

Stichting Electronics Watch Foundation



Stichting Electronics Watch Foundation
Amsterdam

Annual Accounts 2022

Stichting Electronics Watch Foundation

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[Directors' report](#)

Dear reader:

Growth was the theme for 2022. Our staff team expanded from four to fourteen with the support of affiliates and new funders. Our capacity to achieve our mission—to help public sector organisations to protect the rights of workers in their electronics supply chains—has increased substantially.

We welcomed 10 new affiliates from eight countries, and scaled up our level of service to affiliates to help them incorporate Electronics Watch tools and reports in their engagement with suppliers. As a result, we saw ICT companies making a transparency leap, with more than 40 brands now disclosing at least tier one assembly facilities to affiliates. We invested in monitoring methodology training and development of effective grievance mechanisms with our monitoring partners, now in 11 electronics manufacturing regions and four mining regions. We have expanded our impact model from ICT to low-emission vehicles, working with a group of nine pioneering public buyers. And we launched an impact and innovation programme exploring creative ways to support public buyers in yet other product categories, while also learning from other sectors how to improve our work in electronics.

As we enter 2023, we are poised to drive improvements in affiliate supply chains both through factory-level interventions and by addressing cross-cutting issues such as freedom of association and living wages.

We invite you join us to accelerate the momentum for change based on both worker and public buyer demand.

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BALANCE SHEET AS OF 31st OF DECEMBER 2022

(After appropriation of result)

ASSETS (in Euros)	31 December 2022	31 December 2021
Fixed assets	11.759	
Current assets	844.631	349.057
Receivables		
Trade debtors	185.665	57.209
Other receivables	64.662	6.062
	250.327	63.271
Cash and Cash Equivalents	594.304	285.786
Total Assets	856.391	349.057
LIABILITIES		
Equity		
General reserves	145.079	108.846
Current liabilities		
Creditors	32.473	4.130
Taxation and Social Security	37.751	8.442
Preinvoicing and deferred income	572.843	164.081
Other accruals and liabilities	68.245	63.559
	711.312	240.212
Total Liabilities	856.391	349.057

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STATEMENT OF INCOME AND EXPENDITURE 2022

Profit and Loss	2022	2021
(in Euros)		
Income	1.043.336	551.964
Costs		
Direct project costs	279.426	141.678
Personnel costs	604.037	299.354
General expenses	123.640	57.495
Total expenditure	1.007.103	498.527
Result	36.233	53.437

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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 considered when ascertained before preparation of the financial statements.

We include the balances at the end of the previous year for comparison purposes. All amounts are in Euros unless otherwise indicated.

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.

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NOTES TO THE BALANCE SHEET as of 31st of December 2022

ASSETS

Fixed Assets

During the fiscal year 2022, computer equipment has been purchased for some staff. This equipment has been included in the organization's inventory. Fixed assets are registered at its actual purchase value and depreciated on a straight-line basis over 5 years.

The balance at the end of 2022 is:

Fixed Assets	31/12/22
Computers	12.619
Depreciation	<u>(860)</u>
	<u><u>11.759</u></u>

Current Assets

Electronics Watch's Current Assets consist of:

.- receivables: mainly unpaid dues of Affiliates at the end of the year. Although Electronics Watch keeps on trying to receive all the dues owed by its affiliates, a provision for doubtful debtors has been created to cover possible unpayments. At the end of 2022, that provision represents approximately 10% of the total debts.

.- other receivables: taxes to be recovered from Governments, subsidies granted but not transferred yet and rental deposits for the offices that Electronics Watch has hired.

.- cash and cash equivalents: Electronics Watch maintains its funds in two bank accounts both in Triodos Bank. One of them is the bank account used for its operations and the second one is a savings account.

The balance at the end of 2022 compared with the previous year of each asset item is as follows:

Receivables	31/12/22	31/12/21
Trade debtors	205.665	77.209
Provision for doubtful debtors	<u>(20.000)</u>	<u>(20.000)</u>
	<u>185.665</u>	<u>57.209</u>
Other receivables	31/12/22	31/12/21
Value added tax	1.226	1.062
Subsidy receivable	60.000	0
Rental deposits	339	0
Other receivables	1.873	5.000
Prepayments	<u>1.224</u>	<u>0</u>
	<u><u>64.662</u></u>	<u><u>6.062</u></u>

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Cash and Cash Equivalents	31/12/22	31/12/21
Triodos Bank	524.362	215.820
Triodos Bank savings account	69.942	69.966
	<u>594.304</u>	<u>285.786</u>

LIABILITIES

Current liabilities

Electronics Watch's Current Liabilities consist of:

.- creditors: third parties that provide us with services (consultants, monitoring partners, travel expenses still not reimbursed,...) still unpaid at the end of 2022.

.- taxation and social security: taxes and social charges corresponding to 2022 to be paid in 2023.

.- preinvoicing and deferred income: affiliates' dues corresponding to 2023 invoiced in 2022 and other funds already received to be allocated in the next few years.

.- other accruals and liabilities: invoices not received at the end of the year that correspond to expenses of 2022.

The balance at the end of 2022 compared with the previous year of each liability item is as follows:

Current Liabilities	31/12/22	31/12/21
Creditors		
Creditors	<u>32.473</u>	<u>4.130</u>
Taxation and social security		
Wage tax and social security	<u>37.751</u>	<u>8.442</u>
	<u>37.751</u>	<u>8.442</u>
Preinvoicing and deferred income		
Affiliation fees preinvoiced	296.074	164.081
Advanced received funds	276.770	
	<u>572.843</u>	<u>164.081</u>
Other accruals and liabilities		
Bank account in Spain	0	165
Salaries	0	1.066
Audit, administration & other fees	20.668	8.998
Pension	45.549	25.580
Other	2.027	27.750
	<u>68.244</u>	<u>63.559</u>

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NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE 2022

Income

Electronics Watch's income come from 3 different sources: affiliates dues, subsidies and earned income. Affiliates dues and earned income are accrued on a time proportional basis and subsidies are accrued based on the execution of expenditure related to these funds.

Income accrued in 2022 compared with 2021:

Income	2022	2021
Affiliation fees	539.496	389.014
LEV participants fees	50.802	
Grants	389.994	122.098
Other income	63.044	40.852
	<u>1.043.336</u>	<u>551.964</u>

In 2022 Electronics Watch received the following subsidies:

Granting authority	Grant period	Total amount	Accrued 2022	Received 2022	Deferred income	To receive
Bristol University	Year 2022	16.441	16.441	16.441		
EPRM	Oct 22 - Sep 25	479.830	47.000	75.000	(28.000)	
GIZ	Aug 22 - Apr 24	890.438	130.000	242.387	(112.387)	
Barcelona Council	Year 2022	60.000	60.000			60.000
Bread for All	Jan 22 - Dec 23	79.138	39.138	39.138		
OSF	Aug 22- July 23	233.798	97.415	233.798	(136.383)	
		<u>1.759.645</u>	<u>389.994</u>	<u>606.764</u>	<u>(276.770)</u>	<u>60.000</u>

Costs

There are three main kinds of expenditure in Electronics Watch: project costs, personal and general expenses. The accrual principle is followed for recording expenses.

Project costs accounts gather the cost of monitoring and development and outreach of Electronics Watch's model.

Personal costs include salaries, social charges and other allowances and perks of the employees in Electronics Watch.

Any other expenditure such as consultancies, translations, IT apps and licences, insurances, travel expenses, etc. are considered General Expenses.

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The expenditure in each of these concepts during 2022 was:

<u>Project costs</u>	2022	2021
Monitoring Restricted	119.090	49.764
Monitoring General	110.601	50.715
Affiliations outreach and service	37.235	33.664
Other costs	12.500	7.535
	<u>279.426</u>	<u>141.678</u>
<u>Personnel costs</u>	2022	2021
Salary	410.782	197.180
Social security	137.452	84.437
Pension contributions	23.998	11.890
Payroll administration	10.864	3.822
Other staff expenses	20.940	2.025
	<u>604.037</u>	<u>299.354</u>
<u>General expenses</u>	2022	2021
Audit and legal costs	6.400	13.279
Liabilities insurance	5.822	6.012
Communication infrastructure	17.140	20.492
Consultancies	18.928	12.645
Rent office	5.126	1.980
Travel costs	15.164	410
Events costs	46.343	0
Other general expenses	8.717	2.677
	<u>123.640</u>	<u>57.495</u>
Total costs	<u>1.007.103</u>	<u>498.527</u>

INDEPENDENT AUDITOR'S REPORT

To: the Board of Electronics Watch Foundation

Report on the audit of the financial statements 2022 included in the annual report

We have audited the financial statements 2022 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 2022 and of its result for 2022 in accordance with the accounting policies as mentioned in the financial report 2022. The financial statements comprise:

- the balance sheet as at 31 December 2022;
- the profit and loss account for 2022 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 2022 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 2022. 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, July 6, 2023

Reg.nr.: 1007302/215/474/126

ETL Assurance & Overheidsaccountants B.V.

mr. drs. J.C. Olij RA