

REPORT
UNION FOR EUROPE OF THE NATIONS GROUP
(UEN GROUP)

BUDGET ITEM 4000
OF THE BUDGET
OF THE EUROPEAN PARLIAMENT

ACCOUNTING PERIOD
ENDING 30 JUNE 2009

UNION FOR EUROPE OF THE NATIONS GROUP
FINANCIAL STATEMENTS FOR BUDGET ITEM 4000

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Union for Europe of the Nations Group
of the European Parliament
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1047 Brussels

Report of the external auditors on the financial statements relative to the use of the credits of item 4000 of the budget of the European Parliament for the Accounting period ending 30 June 2009

In accordance with our audit mandate, we have audited the accompanying financial statements of the Union for Europe of the Nations Group prepared by the Group's Accountant, which comprise the balance sheet at 30 June 2009, the statement of revenue and expenditure for the period then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are laid out on pages 5 to 15.

Responsibilities of the Group

According to the Rules on the use of appropriation from budget item 4000 of the European Parliament (hereafter "the Rules"), the Group is responsible to the Parliament for the conformity of appropriation usage and for the preparation and fair presentation of the Group's financial statements in accordance with the principles set out in these Rules. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. It also includes ensuring the respect of the Rules of budget item 4000.

Auditor's responsibilities

Our responsibility is to verify the financial statements prepared by the political group, and to report to the Group on the results of our audit. We conducted our audit in accordance with International standards on Auditing as issued by the IASB, applied with a public sector perspective. Those standards require the auditor to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance to support his audit opinion.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the preparation and fair presentation of the entity's 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. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statements.

In accordance with the specific requirements of our audit mandate, our audit work also included specific procedures aiming at gathering reasonable audit evidence that:

- ▶ Expenditures have been charged to the correct item in the budget of the Group.
- ▶ Appropriations are available.
- ▶ Expenditures are in conformity with the Rules governing appropriation item 4000.
- ▶ Principles of sound financial management have been applied.
- ▶ Payments orders are supported by original documentation or certified true copies.
- ▶ The accounts have been laid out in accordance with the harmonised chart of accounts included in the Rules.
- ▶ The accounts have been prepared in accordance with accounting principles as laid out in articles 124 and 125 of Council Regulation 1605/2002, or that departures are adequately explained in the notes to the accounts.

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

Opinions

- ▶ As a result of our work, we did not identify any significant non conformity issues with the provisions laid out in the Rules governing appropriation item 4000 or with the Group's internal rules.
- ▶ The overall presentation of the revenue and expenditure statement and of the balance sheet complies with the harmonised chart of accounts included in the Rules.
- ▶ We do not have to report departures from accounting principles laid out in articles 124 and 125 of Council Regulation 1605/2002, unless adequately disclosed in the notes to the financial statements.
- ▶ Based on the transactions that we have tested, we did not become aware of any significant departure from the principle of sound financial management.
- ▶ In our opinion, the financial statements present fairly, in all material respects, the financial position of the UEN Group at 30 June 2009 and its revenue and expenditure for the period then ended, in accordance with the accounting principles and policies laid out in note 1 to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Brussels, 28 October 2009

Ernst & Young Reviseurs d'Entreprises SCCRL
represented by



Daniëlle Vermaelen
Partner

10DV0112

UNION GROUP FOR EUROPE OF THE NATIONS

ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 4000
OF THE BUDGET OF THE EUROPEAN PARLIAMENT

BALANCE SHEET AT 30 JUNE 2009

| | NOTE | Exercice 30/06/2009 Amounts in Euros | Exercice 31/12/2008 Amounts in Euros |
|---|------|---|---|
| ASSETS | | | |
| FIXED ASSETS | | | |
| Chapter 1 Intangible and tangible assets | | | |
| 1 Intangible assets | | | |
| 2 tangible assets | | 11.364,88 | 5.122,01 |
| Sub total chapter 1 | | <u>11.364,88</u> | <u>5.122,01</u> |
| CURRENT ASSETS | | | |
| Chapter 2 Debtors, stocks and other working assets | | | |
| 1 Suppliers | | 0,00 | 5.500,00 |
| 2 Staff | | | |
| 3 VAT | | 77.816,82 | 63.781,41 |
| 4 Stocks | | | |
| 5 Various | | - | - |
| Sub total chapter 2 | | <u>77.816,82</u> | <u>69.281,41</u> |
| Chapter 3 Financial assets | | | |
| 1 Financial securities | | | |
| 2 Cash and cash equivalent | | 501.838,48 | 1.423.496,44 |
| Sub total chapter 3 | | <u>501.838,48</u> | <u>1.423.496,44</u> |
| Chapter 4 Deferred charges and accrued income | | | |
| 1 Deferred charges | | | |
| 2 Accrued income | | | |
| Sub total chapter 4 | | <u>0,00</u> | <u>0,00</u> |
| TOTAL ASSETS | | <u>591.020,18</u> | <u>1.497.899,86</u> |

LIABILITIES

| | | Period ended 30/06/2009 | Year ended 31/12/2008 |
|--|-------------|------------------------------------|----------------------------------|
| | <u>NOTE</u> | <u>Amounts in Euros</u> | <u>Amounts in Euros</u> |
| Chapter 1 Reserves | | | |
| 1 Carry forward to next budgeting period | 2 | <u>195.225,68</u> | <u>1.250.711,34</u> |
| Sub total chapter 2 | | <u>195.225,68</u> | <u>1.250.711,34</u> |
| Chapter 2 Financial debts | | | |
| 1 Financial debts of a residual duration > 1year | | <u>0,00</u> | <u>0,00</u> |
| 2 Financial debts of a residual duration ≤ 1year | | <u>0,00</u> | <u>0,00</u> |
| Sub total chapter 2 | | <u>0,00</u> | <u>0,00</u> |
| Chapter 3 Other debts | | | |
| 1 Other debts | | <u>26,79</u> | <u>26.557,00</u> |
| 2 Charges settled in N put paid in N+1 | 1 and 4 | <u>395.767,71</u> | <u>220.631,52</u> |
| Sub total chapter 3 | | <u>395.794,50</u> | <u>247.188,52</u> |
| Chapter 4 Deferred income/accrued charges | | | |
| 1 Deferred income | | <u>0,00</u> | <u>0,00</u> |
| 2 Accrued charges | | <u>0,00</u> | <u>0,00</u> |
| Sub total chapter 4 | | <u>0,00</u> | <u>0,00</u> |
| TOTAL LIABILITIES | | <u>591.020,18</u> | <u>1.497.899,86</u> |

UNION FOR EUROPE OF THE NATIONS GROUP
 ACCOUNTING PERIOD ENDED 30 JUNE 2009
 STATEMENT OF REVENUE AND EXPENDITURE

| | | NOTE | Amounts in Euros | |
|--|---|------|--------------------------|---------------------------|
| | | | 30/06/2009 (6 months) | 31/12/2008 (12 months) |
| RECEIPTS | | | | |
| Grants and other receipts from the European Parliament | | | | |
| Chapter 1 | Parliament | | | |
| 1. | EP allocation | | 1.417.196,11 | 3.053.242,00 |
| 2. | Other EP resources | | 0,00 | 0,00 |
| Subtotal for Chapter 1 | | | <u>1.417.196,11</u> | <u>3.053.242,00</u> |
| Chapter 2 Own resources | | | | |
| 1. | Interest and assimilated products | | 2,47 | 64.486,13 |
| 2. | Profit on currency exchange | | 0,00 | 1.549,31 |
| 3. | Miscellaneous | | 0,00 | 0,00 |
| 4. | VAT refund | | 0,00 | 0,00 |
| 5. | Amount carried forward from previous financial year | | 1.250.711,34 | 902.229,67 |
| Subtotal for Chapter 2 | | | <u>1.250.713,81</u> | <u>968.265,11</u> |
| Total receipts | | | <u>2.667.909,92</u> | <u>4.021.507,11</u> |
| EXPENDITURE | | | | |
| Chapter 1 Staff | | | | |
| 1. | Secretariat Missions | | 318.102,11 | 472.156,95 |
| 2. | Recruitment | | 0,00 | 0,00 |
| 3. | Traineeships | | 85.455,12 | 138.521,08 |
| 4. | Salaries and related costs, fees | | 63.489,04 | 131.307,08 |
| 5. | Staff training | | 0,00 | 2.518,70 |
| 6. | Staff representation costs | | 0,00 | 0,00 |
| Sub total for Chapter 1 | | | <u>467.046,27</u> | <u>744.503,81</u> |
| Chapter 2 Equipment, routine administrative costs and operating costs | | | | |
| 1. | Equipment, operating expenditure, computer-related, engineering and maintenance | 1, 7 | 1.013,34 | 4.105,38 |
| 2. | Equipment, telecommunications related installation and maintenance expenditure, office machinery, furniture and technical installations | 1, 7 | 1.085,47 | 1.423,75 |
| 3. | Stationery and office supplies | | 3.138,15 | 15.641,53 |
| 4. | Postage and telecommunications | | 34.667,60 | 59.828,92 |
| 5. | Printing and photocopying costs | 5 | 11.824,68 | 15.449,87 |
| 6. | Office rental costs | | 17.688,96 | 2.784,97 |
| 7. | Depreciation | | 0,00 | 0,00 |
| Subtotal for Chapter 2 | | | <u>69.418,20</u> | <u>99.234,42</u> |

UNION FOR EUROPE OF THE NATIONS GROUP

ACCOUNTING PERIOD ENDED 30 JUNE 2009

STATEMENT OF REVENUE AND EXPENDITURE

| | | Amounts in Euros | |
|------|---|---------------------|---------------------|
| | | 30/06/2009 | 31/12/2008 |
| NOTE | | (6 months) | (12 months) |
| | Chapter 3 Documentation, studies & research | | |
| | 1. Newspapers, magazines, press agencies and books | 12.470,90 | 30.926,82 |
| | 2. Studies and research | 400,00 | 0,00 |
| | 3. Databases | 0,00 | 0,00 |
| | Subtotal for Chapter 3 | 12.870,90 | 30.926,82 |
| | Chapter 4 Legal and accountancy fees, financial and others charges | | |
| | 1. Legal costs | 0,00 | 0,00 |
| | 2. Accounting costs/audits | 17.700,00 | 17.500,00 |
| | 3. Financial charges and losses currency exchange | 6.033,28 | 6.359,02 |
| | 4. Translation and interpretation costs | 5.364,25 | 3.803,97 |
| | 5. Other operating expenditure | 1.308,89 | 7.605,67 |
| | Subtotal for Chapter 4 | 30.406,42 | 35.268,66 |
| | Chapter 5 Cost of meetings and representation | | |
| | 1. Official Group meetings | 71.872,99 | 180.093,89 |
| | 2. Other meetings and conferences | 28,80 | 14.393,91 |
| | 3. Expenditure on entertainment | 2.991,04 | 11.208,81 |
| | 4. Guests | 28.551,26 | 18.802,71 |
| | 5. Individual fact finding missions of members | 13.059,96 | 34.903,16 |
| | Subtotal for Chapter 5 | 116.504,05 | 259.402,48 |
| | Chapter 6 Publication and publicity | | |
| | 1. Posters, leaflets and booklets | 1.204,00 | 0,00 |
| | 2. Advertising inserts and audiovisual advertising | 650,00 | 0,00 |
| | 3. Advertising material, gadgets, publicity by telecommunication equipments | 0,00 | 43.261,62 |
| | 4. Internet sites + e-publicity | 13.575,39 | 5.196,22 |
| | 5. Visits to institutions, information stands | 0,00 | 0,00 |
| | Subtotal for Chapter 6 | 15.429,39 | 48.457,84 |
| | Chapter 7 Members | | |
| | 1. Members' political and information activities, administrative expenses and political and information activities of national delegations (details attached) | 6 1.761.009,01 | 1.553.001,74 |
| | Subtotal for Chapter 7 | 1.761.009,01 | 1.553.001,74 |
| | Chapter 8 Grants, subscriptions and contributions | | |
| | 1. Subsidies | 0,00 | 0,00 |
| | 2. Subscriptions | 0,00 | 0,00 |
| | Subtotal for Chapter 8 | 0,00 | 0,00 |
| | Total expenditure | 2.472.684,24 | 2.770.795,77 |
| | Credits repayable to European Parliament | | |
| | Amount carried forward to the next budgeting period | 2 195.225,68 | 1.250.711,34 |

UNION FOR EUROPE OF THE NATIONS GROUP

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PERIOD ENDED 30 JUNE 2009

NOTE 1: BASIS OF THE ACCOUNTS AND ACCOUNTING PRINCIPLES

Basis of the accounts

The accompanying accounts of the Union for Europe of the Nations Group have been prepared to comply with:

- the 4000 financial rules approved by the Bureau of the European Parliament on 30 June 2003 and amended by the Bureau on 22 March 2006 and 11 July 2007 (PE 335.475/BUR);
- the internal financial rules of the Union for Europe of the Nations Group;
- the accounting principles and the harmonised accounting plan included in the 4000 financial rules.

In accordance with the 4000 financial rules:

- the movements on the accounts and the balances must be entered in the accounting ledgers;
- all accounting entries, including adjustments to the accounts, must be based on dated and numbered supporting documents, to which they must refer;
- the accounting records must be organised so as to leave a trail for all accounting entries.

Accounting principles mandated by Financial Regulations and Rules

1. In accordance with the 4000 financial rules, the annual accounts are drawn up in accordance with the following generally accepted accounting principles:
 - going concern basis;
 - prudence;
 - consistent accounting methods;
 - comparability of information;
 - materiality;
 - no netting;
 - reality over appearance;
 - accrual accounting principle, subject to other provisions of the Rules as detailed in item 2 below.

UNION FOR EUROPE OF THE NATIONS GROUP

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PERIOD ENDED 30 JUNE 2009

2. Pursuant to Rule 2.5.3 of the Rules on the use of appropriations from budget item 4000, the annual accounts are prepared on a modified accrual basis, based on the following rules:
 - All expenditure relative to activities of the current or previous financial years is recorded in the accounts of the current period, upon authorisation by the authorising officer responsible and payment by the accountant, if the actual payment is made no later than during the month following the end of the financial year.
 - All expenditure of a financial year, paid during the month following the end of the financial year, is recorded in the expenditure accounts of the current financial year with counterpart a liability account (number chapter 3.2) in the balance sheet.
 - All expenditure, for which actual payment is made later than the end of the month following the closure of the financial period, is recorded in the accounts of the next financial period. No provisions may be made for expenditure of the current financial year not paid by the end of the month following the end of that financial year, or for risks and future charges.
 - All revenue is recorded in the income accounts upon establishment by the authorising officer. All revenue established and not received in the course of the financial year is registered on a balance sheet account.
3. Classification
 - The classification of expenditure follows the principle of classification by destination as foreseen by article 2.5.2 of the Rules on the use of appropriations from budget item 4000.

UNION FOR EUROPE OF THE NATIONS GROUP

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PERIOD ENDED 30 JUNE 2009

Specific accounting policies

Exchange policy

The accounts are kept in Euro. Revenue and expenditure in other currencies are converted in Euro at the exchange rate applicable on the bank transfer. The balance sheet accounts in other currencies are not remeasured at the end of the accounting period.

Depreciations of tangible fixed assets

Assets with a unit value of 420 Euros or more and being intended to be used for the activities of the Group on a lasting basis are entered in the inventory and in the balance sheet. Fixed assets are recorded at their acquisition cost and are depreciated on a monthly basis following the straight line method, using the following annual percentages:

| | |
|--|----------|
| Software | : 25.0 % |
| Hardware | : 25.0 % |
| Telecommunications and audiovisual equipment | : 25.0 % |
| Technical equipment | : 12.5 % |
| Other installations and machines | : 12.5 % |
| Office furniture | : 10.0 % |

A summary of movements on tangible fixed assets during the accounting period is presented in Note 7.

Valuation methods applied for securities and cash

Financial assets are valued at nominal value or fair market value, whichever is lower. Interest income is recognised in the accounts upon receipt.

Valuation methods applied for receivables, other assets and debts

Receivables, other assets and debts are stated at nominal value. Value reductions on receivables and other assets are recorded if there is uncertainty concerning their collectibility.

Comparison to the figures

According to article 2.1.1 of the financial rules governing budget item 4000, this report covers the period 2009/1 which lasts from 01/01/2009 to 30/06/2009. For practical reasons, no comparative figures for the identical period of 2008 can be presented. Therefore 12 months worth of figures have been mentioned for 2008.

UNION FOR EUROPE OF THE NATIONS GROUP

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PERIOD ENDED 30 JUNE 2009

NOTE 2: CARRY FORWARD TO THE NEXT BUDGETING PERIOD

In accordance with article 2.1.6 of the Rules on the use of appropriations from budget item 4000, appropriations that are not used during the financial year may be carried over to the following financial year up to a maximum of 50% of the annual appropriations received from the European Parliament's budget.

| | € |
|---|-------------------|
| . Credits received by our group for the 2009/1 budgeting period | 1,417,196.11 |
| . Maximum amount of carry forward to 2009/2 budgeting period | 708,598.05 |
| . Remainder at the end of the 2009/1 budgeting period | 195,225.68 |
| . Credits to be returned to EP | - |
| . Carry forward to 2 nd half year of financial year 2009 | <u>195,225.68</u> |

As indicated in our report on the 2008 financial year, the entire amount of supplementary credits obtained at the end of 2008 has been used in the course of 2008. Accordingly the group has no payment obligations to EP.

NOTE 3: VAT RECOVERABLE

VAT paid, for which the Union for Europe of the Nations Group anticipates to obtain refund from the relevant tax authorities in application of the privileges and immunities of the European Institutions, is detailed as follows at 30 June 2009:

| | € |
|---------------|--------------------|
| VAT France | 192.77 |
| VAT Ireland | 3,202.13 |
| VAT Danemark | 9.30 |
| VAT Poland | 43,017.37 |
| VAT Latvia | 17,139.91 |
| VAT Lithuania | <u>14,255.34</u> |
| | € <u>77,816.82</u> |

UNION FOR EUROPE OF THE NATIONS GROUP

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PERIOD ENDED 30 JUNE 2009

NOTE 4: OTHER DEBTS

The amount recorded under this heading of the balance sheet at 30 June 2009 (€ 395,767.71) consists of expenditure related to the 2009 accounting period and paid until 30 September 2009 in application of article 2.5.3 of the Rule PE 335.475/BUR.

NOTE 5: FINANCIAL COMMITMENTS

At 30 June 2009 the group has concluded the following long standing (>1 year) financial commitments:

1. Renting of copying machines OCE VP, cost 9,091.92 €/year.
2. Renting of copying machines OCE OP, cost 5,532.60 €/year.

UNION FOR EUROPE OF THE NATIONS GROUP

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PERIOD ENDED 30 JUNE 2009

NOTE 6: DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS OF CHAPTER 7 ARTICLE 1

The detail of the decentralised credits executed for Chapter 7.1 of the accounting plan annexed to the 4000 financial rules is the following:

| Article | Category | Period ended 30 June 2009 | % | Year ended 31 December 2008 | % |
|---------|---|------------------------------|-------------|--------------------------------|-------------|
| 1. | Staff | 8 241.01 | 0.47% | 2 474.70 | 0.16% |
| 2. | Secretariat - equipment and expenses | 8 865.03 | 0.5% | 59 048.67 | 3.80% |
| 3. | Documentation, studies and research | 143 678.81 | 8.16% | 148 222.19 | 9.54% |
| 4. | Legal, accounting, financial and other operating costs | 500 | 0.03% | 169.61 | 0.01% |
| 52. | Other meetings and conferences | 291 820.37 | 16.57% | 625 693.80 | 40.29% |
| 53. | Expenditure on entertainment | 5 034.51 | 0.29% | 1 132.94 | 0.07% |
| 54. | Guests | 60 385.58 | 3.43% | 117 150.34 | 7.54% |
| 61. | Posters, booklets and publications | 584 889.33 | 33.21% | 156 407.32 | 10.07% |
| 62. | Advertising inserts and audiovisual advertising | 313 714.19 | 17.81% | 205 295.09 | 13.22% |
| 63. | Advertising material, novelty items, telecommunications advertising | 267 515.06 | 15.19% | 143 122.26 | 9.22% |
| 64. | Internet sites and cyber advertising | 7 819.92 | 0.44% | 12 451.46 | 0.8% |
| 65. | Visits to institutions; information stands | 68 545.20 | 3.89% | 81 833.36 | 5.27% |
| | Total Chapter 7.1 | 1 761 009.01 | 100% | 1 553 001.74 | 100% |

UNION FOR EUROPE OF THE NATIONS GROUP
 NOTES TO THE FINANCIAL STATEMENTS
 ACCOUNTING PERIOD ENDED 30 JUNE 2009

NOTE 7: RECAPITULATIVE TABLE OF FIXED ASSETS

| Category and write-down rate | IT software | | IT hardware | | Telecom-munications equipment | | Technical equipment and supplies | | Miscellaneous machinery and installations | | Movable property (seats, desks, cabinets) | | Total |
|--|-------------|-----------|-------------|-----|-------------------------------|-----|----------------------------------|-----|---|-----|---|-----|-----------|
| | (€) | (€) | (€) | (€) | (€) | (€) | (€) | (€) | (€) | (€) | (€) | (€) | |
| Historical cost | | | | | | | | | | | | | |
| Opening balances (historical cost) | 4.797,16 | 16.733,41 | 9.334,35 | | | | | | | | 1.040,64 | | 31.905,56 |
| Less Items sold and entered in profit-and-loss account | | 0,00 | | | | | | | | | | | 0,00 |
| Plus Acquisitions during the accounting period | | 0,00 | 7.750,07 | | | | | | | | | | 7.750,07 |
| Plus Transfers | | | | | | | | | | | | | 0,00 |
| Result Closing balance at historical cost | 4.797,16 | 16.733,41 | 17.084,42 | | 0,00 | | | | 0,00 | | 1.040,64 | | 39.655,63 |
| Accumulated depreciation | | | | | | | | | | | | | |
| Opening balances (accumulated depreciation) | 4.797,16 | 13.863,15 | 7.654,98 | | | | | | | | 468,27 | | 26.783,56 |
| Less Accumulated depreciation of items sold and entered in p/l account | | 0,00 | | | | | | | | | | | 0,00 |
| Plus Depreciation charge for the accounting period | 0,00 | 428,08 | 1.027,07 | | | | | | | | 52,03 | | 1.507,18 |
| Result Closing balance at historical cost | 4.797,16 | 14.291,23 | 8.682,05 | | 0,00 | | | | 0,00 | | 520,30 | | 28.290,74 |
| Write-down values | | | | | | | | | | | | | |
| Net book value of fixed assets on 31/12/2008 | 0,00 | 2.870,26 | 1.679,37 | | 0,00 | | | | 0,00 | | 572,37 | | 5.122,00 |
| Net book value of fixed assets on 30/06/2009 | 0,00 | 2.442,18 | 8.402,37 | | 0,00 | | | | 0,00 | | 520,34 | | 11.364,89 |

These notes form an integral part of the financial statements