79'748*
TOTAL OPERATIONAL EXPENDITURE		2'401'512	2'515'842	2'345'676
OPERATIONAL RESULT		126'488	311'513	216'564
Depreciation		(91'500)	(103'985)	(102'204)
Net financial revenue		8'500	6'946	6'937
OPERATIONAL & FINANCIAL RESULT		43'488	214'474	121'298
ANNUAL RESULT BEFORE ALLOCATIONS		43'488	214'474	121'298
Allocations (to) / from Capital & Reserves		(43'488)	(214'474)	(121'298)
	Capital Fund IECEx	*(43'488)*	*(214'474)*	*(121'298)*
	Capital Fund IECEx	*0*	*0*	*26'572*
	Global Impact Fund	*0*	*0*	*(26'572)*
ANNUAL RESULT AFTER ALLOCATIONS		0	0	0