

Stichting Electronics Watch Foundation



Stichting Electronics Watch Foundation
Amsterdam

Annual Accounts 2021

Stichting Electronics Watch Foundation

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Stichting Electronics Watch Foundation

Directors report

Dear reader:

In 2021 the pandemic continued to bring hardships to workers who too often laboured without sufficient protection and without a voice about their own health and safety. Lockdowns challenged monitoring in many countries. Our monitoring partners strengthened remote monitoring methods. They also focused on supporting workers in vulnerable positions, such as migrant workers left stranded in Malaysia, locked into dormitories in Taiwan, or quarantined in Thailand.

Meanwhile we planned and built capacity for future challenges. We adopted a new [three-year strategic plan](#), which strengthens our impact model by:

- Expanding the scope of our monitoring and further building the skills and competence of our monitoring partners;
- Enhancing the capacity of our affiliates to drive change in their supply chains; and,
- Strengthening our industry engagement model.

Critical to this plan is a sustained focus on [freedom of association](#), the most fundamental of labour rights. In 2021, we organized workshops to develop methods for public buyers to protect freedom of association in their supply chains and for our monitoring partners to monitor and report on breaches. Our [annual summit](#) highlighted linkages between freedom of association, freedom of employment, and protection of the climate.

At the same time, we strengthened our industry engagement model by negotiating [terms of engagement](#) with the Responsible Business Alliance. These terms are a framework for remediation of rights violations in factories that supply our affiliates and RBA members.

As we look towards 2022 and beyond, we invite you to join us to accelerate the momentum for change based on both worker and public buyer demand.

Stichting Electronics Watch Foundation

BALANCE SHEET AS OF 31st OF DECEMBER 2021

(after appropriation of result)

ASSETS

(in euro's)

31 December 2021

31 December 2020

Current assets

Receivables

Trade debtors

57,209

23,533

Other receivables

6,062

93,246

63,271

116,779

Cash and Cash Equivalents

285,786

161,166

Total

349,057

277,945

LIABILITIES

Equity

General reserves

108,845

55,408

Current liabilities

Creditors

4,130

28,771

Taxation and social security

8,442

6,679

Prepayments

164,081

148,558

Other accruals and deferred
income

63,559

38,529

240,212

222,537

Total

349,057

277,945

Stichting Electronics Watch Foundation

STATEMENT OF INCOME AND EXPENDITURE 2021

(in euro's)

	<i>2021</i>	<i>2020</i>
Income	551,964	555,955
<i>Costs</i>		
Direct project costs	141,678	188,255
Personnel costs	299,354	290,045
General expenses	<u>57,495</u>	<u>43,373</u>
Total expenditure	<u>498,527</u>	<u>521,673</u>
Result	<u><u>53,437</u></u>	<u><u>34,282</u></u>

Stichting Electronics Watch Foundation

ACCOUNTING PRINCIPLES FOR FINANCIAL REPORTING

General accounting principles for preparation of the financial statements

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face (nominal) value. Income and expenses are accounted for on accrual basis. Expenses are determined taking the mentioned valuation principle into account. Profit is only included when realized on balance sheet date. Losses originating before the end of the financial year are taken into account when ascertained before preparation of the financial statements.

Principles of valuation of assets and liabilities

The principles applied in evaluating assets and liabilities and determining financial results are based on nominal value. Revenues and expenses are matched to the period in which they occurred (according to the matching principle). Revenues from legacy are recorded in the year that their size can be reliably established.

Receivables

Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Subsequent events

The foundation has not identified any events after year-end that are important for the interpretation of the annual account.

Liabilities not shown in the balance sheet

There are no off-balance sheet obligations applicable to this annual account.

Stichting Electronics Watch Foundation

NOTES TO THE BALANCE SHEET as of 31st of December 2021

Assets

Current Assets

Receivables

(in euro's)	31-12-2021	31-12-2020
Trade debtors	77,209	33,533
Provision for doubtful debtors	20,000	10,000
	<u>57,209</u>	<u>23,533</u>

Other receivables

Value added tax	1,062	0
Subsidy receivable	0	92,991
Other receivables	5,000	255
	<u>6,062</u>	<u>93,246</u>

Cash and Cash Equivalents

Triodos Bank	215,820	91,117
Triodos Bank, savings account	69,966	69,990
Triodos Bank Spain	0	59
	<u>285,786</u>	<u>161,166</u>

LIABILITIES

Current liabilities

Creditors

Creditors	<u>4,130</u>	<u>28,771</u>
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Taxation and social security

Value added tax	0	373
Wage tax and social security	8,204	6,306
	<u>8,204</u>	<u>6,679</u>

Prepayments

Prepayments affiliation fees	164,081	102,680
Advanced received funds	0	45,878
	<u>164,081</u>	<u>148,558</u>

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	31-12-2021	31-12-2020
(in euro's)		
Other accruals and deferred income		
Triodos Bank Spain	165	0
Salaries	1,066	1,007
Audit, administration & other fee	8,998	5,000
Pension	25,580	17,415
Other	27.750	15,107
	<u>63.559</u>	<u>38,529</u>

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NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE 2021

	2021	2020
(in euro's)		
Income		
Affiliation fees	389,014	392,200
EC Funds	75,395	91,629
Bread for All grant	46,703	49,477
Other income	40,852	22,649
	<u>551,964</u>	<u>555,955</u>
Costs		
<u>Project costs</u>		
Monitoring Restricted	49,764	30,922
Monitoring General	50,715	65,667
Affiliations outreach and service	33,664	50,612
Other costs	7,535	41,054
	<u>141,678</u>	<u>188,255</u>
<u>Personnel costs</u>		
Salary	197,180	204,044
Social security	84,437	62,249
Pension costs	11,890	11,345
External personnel	0	5,295
Payroll administration	3,822	7,112
Other staff expenses	2,025	0
	<u>299,354</u>	<u>290,045</u>
<u>General expenses</u>		
Audit and legal costs	13,279	7,211
Insurance	6,012	1,542
Communication infrastructure	20,492	11,825
Translation	5,576	3,497
Design	6,169	5,613
IT Support	900	0
Rent office	1,980	2,715
Travel costs	410	4,802
Conference costs	0	0
Other general expenses	2,677	6,168
	<u>57,495</u>	<u>43,373</u>

To Stichting Electronics Watch Foundation
Attn. Ms. N. Keyser
Sarphatistraat 30
1018 GL AMSTERDAM

Haarlem, December 13th, 2022

Reg.no. : 1007302/215/473/1031
Concerning : Independent auditors report 2021

Dear Ms. Keyser,

As part of our audit engagement, we have audited the financial administration and the 2021 annual accounts of Stichting Electronics Watch Foundation. We have completed the audit of the Annual Accounts 2021. The balance sheet total at 31st December 2021 is listed at € 349.057,-. The statement of income and expenditure closes with an positive amount of € 53.437,-.

Furthermore, at the conclusion of the audit and forming an opinion, we have already assumed that your board will approve the final draft 2021 of the annual accounts in accordance with the next meeting and that it also agrees with the proposed allocation of the result.

Following our audit of the financial administration and the 2021 annual accounts, we would like to bring the following to your attention.

1. Assignment and audit approach

Our assignment

We conducted our audit 2021 in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

Approach

We assess the consistency of the other information, including the other data and the annual report with the financial statements and whether they are free from material misstatement based on our knowledge and understanding obtained from the financial statement audit or otherwise. An audit is subject to certain inherent limitations, which are set forth in the engagement letter. Our control approach is based on a data-centric approach.

2. Independent auditor's report 2021

We will send you the auditor's report to be issued as a result of our audit 2021. Just like last year, you will receive two versions of the report: the original, signed version is for your archive, the request is to use the 'was signed' version as a copy that you include in the 2021 annual accounts.

We request that you send us a signed final copy (if possible digitally) of the 2021 annual accounts to complete our audit.

COVID-19

The 2021 directors report briefly discusses the consequences of the COVID-19 for Stichting Electronics Watch Foundation. Therefore, no (non-mandatory) explanatory paragraph is included in the 2021 auditor's report.

3. Financial Statement Process

The audit was carried out in June 2022 in accordance with the agreements made in the Engagement letter for the audit of the 2021. During the audit of the annual accounts, there were several coordination moments with the Financial manager. Due to circumstances from Electronics Watch's side, the audit has been on hold for some time. In December 2022, after a digital consultation, we picked up the audit again and completed it.

4. Corporation Tax for Foundations

Foundations are increasingly coming under the attention of the tax authorities. Under certain circumstances, a Foundation may also be liable for corporate income tax. This may be the case if operating surpluses are regularly achieved. Whether the realization of operating surpluses actually leads to corporate tax liability depends on various matters, such as what is included in the articles of association and the activities of the foundation. This has been further elaborated in the "Besluit Vennootschapsbelasting, belastingplicht van verenigingen en stichtingen 2005."

We advise you to check on the basis of this decision whether corporate tax liability may pose a risk to the foundation.

5. Fraud

We held discussions both within the audit team ("pre-audit discussion") and with your staff, focusing on any potential for material misstatements due to fraud in the financial statements and what preventive control measures can be taken against this.

We received confirmation from management at the conclusion of our audit with the 2021 financial statements that no irregularities were identified. In addition, during the year-end audit, we independently performed work on the operation of internal control measures around memorandum entries and further assessed items substantiated by estimates and also paid attention to significant and/or unusual transactions in the financial records.

During the performance of our audit of the 2021 financial statements, we obtained no evidence of fraud.

6. Management and Supervision of Legal Entities Act

The Law on Management and Supervision of Legal Persons (WBTR) aims to improve governance and supervision of associations and foundations. The law took effect July 1, 2021. It sets out rules on duties, powers, obligations and liability. With the law, the government wants to prevent mismanagement, irresponsible financial management, self-enrichment, abuse of positions and other undesirable activities from harming associations and foundations.

It is important that you review your bylaws to make sure they comply with the new law. You do not have to have done this right away. The law takes precedence over the bylaws. If you modify the bylaws for any reason, they must of course comply with the new legal framework.

We trust that you have been with of service with the audit. We will be happy to provide further information when requested.

Kind regards,
ETL Assurance & Overheidsaccountants B.V.

Was getekend: mr. drs. J.C. Olij RA

INDEPENDENT AUDITOR'S REPORT

To: the Board of Electronics Watch Foundation

Report on the audit of the financial statements 2021 included in the annual report

We have audited the financial statements 2021 of Stichting Electronics Watch Foundation, based in Amsterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Electronics Watch Foundation as at 31 December 2021 and of its result for 2021 in accordance with the accounting policies as mentioned in the financial report 2021. The financial statements comprise:

- the balance sheet as at 31 December 2021;
- the profit and loss account for 2021 and;
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report. We are independent of Stichting Electronics Watch Foundation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report
- Other information as required by Dutch law.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements, contains the information as required by Dutch law. We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Dutch law and the Dutch Standard 720.

The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the management board's report in accordance with the accounting policies as mentioned in the financial report 2021 and other information as required by Dutch law.

Responsibilities of management for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies as mentioned in the financial report 2021. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the foundations ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion. We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Haarlem, December 13, 2022

Reg.nr.: 1007302/215/473/1031

ETL Assurance & Overheidsaccountants B.V.

Was getekend: mr. drs. J.C. Olij RA