



For IEC use only

CAB/997/DV

2011-08-23

INTERNATIONAL ELECTROTECHNICAL COMMISSION

CONFORMITY ASSESSMENT BOARD (CAB)

Meeting 30, Melbourne, 2011-10-25

SUBJECT

Approval of IECQ Audited Accounts for 2010

BACKGROUND

Enclosed are the IECQ audited accounts for 2010 which were approved earlier this year by the IECQ MC.

ACTION

The CAB is invited to approve the IECQ Audited Accounts for 2010.



**INTERNATIONAL ELECTROTECHNICAL COMMISSION
CONFORMITY ASSESSMENT SYSTEM FOR ELECTRONIC COMPONENTS (IECQ)**

TO IECQ Management Committee MC

IECQ 2010 Audited Accounts

Introduction

This document contains the IECQ 2010 audited accounts with a copy of the Auditors report attached and is submitted for consideration by IECQ MC Members during the April 2011 IECQ MC Singapore meeting.

In consultation with the IECQ Treasurer, Explanatory notes have been provided for the assistance of Members. Concerning these accounts, during the 2011 MC meeting, MC Members will be asked to consider these accounts.

Following discussion at the April 2011 MC meeting, the 2010 audited accounts will be submitted to the CAB for final approval.

Kind Regards
Chris Agius
Executive Secretary IECQ
Fax: +61 2 82066272
E-mail: Chris.agius@iecq.org

Reproduced in Switzerland
Central Office of the IEC
3, rue de Varembe
GENEVA

Notes to the 2010 Audited Accounts:

GENERAL REMARKS

The total income of CHF 600'264 is **CHF 115'764** above budget predictions and includes income received from the IECQ assessments of IECQ CBs where payment to IECQ peer assessors' organisations were made through the IECQ Central Secretariat, i.e. IECQ pays the peer assessors organizations while recovering monies by invoicing the IECQ CBs. This income is offset by the Expenses with a total net positive gain of CHF 300, resulting from a small administration charge included with each invoice generated.

Total expenditure for 2010 was **CHF 568'484** and includes payments to IECQ Assessor organizations of CHF 89'427 and a one off Extraordinary expenses of CHF 15'660, The actual operating expenditure for 2010 (with payments to Assessor organizations + Extraordinary expenses removed) was CHF 463'397 against the operating budget of CHF 449'000 (total budget expense minus portion allocated to general reserve). This CHF 14'397 was more than offset by above budget results for "Other Income" associated with the IECQ Secretariat involvement in IECQ assessments.

Taking the above into account, the IECQ final end of year results provided a **surplus of CHF 31'780** as a contribution to the IECQ General Reserve, compared to CHF 2'175 surplus for 2009.

For the fifth consecutive year financial management of the IECQ has ensured that income remains ahead of Expenditure and in line with budget planning and due largely to the conservative approach maintained by the IECQ and constant monitoring of accounts during the year.

At end of 2010 the IECQ General Reserve now sits at **CHF 452'025** and represents a fifth consecutive year in generating an end of year surplus, despite the recent Global financial crisis.

INCOME

Specific Items

Annual Dues slightly higher than budget due to new members joining, since the budget was first compiled, reflecting a conservative approach to budget planning

Other income This includes income received for the IECQ Secretariat involvement in the IECQ peer assessment process.

Training certificate fees zero due to new Rules (IECQ 04 series) being introduced midway through 2010, which provide a new system of endorsing IECQ training Bodies

Advertising and promotion is income from banner advertising on the IECQ website, restricted to IECQ Members.

Assessor fees as detailed above is income derived from the IECQ Central Office issuing invoices to IECQ CBs for the involvement of Peer assessors and is offset by the expenditure

EXPENSES

General

While the 2010 end of year results provided for a total surplus of CHF 31'780 the difference in operating expenses between the 2010 budget and 2010 actual results was contained to around 3% with a total operating expense being CHF 463'397 (Total expense – [payment to Assessor organizations+ Extraordinary expense]).

The main areas influencing this result were

- Personnel costs - finalising of the full time Central Office position (a 4% differential between budget and actual is noted)
- Travel and meeting expenses, due to Secretariat staff involvement in IECQ assessments.
 - One off Extraordinary expenses of CHF 15'660, (see below for explanation)

Specific Items

Personnel

Costs in line with the approved budget but slightly above due to employment costs movement in Central Office.

Office Equipment

In line with the budget and covers cost of any additional or replacement equipment acquired during the year.

Advertising

Well below approved budget and covers promotional activities of the IECQ such as participation in strategic events,

Travel and Meeting costs

Travel and meeting costs were above budget and included the travel costs associated with the IECQ Secretariat involvement in the IECQ peer assessment process. This is offset by additional income received due to these costs being charged to the IECQ CBs under assessment.

Extra ordinary expenses

Extraordinary expenses are non recurring expenses and regarded as on-off costs. For 2010 extraordinary expense (CHF 15'660) covered the withdrawal of India and Serbia from the IECQ as their annual dues were previously factored into the 2010 budget (CHF 15'000 total) the remaining CHF 660 was due to certificate fee invoice corrections

All Other Items

All other items were either in line with the approved budget or below

GENERAL RESERVE

Taking into account the results for 2010, the IECQ General Reserve now provides a total of **CHF 452'025**.



Phone 022 322 24 24
Fax 022 322 24 00
www.bdo.ch

BDO Ltd
Rue des Bains 33
CH-1211 Geneva 8

To the Conformity Assessment Board of

International Electrotechnical Commission

Geneva

**Report of the auditor
on the financial statements for the year 2010**

of

IEC Quality Assessment System for Electronic Components (IECQ)

25 February 2011
11624/21505840/5-4-1

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 Quality Assessment System for Electronic Components (IECQ), which comprise the balance sheet, profit and loss account and notes for the year ended 31 December 2010.

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 Quality Assessment System for Electronic Components (IECQ). 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.

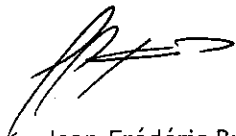
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 2010 comply with Swiss law, the statutes and rules of procedure of the International Electrotechnical Commission and the basic rules of the IEC Quality Assessment System for Electronic Components (IECQ).

25 February 2011

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 2010

(with comparative figures for 2009)

| | <u>2010</u> | <u>2009</u> | | <u>2010</u> | <u>2009</u> |
|----------------------------------|-----------------------|-----------------------|--------------------------------------|-----------------------|-----------------------|
| ASSETS | CHF | CHF | LIABILITIES AND GENERAL FUNDS | CHF | CHF |
| Cash and cash equivalents | | | Liabilities | | |
| Bank, current account | <u>37'219</u> | <u>45'560</u> | Accrued liabilities | 251 | 0 |
| | | | IEC current account | <u>200'182</u> | <u>105'846</u> |
| Investment | | | | <u>200'433</u> | <u>105'846</u> |
| IEC Pool Investment | <u>388'576</u> | <u>368'576</u> | | | |
| Other current assets | | | | | |
| Accounts receivable | | | | | |
| - Publications | 0 | 94 | | | |
| - Outstanding dues | 20'649 | 15'000 | | | |
| - Training certificates | 46'582 | 31'060 | | | |
| - Applications and advertising | 64'342 | 0 | | | |
| - Assessments | 10'540 | 10'540 | | | |
| Other receivables | | | | | |
| - Withholding tax | 77 | 46 | | | |
| Prepaid expenses | | | IECQ General Funds | | |
| - IECQ Australia secretariat | 55'566 | 52'920 | Capital at the beginning of the year | 420'245 | 418'070 |
| - Accrued income | 28'907 | 2'295 | Surplus for the year | 31'780 | 2'175 |
| | <u>226'663</u> | <u>111'955</u> | Capital at the end of the year | <u>452'025</u> | <u>420'245</u> |
| Total | <u><u>652'458</u></u> | <u><u>526'091</u></u> | Total | <u><u>652'458</u></u> | <u><u>526'091</u></u> |

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010
(with comparative figures for 2009)

| | Budget 2010 (unaudited) | Actual 2010 | Actual 2009 |
|--|-------------------------------|----------------------|---------------------|
| | CHF | CHF | CHF |
| INCOME | | | |
| Dues | 232'500 | 242'500 | 237'500 |
| Application fees | 7'500 | 0 | 0 |
| Publications | 4'000 | 1'119 | 2'698 |
| Certificates fees | 180'000 | 196'810 | 168'220 |
| Interest income | 15'000 | 9'224 | 7'491 |
| Other income | 20'500 | 58'884 | 27'640 |
| Training certificates fees | 20'000 | 0 | 5'300 |
| Advertising and promotion | 5'000 | 2'000 | 6'000 |
| Assessment fees | 0 | 89'727 | 0 |
| Total | <u>484'500</u> | <u>600'264</u> | <u>454'849</u> |
| EXPENSES | | | |
| Personnel expenses | 335'000 | 348'958 | 334'628 |
| Rent, heating and cleaning | 12'000 | 12'000 | 14'000 |
| Insurance | 500 | 500 | 500 |
| Maintenance | 3'000 | 3'000 | 3'000 |
| Participation to the use of fixed assets | 8'500 | 8'500 | 9'500 |
| Office equipment | 1'500 | 1'545 | 4'783 |
| Telecommunications | 1'700 | 175 | 568 |
| Postal franking | 1'300 | 0 | 0 |
| Miscellaneous | 1'000 | 445 | 456 |
| Legal and audit | 9'500 | 3'083 | 2'990 |
| Advertising | 15'000 | 7'451 | 17'742 |
| Travel and meetings expenses | 60'000 | 77'740 | 58'446 |
| Extraordinary expenses | 0 | 15'660 | 6'061 |
| Allocation to General Fund | 35'500 | 0 | 0 |
| Costs to conduct assessments | 0 | 89'427 | 0 |
| Total | <u>484'500</u> | <u>568'484</u> | <u>452'674</u> |
| Budget result | <u><u>0</u></u> | | |
| Surplus for the year | | <u><u>31'780</u></u> | <u><u>2'175</u></u> |

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010

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 Quality Assessment System for Electronic Components (IECQ)*

Taking into account the object of the IEC, the particular object of the IECQ System, operated under the authority of the IEC in conformity with the Statutes, is to facilitate international trade in electronic components of assessed quality, by providing a global framework for independent assessment and certification.

The object is achieved by the implementation of quality assessment procedures in such a manner that organisations, processes, and components released as conforming to the requirements of an applicable standard or specification, are approved for use in the IECQ System.

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