



**INTERNATIONAL ASSOCIATION OF MARINE
AIDS TO NAVIGATION AND LIGHTHOUSE AUTHORITIES
(IALA)**

**STATUTORY AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

For the year ended December 31st, 2017

Groupe indépendant d'audit et de conseil

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GVA AUDIT SAS - Société par actions simplifiée de Commissaires aux Comptes inscrite à la Compagnie de Paris au capital de 50 000 €
Siret 347 496 788 00022 - NAF 6920 Z

Membre de UHY International, réseau de cabinets indépendants d'audit et de conseil 

 Membre Indépendant du Groupement Différence

Certifié ISO 9001
Version 2008

This is a translation into English of the statutory auditors' report on the financial statements of the Organisation issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.



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(IALA)**

**10, rue des Gaudines
78100 SAINT GERMAIN EN LAYE**

**STATUTORY AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

For the year ended December 31st, 2017

To the members of the Council of IALA

Opinion

In compliance with the engagement entrusted to us by your Council, we have audited the accompanying financial statements of IALA for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Organisation as at 31st December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

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Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention that we were focused on the compliance of the accounting principles applied in your organization.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Verification of the Management Report and of the Other Documents Provided to the Members of the Council

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Secretary General and in the other documents provided to the members with respect to the financial position and the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Organisation or to cease operations.

The financial statements were approved by your Secretary General.

Statutory Auditors'¹ Responsibilities for the Audit of the Financial Statements

¹ À adapter lorsqu'il n'y a qu'un seul commissaire aux comptes : « Statutory Auditor's Responsibilities ».

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. 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.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Organisation or the quality of management of the affairs of the Organisation.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

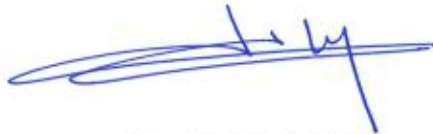
- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk 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.
- Obtains 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses 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 Organisation's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Organisation to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris, May 9th 2018

The Statutory Auditor

GVA AUDIT

A handwritten signature in blue ink, consisting of a series of loops and a vertical stroke, positioned above the name Muriel NOUCHY.

Muriel NOUCHY

**INTERNATIONAL ASSOCIATION OF MARINE AIDS
TO NAVIGATION AND LIGHTHOUSE AUTHORITIES**

**FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2017
(FRENCH FORMAT)**





INTERNATIONAL ASSOCIATION OF MARINE AIDS TO NAVIGATION AND LIGHTHOUSE AUTHORITIES

BALANCE SHEET (IN €)

ASSETS	2017			2016
	GROSS	DEPRECIATION AND ALLOWANCES	NET	NET
FIXED ASSETS				
Intangible assets				
Organisation and start-up costs	-	-	-	-
Franchises, patents, licenses, trademarks, processes, and other similar rights or interests held	134 751	73 269	61 483	81 384
Goodwill	-	-	-	-
Others intangible assets	-	-	-	-
Intangibles in process	-	-	-	-
Advances, down-payments and prepaids	-	-	-	-
Tangible assets				
Land	240 552	-	240 552	240 552
Buildings	1 167 139	182 854	984 285	1 011 032
Machinery and equipment	291 785	99 737	192 048	206 638
Others tangible assets	1 541 795	677 712	864 083	781 655
In-progress	-	-	-	-
Advances, prepaids and others	-	-	-	-
Investments				
Controlling interests	-	-	-	-
Receivables from controlled entities	-	-	-	-
Long-term portfolio of securities held	-	-	-	-
Other fixed securities	-	-	-	-
Loans	11 980	-	11 980	11 980
Other investments	4 289	-	4 289	5 289
Total Fixed Assets	3 392 291	1 033 572	2 358 719	2 338 528
CURRENTS ASSETS				
Inventories				
Raw materials and supplies	-	-	-	-
Work in process inventory	-	-	-	-
Services in progress	-	-	-	-
Goods held for resale	-	-	-	-
Down-payments to suppliers	-	-	-	-
Accounts receivables				
Trade notes and accounts receivables from members	638 562	196 911	441 651	1 389 445
Other receivables	2 834	-	2 834	5 162
Common stock subscribed to, called for payment, but not yet collected	-	-	-	-
Securities and holdings	-	-	-	-
Cash	3 238 283	-	3 238 283	2 682 382
Prepaid expenses	40 625	-	40 625	37 171
Total currents assets	3 920 304	196 911	3 723 393	4 114 161
Expenses capitalized to be amortized over several periods	-	-	-	-
Bonds and loan discounts, amortized over life of borrowing contracted	-	-	-	-
Unrealized losses on foreign exchange	-	-	-	-
GRAND TOTAL ASSETS	7 312 595	1 230 483	6 082 112	6 452 689





INTERNATIONAL ASSOCIATION OF MARINE AIDS TO NAVIGATION AND LIGHTHOUSE AUTHORITIES

BALANCE SHEET (IN €)

LIABILITIES	2017	2016
Association funds without possibility of resumption	2 752 041	2 814 822
Revaluation of assets above historical cost	-	-
Equity reserves which may not be distributed	-	-
Statutory reserves	-	-
Regulated reserves		
Others reserves	-	-
Unappropriated retained earnings	-	-
Net income of period	199 612	- 62 781
Total association funds and reserves	2 951 653	2 752 041
Association funds with possibility of resumption	-	-
Contribution with possibility of resumption	-	-
Legacy and donation		
Subsidies of long-term investments allocated to special properties	-	-
Profits controlled by others	-	-
Revaluation of assets above historical cost	-	-
Subsidies of long-term investments	783 897	815 486
Regulated provisions	-	-
Rights of the owners	-	-
Total other association funds and reserves	783 897	815 486
Contingency provisions	-	-
Loss provisions	535 920	639 788
Total contingencies and loss provisions	535 920	639 788
Dedicated funds		
On running subsidies	8 785	60 778
On other resources	-	-
Total dedicated funds	8 785	60 778
Convertible bond debentures		
Other debenture bonds	-	-
Borrowings and loans from banks and credit organizations	-	-
Various debts	-	-
Down-payments from clients for orders in progress	-	-
Trade notes and accounts payable	67 977	215 930
Taxes payable, liabilities to personnel and others accrued social liabilities	299 760	301 171
Liabilities to fixed assets suppliers		
Others liabilities	315 127	265 048
Prepaid incomes	1 118 992	1 402 448
Total debts and liabilities	1 801 856	2 184 597
Unrealized gains on foreign exchange	-	-
GRAND TOTAL LIABILITIES	6 082 112	6 452 689



INTERNATIONAL ASSOCIATION OF MARINE AIDS TO NAVIGATION AND LIGHTHOUSE AUTHORITIE

INCOME STATEMENT (IN €)



	2017	2016
Sales of goods held for resale	-	-
Sales or gross revenues	-	-
Change in finished goods and in-progress inventory	-	-
Assets manufactured for use by the association itself	-	-
Operating subsidies	988 236	893 275
Decrease in provisions	351 721	244 470
Other income	199 653	145 041
Contributions of members	2 267 230	2 064 271
Legacy and donation	-	-
Decrease in allocated ressources (dedicated funds)	-	-
Portion of capital subsidies reported as income	-	-
Total sales from operations	3 806 839	3 347 057
Inventory purchases for resale	-	-
Change in inventory of goods held for resale	-	-
Raw materials and supplies bought	8 129	4 318
Change in inventories	-	-
Running costs	792 153	581 682
Other purchases and External expenses	963 208	1 005 164
Taxes and other contributions	121 612	99 424
Wages and salaries	805 966	703 770
Social security contributions and other staff costs	434 350	382 354
Assets depreciation expenses	244 843	167 617
Increase in Provisions	140 568	426 486
Increase on allocated ressources (dedicated funds)	-	-
Other expenses	137 006	71 702
Total operating expenses	3 647 835	3 442 517
OPERATING RESULT (I)	159 004	- 95 461
Other interest income	17 985	27 583
Foreign exchange gains	605	1 455
gains of sales of short-term investments	-	-
Total interest and other financial income	18 590	29 038
Increase in financial provisions	-	5 251
	698	315
Foreign exchange losses	3 954	7 377
Total interest and other financial expenses	4 652	12 943
FINANCIAL RESULT (II)	13 938	16 096
CURRENT RESULTS FROM OPERATIONS BEFORE TAXES (I)+(II)	172 942	- 79 364
Extraordinary gains in operations	950	640
Reversal of capital grant and fixed assets sales	36 473	31 589
Total extraordinary income	37 423	32 229
Extraordinary losses in operations	52 531	-
Net booked value on fixed assets	7 166	-
Increase in extraordinary provisions	-	60 000
Total extraordinary expenses	59 697	60 000
EXTRAORDINARY RESULT	- 22 274	- 27 771
Income tax	- 48 945	- 44 354
Total revenues	3 862 852	3 408 325
Total expenses	3 663 239	3 471 106
NET RESULT FOR THE PERIOD (DEFICIT OR SURPLUS)	199 612	- 62 781





AIMS IALA

Annex





NOTE TO THE FINANCIAL STATEMENTS

The balance sheet of the 12-month tax year closed on 31 December 2017 and presented before the allocation of the net profit shows a total of € 6,082,112.05

The tax year's income statement shows a net income €199,612.47

The notes and tables thereafter are part of the annual financial statements.





ACCOUNTING POLICIES

Valuation method

The accounts are prepared in accordance with the accounting standards applicable in France in compliance with the principle of prudence and in compliance with the base hypothesis:

- Going concern status
- Separated accounting periods
- Continuity of methods from one exercise to another

The accounts are prepared in compliance with regulation **ANC 2014-03** dated 05 June 2014 published the 15 October of 2014, Amended by Regulations ANC n°2015-06 dated 23 November 2015 and ANC n°2016-07 dated 04 November 2016, and with rules fixed by the Accounting Code of Associations (CRC regulation n. 99-01) and following regulations.

Funds of the Association

This account registers the accumulated statutory allocations of the surpluses and deficits of results previously realized.

Variation of funds Table

	31 December 2016	Variation of 2017	31 December 2017
Association's funds	€ 2,814,821.60	€ -62,780.84	€ 2,752,040.76
TOTAL	€ 2,814,821.60	€ -62,780.84	€ 2,752,040.76

Restricted Funds

The restricted funds register the part of the tax year's resources allocated by third parties providing a financing of defined projects that could not be used in all or in part during the tax year, in compliance with the commitments made towards them.

Variation Table of the Restricted Funds

Resources	Funds to be used at the beginning of the tax year	Variation : Funds used in 2017	Funds that remain to be used at the end of the tax year
Grants and others	€ 5,912.57	€ 5,912.57	€ 0.00
Republic of Korea	€54,865.41	€ 46,079.98	€ 8,785.43
TOTAL	€ 60,777.98	€ 51,992.55	€ 8,785.43



Equipment Grant

The Ministry of Ecology, of sustainable development, of transportation and of housing paid in 2011 to IALA, a grant of € 1,000,000 aimed at financing the acquisition of the new registered office located at 10-12, rue des Gaudines in Saint Germain en Laye.

This grant is registered in the income statement for the depreciable part of the acquisition (buildings), on the weighted duration of the depreciation, i.e. a duration of 35, 28 years and for the non-depreciable part (the land) on a duration of 20 years.

The depreciable part of the grant represents 85% of it and the non-depreciable part 15%.

For the 2017 tax year, the portion of the grant reported as income is equal to € 31,589.

Provision for Risks and Charges

Provision for severance pay

A provision for severance pay is computed for all the employees. Except in the case of a contradictory provision provided for by the employment agreement, such a provision is computed based on the seniority and corresponds to 0.5 month of salary per year of seniority.

As of 31 December 2017, the provision amounted to € 374,870, i.e. € 237,259 for the indemnity and € 137,610 for the social contributions.

It also took into account the impact of changes to wages as of June 1, 2017 in accordance with the Collective Agreement on the payment of a seniority bonus. The Seniority Bonus will be deducted from the Severance Pay in case of departure of a staff member, ie a reduction of the provision.

Provision for Planned Retirements

1°) Base Hypothesis :

- the retirement is at the initiative of the employee ; it is fully subject to social contributions ;
- rate of social and tax contributions : 58% ;
- Retirement benefits: 1/4 of month by year of presence brought to 1/3 of month as from the 11th year of presence.
- Age of retirement : 65 years

Likelihood to stay in the company until the age of 65 years old (turn-over)

< 30 years old	20%
< 35 years old	35%
< 40 years old	40%
< 45 years old	60%
< 50 years old	70%
< 55 years old	90%
< 60 years old	95%
< 65 years old	100%

2°) Computation Formula Used :

= (Retirement Individual Rights acquired at 65 years old) X (Likelihood to stay in the company) X (Likelihood to stay Alive) x (Social Contributions) X (3 % update corrected by a salary increase of 1% per year).

