



**FUSION
FOR
ENERGY**

THE EUROPEAN JOINT UNDERTAKING FOR ITER AND THE DEVELOPMENT OF FUSION ENERGY

FINAL ANNUAL ACCOUNTS

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**FINANCIAL STATEMENTS
&
BUDGET IMPLEMENTATION**

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**REPORT ON BUDGETARY AND
FINANCIAL MANAGEMENT**

Fourth financial year – 2011

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STATEMENT OF THE DIRECTOR & CERTIFICATION

Statement of the Director

I, undersigned, Frank Briscoe, Director of the European Joint Undertaking for ITER and the Development of Fusion Energy (F4E) in my capacity as authorising officer:

- Declare that the information contained in this report gives a true and fair view;
- State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management. This reasonable assurance is based on my own judgment and on the information at my disposal;
- Following a report of the Internal Auditor of F4E, a reservation was taken in 2010 in respect to the effectiveness of the financial circuits of the organisation. During 2011, significant efforts were made to implement the action plan of the aforementioned audit in parallel with the F4E ongoing organisational changes that were addressed. The implementation of the new financial circuits has been completed successfully, ensuring a stronger segregation of duties between the financial actors and clarifying their responsibilities and provide a reasonable assurance concerning the legality and regularity of financial transactions. I can therefore confirm that the reservation does not have to be maintained for 2011.
- Based on the annual reports of the Court of Auditors of previous years as well as their 2011 preliminary findings, I make the following observation concerning the overall Internal Control Environment of F4E. While the organisation continued to build and expand its overall control Framework in 2011, the remaining actions are being implemented in 2012.

Confirm that I am not aware of anything not reported here which could harm the interests of F4E and the European institutions in general.




Mr Frank Briscoe
Director

Certification

The annual accounts of F4E for the year 2011 have been prepared in accordance with its Financial Regulation and its Implementing Rules¹ and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of F4E in accordance with article 46 of the Financial Regulation.

I hereby certify that based on the information provided by the Authorising Officer, I have reasonable assurance that the accounts present, in all material respects, a true and fair view of the financial position of F4E.



Mr Roberto Abad Villanueva
Accounting Officer

Barcelona, 18 June 2012

¹ Fusion for Energy Financial Regulation (adopted by F4E Energy Governing Board on 22/10/2007 – F4E(07)-GB03-11, last amended on 25/11/2011 – F4E(11)-GB21-10b) and its implementing rules (adopted by F4E Governing Board on 22/10/2007 – F4E(07)-GB03-12, last amended on 25/11/2011 – F4E(11)-GB21-10c)

INTRODUCTION

F4E is a Joint Undertaking created under the Euratom Treaty by a decision of the Council of the European Union².

F4E was established for a period of 35 years from 19th April 2007 and its seat is located in Barcelona, Spain.

The main tasks of F4E are as follows:

- In relation to the obligations stemming from the ITER International Agreement : to provide the contribution of the European Atomic Energy Community (Euratom) to the ITER International Organisation (ITER IO).
- In relation to the obligations stemming from the Broader Approach Agreement with Japan : to provide components, equipment, materials and other resources for Broader Approach Activities and to prepare and coordinate Euratom's participation in the implementation of Broader Approach Activities.
- In relation to DEMO : to prepare and coordinate a programme of research, development and design activities other than ITER and Broader Approach Activities, in preparation for the construction of a demonstration fusion reactor and related facilities, including the IFMIF.

Main achievements during 2011

Among the main achievements during the year 2011 it should be mentioned:

- The completion of the machining of two full size radial plate prototypes of the ITER Toroidal Field Coils, one side and one regular. Both plates were found compliant to the required tolerances, demonstrating design of the radial plates together with feasibility of two different manufacturing technologies.
- The completion of the Poloidal Field Coils Winding Facility (PF Coil Building) in December 2011 (handover to F4E is planned to take place during beginning 2012 after commissioning).

² Council decision of 27 March 2007 establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it (2007/198/Euratom – O.J. : L 90/58).

- The Completion of the Tokamak Pit after the steel safety mesh installation, rock joints treatment, steel reinforcement and the series of concrete pouring. Placement of the plinths and anti-seismic bearings at the basemat were completed and works on the retaining walls foundation started.
- The signature of the contract for the adaptation works on the ITER site by F4E and the construction company.
- The progress on the vacuum vessel and toroidal field winding pack contracts with commitments of additional contract stages. As far as the vacuum vessel is concerned, additional design input has been provided by ITER IO to complete some missing data.

2011 Accounts

The 2011 financial statements of F4E and its reports on budget implementation for 2011 have been prepared in conformity with :

- Council Decision establishing F4E,
- F4E Financial Regulation and its implementing rules
- « Inventory directive » (EC n° 643/2005),
- Financial Regulation applicable to the general budget of the EU³,
- The European Commission's consolidation manual for the 2011 closure.

The accounts have also been drawn up in accordance with the accounting rules adopted by the Accounting Officer of the European Commission (EC).

Article 133 of the general Financial Regulation states that the Accounting Officer of the EC adopts the accounting rules and methods to be applied by all EU bodies and institutions. They are accrual based accounting policies derived from International Public Sector Accounting Standard (IPSAS) or by default, International Financial Reporting Standards (IFRS).

³ Financial Regulation (EC, Euratom) n°1605/2002 of the Council of 25 June 2002, amended by Council Regulation (EC, Euratom) n° 1995/2006 of 13 December 2006 and (EC) n° 1525/2007 of 17 December 2007.

FINANCIAL STATEMENTS 2011

I. Balance sheet 2011 - Assets

Consolidation account		Note n°	31.12.2011 (1)	31.12.2010 (2)	Variation (3)=(1)-(2)
	ASSETS				
	A. NON CURRENT ASSETS	2.1.			
210000	Intangible fixed assets	2.1.1.	606 833.00	363 106.00	243 727.00
200000	Tangible fixed assets	2.1.2.	80 014 648.36	21 622 226.00	58 392 422.36
230000	Plant and equipment		976.00	1 194.00	-218.00
241000	Computer hardware		39 444 173.00	1 067 149.00	38 377 024.00
240000	Furniture and vehicles		370 114.00	370 299.00	-185.00
242000	Other fixtures and fittings		288 679.00	222 089.00	66 590.00
244000	Tangible fixed assets under construction		39 910 706.36	19 961 495.00	19 949 211.36
	TOTAL NON CURRENT ASSETS		80 621 481.36	21 985 332.00	58 636 149.36
	B. CURRENT ASSETS				
310000	Inventories	2.2.	10 141 095.93	7 774 028.40	2 367 067.53
405000	Short-term pre-financing	2.3.	66 252 314.24	74 574 433.70	-8 322 119.46
	Short-term pre-financing		66 252 314.24	74 574 433.70	-8 322 119.46
400000	Short-term receivables	2.4.	132 598 696.17	104 844 880.42	27 753 815.75
401000	Current receivables		45 153 084.93	44 019 139.31	1 133 945.62
410900	Sundry receivables		63 308.01	31 337.88	31 970.13
490000	Other		87 375 930.09	60 792 387.06	26 583 543.03
490010	Accrued income		17 709.33	21 466.45	-3 757.12
490011	Deferred charges		83 589.76	76 227.61	7 362.15
490090	Deferrals/Accruals with consolidated EU entities		87 274 631.00	60 694 693.00	26 579 938.00
400009	Short-term receivables with consolidated EU entities		6 373.14	2 016.17	4 356.97
500000	Cash and cash equivalents	2.5.	35 205 264.50	78 787 485.58	-43 582 221.08
	TOTAL CURRENT ASSETS		244 197 370.84	265 980 828.10	-21 783 457.26
	TOTAL		324 818 852.20	287 966 160.10	36 852 692.10

Balance sheet 2011 – Liabilities

Consolidation account		Note n°	31.12.2011 (1)	31.12.2010 (2)	Variation (3)=(1)-(2)
	LIABILITIES				
	A. NET ASSETS	2.6.	229 037 632.68	208 135 170.65	20 902 462.03
100000	Reserves		0.00	0.00	0.00
140000	Accumulated surplus/deficit		208 135 170.65	141 334 701.94	66 800 468.71
141000	Economic result of the year - profit+/loss-		20 902 462.03	66 800 468.71	-45 898 006.68
	B. NON CURRENT LIABILITIES		0.00	0.00	0.00
162000	Provisions for risks and charges	2.7.	0.00	0.00	0.00
172000	Other long-term liabilities		0.00	0.00	0.00
	TOTAL A+B		229 037 632.68	208 135 170.65	20 902 462.03
	C. CURRENT LIABILITIES	2.8.	95 781 219.52	79 830 989.45	15 950 230.07
482000	Provisions for risks and charges		176 116.20	0.00	176 116.20
440000	Accounts payable		95 605 103.32	79 830 989.45	15 774 113.87
441000	Current payables	2.8.1.	3 875 136.28	338 413.55	3 536 722.73
443000	Sundry payables		444 331.41	172 660.00	271 671.41
491000	Other	2.8.2.	32 645 268.93	23 687 946.92	8 957 322.01
491010	Accrued charges		32 440 318.39	23 683 739.21	8 756 579.18
491090	Deferrals/accruals with consolidated EU entities		204 950.54	4 207.71	200 742.83
440009	Accounts payable with consolidated EU entities		58 640 366.70	55 631 968.98	3 008 397.72
440019	Pre-financing received from consolidated EU entities	2.8.3.	3 906 615.60	30 921 660.99	-27 015 045.39
440029	Other accounts payable against consolidated EU entities	2.8.4.	54 733 751.10	24 710 307.99	30 023 443.11
	TOTAL C. CURRENT LIABILITIES		95 781 219.52	79 830 989.45	15 950 230.87
	TOTAL		324 818 852.20	287 966 160.10	36 852 692.10

II. Economic outturn account 2011

Consolidation account		Note n ^o	2011 (1)	2010 (2)	Variation (3)=(1)-(2)
744000	Revenues from administrative operations	3.1.	39 308 404.00	210 388.00	39 098 016.00
745000	Other operating revenue	3.1.	239 079 976.01	211 764 208.16	27 315 767.85
777777	TOTAL OPERATING REVENUE		278 388 380.01	211 974 596.16	66 413 783.85
610000	Administrative expenses		-37 789 031.47	-30 765 422.85	-7 023 608.62
6201	All Staff expenses	3.2.	-25 626 309.47	-21 154 764.94	-4 471 544.53
630100	Fixed asset related expenses	2.1.	-1 750 002.90	-749 443.63	-1 000 559.27
611000	Other administrative expenses	3.3.	-10 412 719.10	-8 861 214.28	-1 551 504.82
600000	Operational expenses		-219 920 075.77	-114 547 456.26	-105 372 619.51
606000	Other operational expenses	3.4.	-219 920 075.77	-114 547 456.26	-105 372 619.51
666666	TOTAL OPERATING EXPENSES		-257 709 107.24	-145 312 879.11	-112 396 228.13
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES			20 679 272.77	66 661 717.05	-45 982 444.28
750000	Financial revenues	2.5.	225 213.20	138 751.66	86 461.54
650000	Financial expenses	3.5.	-2 023.94	0.00	-2 023.94
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES			223 189.26	138 751.66	84 437.60
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES			20 902 462.03	66 800 468.71	-45 898 006.68
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS			0.00	0.00	0.00
ECONOMIC RESULT OF THE YEAR			20 902 462.03	66 800 468.71	-45 898 006.68

III. Cash flow statement 2011 (indirect method)

		2011	2010
Cash Flows from ordinary activities			
Surplus/(deficit) from ordinary activities		20 902 462.03	66 800 468.71
Operating activities	Amortization (intangible fixed assets) +	166 415.35	11 166.76
<u>Adjustments</u>	Depreciation (tangible fixed assets) +	1 583 642.75	957 338.38
	Increase/(decrease) in Provisions for risks and liabilities	176 116.20	-59 141.81
	Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
	(Increase)/decrease in Stock	-2 367 067.53	-7 774 028.40
	(Increase)/decrease in Long term Pre-financing	0.00	0.00
	(Increase)/decrease in Short term Pre-financing	8 322 119.46	-28 993 123.47
	(Increase)/decrease in Long term Receivables	0.00	0.00
	(Increase)/decrease in Short term Receivables	-27 749 458.78	-26 075 665.18
	(Increase)/decrease in Receivables related to consolidated EU entities	-4 356.97	-18.40
	Increase/(decrease) in Other Long term liabilities	0.00	0.00
	Increase/(decrease) in Accounts payable	12 765 716.15	8 321 237.56
	Increase/(decrease) in Liabilities related to consolidated EU entities	3 008 397.72	45 077 167.23
Net cash Flow from operating activities		16 803 986.38	58 265 401.38
Cash Flows from investing activities			
	Increase of tangible and intangible fixed assets (-)	-60 386 207.46	-21 484 245.14
	Proceeds from tangible and intangible fixed assets (+)	0.00	0.00
Net cash flow from investing activities		-60 386 207.46	-21 484 245.14
Net increase/(decrease) in cash and cash equivalents		-43 582 221.08	36 781 156.24
Cash and cash equivalents at the beginning of the period		78 787 485.58	42 006 329.34
Cash and cash equivalents at the end of the period		35 205 264.50	78 787 485.58

IV. Statement of Changes in Net assets - 2011

Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
Balance as of 31 December 2010	141 334 701.94	66 800 468.71	208 135 170.65
Balance as of 1 January 2011 (if restated)	141 334 701.94	66 800 468.71	208 135 170.65
Fair value movements			0.00
Allocation of the Economic Result of Previous Year	66 800 468.71	-66 800 468.71	0.00
Economic result of the year		20 902 462.03	20 902 462.03
Balance as of 31 December 2011	208 135 170.65	20 902 462.03	229 037 632.68
Account	140000	141000	

V. Notes to the Financial statements

1. Accounting principles

Financial statements provide information about the financial position, performance and cash flow of an entity that is useful to a wide range of users. For a public sector entity such as F4E, the objectives are more specifically to provide information useful for decision-making, and to demonstrate the accountability of the entity for the resources entrusted to it.

The accounts of the Joint Undertaking comprise the general accounts and budget accounts. These are kept in euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle. The general accounts allow for the preparation of the financial statements which consist in an Economic Outturn account, showing all income and expenditure for the financial year, and a Balance Sheet designed to establish the financial position of F4E at 31 December.

Article 113 of F4E Financial Regulation sets out the accounting principles to be applied in drawing up the financial statements:

- going concern basis
- prudence
- consistent accounting method
- comparability of information
- materiality
- no netting
- reality over appearance
- accrual-based accounting

2. Notes to the Balance sheet

2.1. Fixed assets

An asset shall be recognised only if it is probable that the expected future economic benefits or service potential that are attributable to that asset will flow to F4E and the cost or fair value of the asset can be measured reliably. Service potential would refer to assets that are used to achieve an objective but which do not directly generate net cash inflows. In the context of F4E this comprises all assets that are used by F4E to fulfil its objectives.

F4E books as fixed assets only items with a purchase price above EUR 420. Items with a lower value, such as monitors, digital cameras, etc., are treated as expenses of the year but are however registered in the physical inventory.

F4E has introduced the module ABAC Assets in 2008. ABAC Assets has been developed to meet the requirements of the EC “Inventory Directive” (EC n° 643/2005) and its content is replicated in SAP Assets Accounting module.

All fixed assets are depreciated monthly, with zero residual value, over a variable useful lifetime :

Asset type	Annual depreciation rate
<u>Intangible fixed assets</u>	
Software for personal computers and servers	25%
<u>Tangible fixed assets</u>	
<u>Plant and equipment</u>	
Lifting and mechanical handling equipment for public works, prospecting and mining	12.5%
Control and transmission devices, motors, compression, vacuum and pumping equipment	12.5%
Equipment for the supply and treatment of electric power	12,5%, 25%
Specific electric equipment	25%
<u>Furniture and vehicles</u>	
Office furniture	10%
Electrical office equipment, printing and mailing equipment	25%
Printshop and postroom equipment	12.5%
Equipment and decorations for kitchen	12.5%
Transport equipment (vehicles and accessories)	25%
<u>Computer hardware</u>	
Computers, servers, accessories, data transfer equipment, printers, screens	25%
Copying equipment, digitising and scanning equipment	25%
<u>Other fixtures and fittings</u>	
Telecommunications equipment	25%
Audiovisual equipment	25%
Computer, scientific and general books, documentation	
Computer books, CDs, DVDs	33%
Scientific books, general books, CDs, DVDs	25%
Health, safety and protective equipment, medical equipment, fire-fighting equipment, equipment for surveillance and security services	12.5%
Medical and nursing equipment	25%
Other	10%
<u>Tangible fixed assets under construction</u>	0%

2.1.1. Intangible fixed assets : an intangible asset is an identifiable non-monetary asset without physical substance.

Regarding the internally developed intangible asset (e.g. software), the requirements of the accounting rule n°6 from 1/1/2010 onwards are:

- costs directly linked to an internally developed intangible asset, providing they meet the necessary criteria, must be capitalised as assets under construction. Once the project goes live, the resulting asset will be amortised over its useful life,
- the amount of research expenses incurred on IT projects and development costs not capitalised (e.g. for small projects below threshold, see note 3.3. below) must be disclosed in the financial statements.

As of 31/12/2011, all projects identified were below the threshold of EUR 500 000.00 used by F4E for the capitalisation of internally generated intangible asset.

It is to be noted that F4E is not the owner of any Intellectual Property asset so far (owned either by the EC, EFDA associations or the industry).

2.1.2. Tangible fixed assets : a tangible assets is an identifiable non-monetary assets with physical substance.

The main tangible assets are :

- **Assets – Helios supercomputer : EUR 39 307 000.00**

The supercomputer is operational at the International Fusion Energy Research Centre (IFERC) hosted by the Japanese Atomic Energy Authority (JAEA) in Rokkasho, Japan. The machine that was manufactured by Bull and whose mission is to perform complex calculations for plasma physics and fusion technology. The Computer Simulation Centre (CSC), where “Helios” operates, is an important component of Europe’s contribution to the Broader Approach (BA), an agreement signed between Europe and Japan to complement the ITER project through various R&D activities in the field of nuclear fusion. The European participation to the BA is coordinated by F4E. The supercomputer was provided by France as a part of its voluntary contribution to the BA, through a contract between the Commissariat à l’Energie Atomique et aux Energies Alternatives (CEA) and Bull.

The acceptance tests of the supercomputer were carried out at the end of 2011 and the transfer of ownership to F4E took place on 22 December 2011.

- **Assets under construction – PC Coils Building : EUR 36 727 078.36**

The ITER project involves major civil engineering work, to enable the construction and operation of a new tokamak device of unprecedented size.

The first phase of the construction is the design and construction of a poloidal field coils building (the "PF Coils Fabrication Building") on the site of the European part of the ITER Facilities, in Cadarache, France.

The primary purpose of the PF Coil Fabrication Building is to provide a suitable environment for the production of the PF Coils.

In accordance with the Procurement arrangement 6.2.P2.EU.01, F4E will be owner of this building (delivery foreseen beginning 2012) and will be in charge of the production of the PF Coils (the large dimensions of the PF Coils make it necessary to build a large factory for the manufacture of five of them at the Cadarache site).

The ownership of this building will be transferred to ITER IO after acceptance by the latter of the last PF Coil.

- **Assets under construction – Portal Machine : EUR 3 183 628.00**

A portal machine allows the machining of large components with high precision.

The transfer of ownership of the portal machine from the contractor to F4E shall take place upon delivery and acceptance of the tested Radial Plate in accordance with the Contract (estimated to end 2012).

The machine will then be used to manufacture 70 radial plates.

- **Assets : summary table**

The total depreciation in 2011 amounts to **EUR 1 750 058.10** (EUR 1 750 002.90 as depreciation for the year and EUR 55.20 as depreciation on post-capitalized assets), resulting in a net book value of **EUR 80 621 481.36** as of 31.12.2011.

The variation of the fixed assets in 2011 is composed of:

Assets

2011		Intangible fixed assets			Tangible fixed assets					
		Intangible fixed assets internally generated (1)	Computer Software (2)	Total Intangible fixed assets (3)=(1)+(2)	Plant and Equipment (4)	Computer hardware (5)	Furniture and vehicles (6)	Other Fixtures and Fittings (7)	Tangible Fixed Assets under Construction (8)	Total Tangible fixed assets (9)=Σ(4) to (8)
Gross carrying amounts 01.01.2011	+	0.00	374 272.76	374 272.76	1 743.67	2 478 008.50	563 830.45	466 392.67	19 961 495.00	23 471 470.29
Additions	+		410 142.35	410 142.35		39 689 422.78	66 760.13	269 211.64	19 949 211.36	59 974 605.91
Disposals	-			0.00						0.00
Transfer between headings	+/-			0.00						0.00
Other changes : post capitalized assets	+/-			0.00			1 459.20			1 459.20
Gross carrying amounts 31.12.2011		0.00	784 415.11	784 415.11	1 743.67	42 167 431.28	632 049.78	735 604.31	39 910 706.36	83 447 535.40
										0.00
Accumulated amortization and impairment 01.01.2011	-		-11 166.76	-11 166.76	-549.67	-1 410 859.50	-193 531.45	-244 303.67	0.00	-1 849 244.29
Depreciation	-		-166 415.35	-166 415.35	-218.00	-1 312 398.78	-68 349.13	-202 621.64		-1 583 587.55
Write-back of depreciation	+			0.00						0.00
Disposals	+			0.00						0.00
Impairment	-			0.00						0.00
Write-back of impairment	+			0.00						0.00
Transfer between headings	+/-			0.00						0.00
Other changes : depreciation on post capitalized assets	+/-			0.00			-55.20			-55.20
Accumulated amortization and impairment 31.12.2011		0.00	-177 582.11	-177 582.11	-767.67	-2 723 258.28	-261 935.78	-446 925.31	0.00	-3 432 887.04
Net carrying amounts 31.12.2011		0.00	606 833.00	606 833.00	976.00	39 444 173.00	370 114.00	288 679.00	39 910 706.36	80 014 648.36
Accounts				210000	230000	241000	240000	242000	244000	200000

2.2. Inventories

The ITER Tokamak requires a superconducting magnet system, which consists of four main sub-systems: the 18 Toroidal Field coils (TF coils), the Central Solenoid (CS), the 6 Poloidal Field coils (PFcoils) and the Correction Coils (CC coils).

The TF conductor (part of the TF Coil) is a Cable-in-conduit Conductor (CICC) made up of superconducting, Nb3Sn-based strands mixed with pure copper strands.

The stocks of those strands owned by F4E are as follows :

Contract reference	<i>Quantity as of 01/01/2011 (tons)</i>	<i>Value as of 01/01/2011</i>	Quantity as of 31/12/2011 (tons) (1)	Unit price (2)	Value as of 31/12/2011 (3)=(1)x(2)
F4E-2008-OPE-01-01 (MS-MG) SUPPLY OF CHROMIUM PLATED COPPER STRAND	62.00	3 551 816.00	62.00	57 287.35	3 551 816.00
F4E-2008-OPE-005-01 (MS-MG) SUPPLY OF CHROMIUM PLATED NB3SN STRAND	6.20	4 222 212.40	7.20	677 361.40	4 877 002.11
F4E-2008-OPE-005-02 (MS-MG) SUPPLY OF CHROMIUM PLATED NB3SN STRAND	0.00	0.00	2.60	658 568.39	1 712 277.82
Total		7 774 028.40			10 141 095.93

Those strands will be used for the assembly of components to be delivered by F4E to ITER IO.

2.3. Short-term pre-financing

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the specific pre-financing agreement. The float or advance is repaid or used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditures, he has the obligation to return the pre-financing advance to F4E.

The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs and amounts returned.

At year-end, outstanding pre-financing amounts are valued at the original amount(s) paid less: amounts returned, eligible amounts cleared, estimated eligible amounts not yet cleared at year-end, and value reductions.

Account	Pre-financing without interest for F4E <1 yr	31.12.2011	31.12.2010
405290	Pre-financing (PF) given to third parties (TP)	103 581 895.57	98 003 578.92
405297	Accrued charges on PF TP	-37 329 581.33	-23 429 145.22
405200	Total	66 252 314.24	74 574 433.70

These pre-financings are related to two annexes to Procurement arrangements signed with the Japan Atomic Energy Agency (EUR 19.70 million - Cf. note 4.3.1.2.) and to operational contracts : mainly for the procurement contracts "AMW_OPE-068-01_1st option release_suply of 7 VV sectors_Ansaldo" (EUR 22.17 million), "OPE-018_Magnet conductors_ICAS." (EUR 10.77 million) and "F4E-2009-OPE-053_Full scale dummy pancake/prep. of tool. for the TF Coils_Iberdrola" (EUR 5.23 million).

2.4. Short-term receivables

2.4.1. Current receivables : **EUR 45 153 084.93** referring to the following amounts due by Member states as of 31.12.2011 : ITER host state contribution (EUR 36.00 million), recoverable V.A.T. (EUR 8.87 million) and one Member States contribution (EUR 0.28 million).

2.4.2. Sundry receivables : **EUR 63 308.01** composed mainly of advances to staff (missions and salaries) and amounts due by other EC entities related to the transfer of staff.

2.4.3. Other – deferrals and accruals : **EUR 87 375 930.09** composed of:

- EUR 87 274 631.00 : deferred charges corresponding to the 2012 cash contribution to ITER IO
- EUR 17 709.33 : December 2011 bank interests to be received in 2012 from BBVA on current account and "ITER Host state" account (Cf. note 2.5.)
- EUR 83 589.76 : December 2011 bank interests to be received in 2012 from BBVA on "Euratom contribution" bank account (Cf. note 2.5.)

2.4.4. Short-term receivables with consolidated EC entities totalling **EUR 6 373.14** corresponding to amounts due by EC entities (in relation to transfer of staff).

2.5. Cash and cash equivalents

Account	Description	31.12.2011	31.12.2010
505000	<i>Unrestricted cash:</i>		
505300	Current accounts (bank accounts)	2 206 774.71	800 697.91
505600	Transfers (Cash in transit)	0.00	-705 338.43
505500	Cash in hand ("Caisses")	0.00	0.00
505700	Short-term deposits ("Euratom account")	32 988 886.14	66 065 779.45
505700	Short-term deposits ("ITER Host State account")	9 603.65	12 626 346.65
500000	Total	35 205 264.50	78 787 485.58

The cash position at the end of 2011 is composed of one current account and two short-term deposits (for the Euratom and ITER-Host state contribution).

The bank interests generated by the current account (EUR 51 689.13) and the "ITER-Host state" account (EUR 173 524.07) amount to EUR 225 213.20 for 2011 (the interests for December 2011, EUR 17 709.33, are due in January 2012).

The bank interests generated by the Euratom contribution amounts to EUR 833 252.78 (the interests for December 2011, EUR 83 589.76, are due in January 2012).

The interests generated on the Euratom contribution are to be reimbursed to the EC in 2012.

2.6. Net assets

F4E net assets are increased by the positive economic outturn of the year (EUR 20 902 462.03) totalling **EUR 229 037 632.68** as of 31 December 2011.

The resources of F4E consist of contributions from Euratom and from the ITER host State, annual membership and voluntary contributions from the Members other than Euratom and additional resources.

It is to be noted that according to F4E Financial regulation, if the balance of the outturn account is positive, it shall be repaid to the EC up to the amount of the Euratom contribution paid during the financial year (Cf. point VI.5. Budget outturn account).

2.7. Provisions for risks and charges

Provisions are recognised when F4E has a legal or constructive obligation towards third parties as a result of past events, for which it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date.

For the year 2011, the provision booked in the accounts refers to the salary increase foreseen in the EU staff regulations applicable to F4E.

The EC has decided to bring an action against the Council in the Court of Justice for not adopting in December 2011 the annual adjustment to remuneration and pensions of EU staff. Following the "method" laid down in the staff regulation the salary increase should have been 1,7 %.

According to the EC it is considered probable that the refused 1.7 % salary adjustment will, in the end, have to be paid to the staff. Therefore, in compliance with the accounting rules, an amount of **EUR 176 116.20** is booked in the 2011 accounts as long-term provision for these outstanding salary payments relating to July-December 2009.

2.8. Short-term liabilities

2.8.1. Current and sundry payables are **EUR 4 319 467.69** and are composed of suppliers' invoices received but not paid at year end and reimbursements to staff.

2.8.2. Deferrals and accruals : **EUR 32 645 268.93** which represent mainly invoices to be received in 2012 for services rendered in 2011, including ;

- EUR 28 778 657.44 for services rendered in 2011 on operational activities and not invoiced at 31/12/2011 (mainly on arrangement with Agence ITER France, architect engineer, anti-seismic bearings contracts and supply of Vacuum vessel sectors).

- EUR 3 291 918.95 for services rendered in 2011 on administrative expenditures and not invoiced at 31/12/2011.
- EUR 572 017.55 for F4E staff's untaken leave as at the end of December 2011. In conformity with IAS 19, an entity shall recognize the cost of holidays carried over to the following years during the year the services were rendered by the staff member.

2.8.3. Pre-financing received from consolidated EC entities totalled **EUR 3 906 615.60**

- EUR 2 929 115.60 corresponding to the balance of the budget outturn account 2011, to be reimbursed to the EC in 2012 (Cf. point VI.5. Budget outturn account).
- EUR 977 500.00 corresponding to 3 long term pre-financings received from ITER IO and falling due within the year (Cf. note 4.1.3.).

2.8.4. Other accounts payable against consolidated EC entities totalling **EUR 54 733 751.10** includes the balance on the invoice for the 2012 cash contribution to be paid to ITER IO (EUR 53 900 209.47), the bank interests generated by the Euratom contribution (EUR 833 252.78), to be paid back to the EC in 2011 (Cf. note 2.5), and other debts towards the EC and EU bodies.

2.9. Post balance sheet events

No significant post balance sheet event occurred between 31st December 2011 and the final closing of the accounting year.

3. Notes to the Economic Outturn Account

3.1. Revenue

The revenues from administrative operations amount to **EUR 39 308 404.00** and is mainly related to the supercomputer donated to F4E by the CEA as a part of France voluntary contribution to the Broader Approach (Cf. note 2.1.2).

The operating revenues, **EUR 239 079 976.01**, include mainly :

- The Euratom contribution : EUR 223 236 683.40 accrued revenue on the 2011 Euratom contribution
- The 2011 Membership contributions : EUR 3 835 000.00.
All members, except one, paid their contribution by 31.12.2011 (Cf. note 2.4.1.).
- The 2011 ITER Host state contribution : EUR 12 000 000.00

3.2. Staff expenses - EUR 25 626 309.47

This includes the total gross salaries (including allowances, social contributions, taxes and pension contributions), employer's contribution for social security, allowances for seconded national experts and other staff related costs (mainly relocation services).

3.3. Other administrative expenses

The amount of **EUR 10 412 719.10** includes mainly the following items :

	2011	2010	Variation
IT costs – operational/support	2 339 209.49	748 136.97	1 591 072.52
Missions	1 435 976.35	1 837 207.40	- 401 231.05
Maintenance & security for the building	1 351 445.83	268 374.99	1 083 070.84
Expenses with consolidated entities (mainly "service level agreements" with the EC)	1 136 116.80	629 370.87	506 745.93
Experts with contracts	1 056 632.92	857 502.16	199 130.76
Interim staff	636 533.33	132 743.36	503 789.97
IT costs - development	626 963.74	1 591 801.14	- 964 837.40
Communications & publications	466 314.48	344 030.71	122 283.77
Training	419 058.30	354 786.39	64 271.91
Legal expenses	354 297.68	252 337.37	101 960.31
Office supplies & maintenance	347 884.98	235 459.37	112 425.61
Experts and related expenditure	131 190.01	232 307.33	- 101 117.32
Selection	95 345.55	76 540.07	18 805.48
Total	10 396 969.46	7 560 598.13	2 836 371.33

3.4. Operational expenses

The amount of **EUR 219 920 075.77** includes mainly the following items :

• 2011 Cash contribution to ITER IO	EUR 68 863 226.00
• Architect engineer_Engage	EUR 29 543 517.14
• 2011 Cash contribution to JAEA (annex to PA's)	EUR 13 850 879.86
• Seismic isolation pit_GTM Sud	EUR 13 574 168.76
• ITER Site preparation_CEA_ITER France	EUR 12 947 216.07
• Anti-seismic bearings for tokamak_Nuvia	EUR 8 705 393.60
• Supply of Vacuum vessel sectors_Ansaldo	EUR 7 117 527.78
• Magnet conductors_ICAS	EUR 3 981 635.80
• Civil engineering and construction_Energhia	EUR 3 580 837.27

3.5. Financial expenses - EUR 2 023.94

This amount relates to late payment interests on invoices.

4. Off balance sheet items and notes

4.1. Contingent liabilities

Litigations in front of the European Court of Justice (ECJ) :

Following the award of the contract for the Cabling and Jacketing of TF and PF Conductors, applications for interim measures were initiated by an unsuccessful tenderer. This was dismissed by the ECJ without hearings.

The damages claimed for this case (ECJ case T-415/10) amounts to EUR 50.00 million for a judgement not expected before 2012/13.

This case is not recognised as liability in the accounts (and therefore no provisions foreseen) as it is more likely that no present obligation exists at the reporting date.

4.2. Contingent assets

A contingent asset is a possible asset that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of F4E. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

Contingent assets are assessed at each balance sheet date to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

Guarantees are possible assets (or obligations) that arise from past events and whose existence will be confirmed by the occurrence or non-occurrence of the object of the guarantee. Guarantees can thus qualify as contingent assets (or liabilities). A guarantee is settled when the object of the guarantee no longer exists. It is crystallised when the conditions are fulfilled for calling a payment from the guarantor.

Account	Description	31.12.2011	31.12.2010
901120	Guarantees for pre-financing (nominal-on going)	47 812 996.28	36 526 095.99
901180	Performance guarantees	34 407 344.92	30 050 642.85
901100	TOTAL - Guarantees received	82 220 341.20	66 576 738.84

Guarantees received in respect of pre-financing:

These are guarantees that F4E in certain cases requests from beneficiaries when paying out advance payments (pre-financing). There are two values to disclose for this type of guarantee, the "nominal" and the "on-going" values. For the "nominal" value, the generating event is linked to the existence of the guarantee. For the "on-going" value, the guarantee's generating event is the pre-financing payment and/or subsequent clearings.

Performance guarantees are sometimes requested to ensure that beneficiaries of F4E funding meet the obligations of their contracts with F4E.

4.3. Other significant disclosures

4.3.1. Commitment for future funding

A commitment for future funding represents a legal or constructive commitment, usually contractual, that F4E has entered into and which may require a future outflow of resources.

Account	Commitments for future fundings	31.12.2011	31.12.2010
902500	Commitments against appropriations not yet consumed*	510 428 412.14	515 113 436.56
903200	Operating lease	0.00	0.00
903300	Contractual commitment/obligations to deliver (for which budget commitments have not yet been made)**	3 276 561 363.18	3 169 138 216.22
903100	Other	0.00	0.00

* the majority of the leftovers on budgetary commitments are derived from PAs and therefore included under ** here below

** see below points 4.3.1.1, 4.3.1.2. and 4.3.1.3. for details.

To ensure a fair cost sharing of ITER by “value”, around 90 % of the project is built by in-kind contributions. In-kind contributions have been classified into 85 procurement “packages” which were divided among the seven parties to the ITER Agreement.

ITER is being constructed at Cadarache in the South of France. In particular, Europe supports 45.5 % of the construction cost and 34.0 % of the cost of operation, deactivation and decommissioning of the facility as well as preparing the site.

Most of the components that make up the ITER facility are to be manufactured by each of the ITER Parties and contributed in-kind to ITER through Domestic Agencies. F4E, as the European Domestic Agency, will provide components to ITER that amount to about one third of the overall value of the facility.

The contractual commitments for which budgetary commitments have not yet been placed refers to the Procurement Arrangements (PA) which establish a detailed common understanding of each Party on the in-kind contribution to be provided to ITER IO for each domain of activities in accordance with the procurement allocation and values (in ITER Unit of Accounts - IUA) as defined in the ITER Agreement.

Regarding the update of the conversion rate between IUA and EUR, the ITER Council (IC-1, November 2007), decided that the annual average change in the Harmonised Indices of Consumer Prices (HICP) for the euro area as published by EUROSTAT should be used. The 2011 exchange rate euro/IUA amounts to 1 577.07.

4.3.1.1. Procurement Arrangement (ITER IO)

(kIUA)

EU in-kind (Procurement Arrangements)	EU share	PA signed (1)	PA credited (2)	Balance (3)=(1)-(2)
Magnet	185.83	185.83	0.00	185.83
Vaccum vessel	96.84	92.19	0.00	92.19
Blanket system	42.10	0.00	0.00	0.00
Divertor	33.78	20.20	0.00	20.20
Remote Handling Equipment	40.72	0.00	0.00	0.00
Vacuum Pumping & Fuelling	14.23	0.00	0.00	0.00
Tritium Plant	18.22	0.00	0.00	0.00
Cryoplant & Distribution	30.68	30.68	0.00	30.68
Electrical power supply and Distribution System	31.00	7.00	0.00	7.00
IC H&CD Ion Cyclotron Heating & Current Drive	10.73	0.00	0.00	0.00
EC H&CD Electron Cyclotron Heating & Current Drive	37.25	0.00	0.00	0.00
NB H&CD Neutral beam Heating and Current Drive	83.40	58.38	1.00	57.38
Diagnostics	32.14	1.11	0.00	1.11
Building	454.67	440.27	30.17	410.10
Waste	10.10	0.00	0.00	0.00
Radiological Protection	4.20	0.00	0.00	0.00
Total in-kind	1 125.89	835.66	31.17	804.49

The amount of 1 125.89 kIUA (EU Share) in the above table corresponds to the EU share of the ITER Project, provided by in-kind contributions according to the ITER Agreement and Common Understanding on Procurement Allocation. Since the IUA values is only a “virtual” currency to share contributions among the seven parties to the ITER Agreement – according to respective percentages of contribution to the programme - the actual cost of the ITER project differs from original cost. In order to consider that the PA obligations have been fulfilled by each party, the original PA value has to be matched, independently of the actual cost incurred for executing the scope of work of each PA. The current value achieved for each PA is recognized by means of credit allocation by ITER IO to F4E on the basis of project milestones laid down in each PA (see PA credited column in the Table). The complete execution of each scope of work for a PA would imply a credit allocation matching the PA signed current value, hence with a balance that is zero.

The amount of 835.66 kIUA (PA Signed) in the Table corresponds to the original value of the EU procurement packages (signed between ITER IO and EU DA) with the so-called PA Value Refinements (approved by the ITER Council), in order to take into account changes to the scope of work.

Indicatively and using the ITER project baseline⁴, the remaining obligations on PA's signed at the 31 December 2011 are estimated to EUR 3.08 billion based on :

- the estimated European contribution to the construction phase of ITER : EUR 6.60 billion (in 2008 value) of which EUR 4.07 billion are for in-kind contributions;
- a pro rata kIUA 804.49/1 125.89 on the EUR 4.31 billion (total in-kind contribution in current value applying a 2.0 % inflation rate on 2008 value).

For the PAs signed with ITER IO, F4E only enters into a legal obligation which results in a budgetary commitment by signing contracts or grant agreements with third parties in accordance with its financing decision.

More details on the actual advancement of the works achieved at the end of the year, but not yet credited, are available in the F4E Annual report 2011.

4.3.1.2. Annex to Procurement Arrangements (JAEA)

Transfers of Procurement to Japan	EU Cost	PA signed (1)	PA credited (2)	(kIUA)	(EUR)
				Balance (3)=(1)-(2)	Balance (4)=(3) x 1 577.07 x 1 000
Magnet	168.60	122.34	27.53	94.81	149 516 802.37
Tritium Plant	15.10	0.00	0.00	0.00	0.00
NB H &CD Neutral beam Heating and Current Drive	47.87	0.00	0.00	0.00	0.00
Total to Japan	231.56	122.34	27.53	94.81	149 516 802.37

Regarding the arrangements signed between F4E, the Japan Atomic Energy Agency (JAEA) and ITER IO, the transfer of procurement responsibilities from Europe to Japan is implemented through annual cash contributions. The cash contributions are calculated as a percentage - fixed on each PA agreement - of the credit associated with the milestones achieved during the year (in addition initial payments on signature of PAs are also made).

⁴ See "Draft Council conclusions on ITER status and possible way forward" adopted by the Council on 12 July 2010 (11821/10 ADD1)

The corresponding budgetary commitment is established at the time of reception of the annual call for funds. The exact amount of the contribution (in EUR) is decided annually (in year n-1) based on the updated Credit Allocation Scheme of the Procurement Arrangement agreed between JAEA and ITER IO and endorsed by F4E.

4.3.1.3. ITER Task Agreement

Number ITAs open as of 31/12/2011	Amount	Currency	2011 Exchange rate to Euro	Amount (EUR)
60	25 378.14	IUA	1 577.07	40 023 103.25
11	29.45	PPY	157 707.00	4 644 471.15
TOTAL	71			44 667 574.40

A total of 22 ITAs were signed during 2011 for a total value of 11 050.55 IUA (17 427 487.73 EUR).

F4E supports the ITER IO in the preparation of the technical specifications to be included into the PAs for the components under the EU in-kind contribution through these Task Agreements (ITAs). ITAs are planned and agreed during year n-1, and the credit achieved on completion of these tasks is deducted from F4E yearly cash contribution to ITER Project of year n (planned credit value is deducted in advance, before actual completion and crediting of the task).

As for the PA signed with ITER IO, F4E only enters into a legal obligation which results in a budgetary commitment by signing contracts or grant agreements with third parties in accordance with its financing decision.

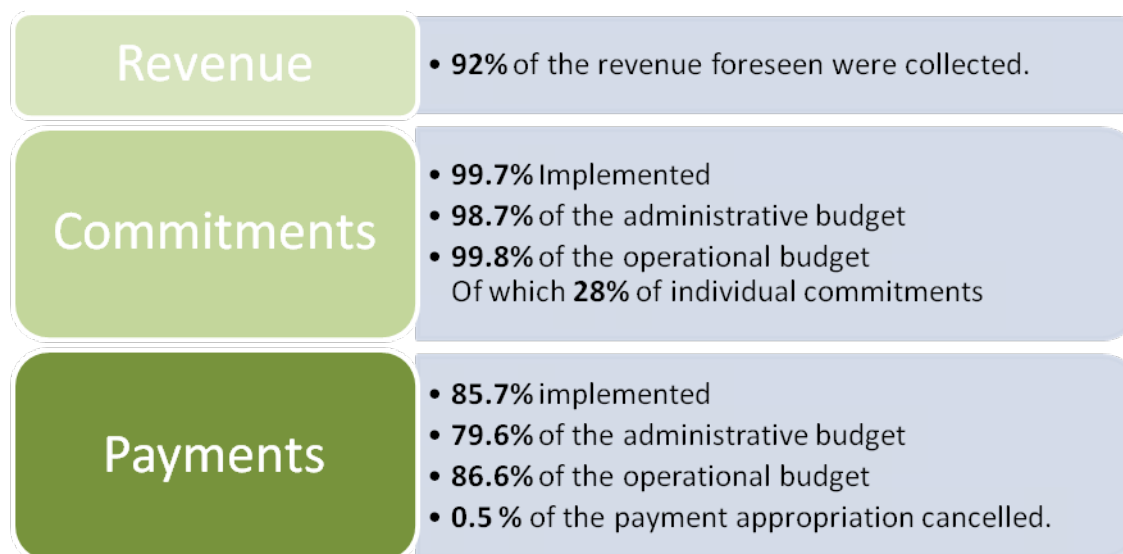
4.3.2. Services in-kind

Under the Host agreement with Spain, the office building used by F4E is free of charge. For the year 2011, this service in-kind amounts to EUR 3 308 461.50.

2011 BUDGET IMPLEMENTATION

VI. Budgetary implementation

Key figures on the 2011 budget implementation



1. Budgetary principles

The budget is the instrument which, for each financial year, forecasts and implements the revenue and expenditure considered necessary for the Joint Undertaking.

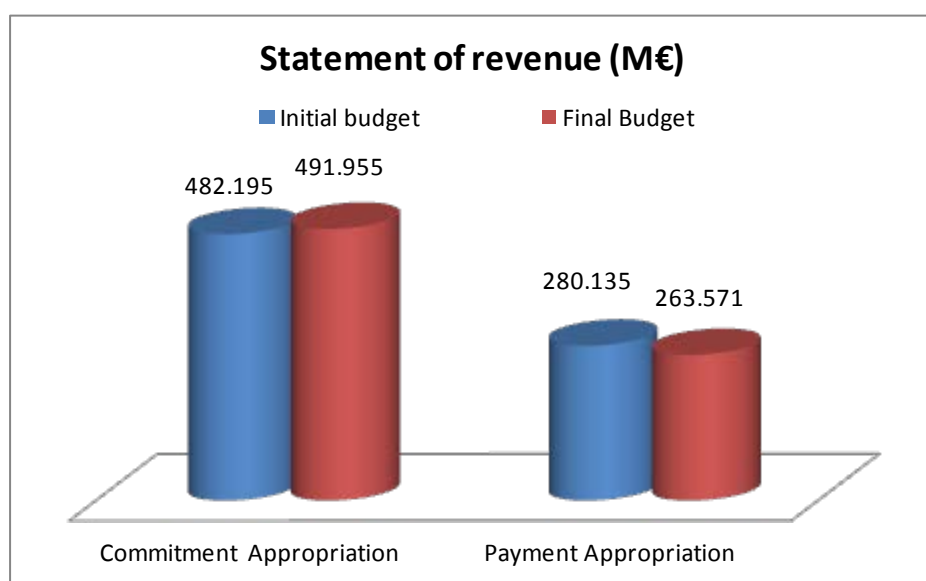
The budget is established and implemented in compliance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.

- **unity and budget accuracy:** all F4E's expenditure and revenue must be incorporated in a single budget document, must be booked on a budget line and expenditure must not exceed authorised appropriations;
- **annuality:** the appropriations entered are authorised for a single year and must therefore be used during that year;
- **equilibrium:** the revenue and expenditure shown in the budget must be in balance (estimated revenue must equal payment appropriations);
- **unit of account:** the budget is drawn up and implemented in euro (EUR) and the accounts are presented in euro;
- **universality:** this principle comprises two rules: – the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure); – the gross budget rule, meaning that

revenue and expenditure are entered in full in the budget without any adjustment against each other;

- **specification:** each appropriation is assigned to a specific purpose and a specific objective;
- **sound financial management:** budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;
- **transparency:** the budget is established and implemented and the accounts presented in compliance with the principle of transparency - the budget and amending budgets are published in the website of F4E.

2. Initial budget and amending budgets



The F4E budget for 2011⁵ was initially adopted for the global amount of EUR 482.20 million in commitment appropriations and EUR 280.14 million in payment appropriations. It was successively amended in the March meeting⁶ and the May meeting⁷ of the Governing Board. Some budgetary transfers within the administrative and operational titles of the budget were authorised by the F4E Director as well.

The final authorised F4E budget for 2011 was made of EUR 491.96 million in commitment appropriations and EUR 263.57 million in payment appropriations.

⁵ Decision of the F4E Governing Board F4E(10)-GB18-15 of the 02/12/2010

⁶ Decision of the F4E Governing Board F4E(11)-GB19-08 of the 08/03/2011

⁷ Decision of the F4E Governing Board F4E(11)-GB20-06b of the 31/05/2011

3. Statement of Revenue

3.1. Evolution of the Statement of revenue

Commitment Appropriations (EUR)

Heading of the Budget 2011	Initial budget (1)	Amending budget 08 March 2011 (2)	Final Budget (3)=(1)+(2)
1-1: PARTICIPATION FROM EUROPEAN COMMUNITY TO OPERATIONAL EXPENDITURE	351 760 000.00	9 759 760.00	361 519 760.00
1-2: PARTICIPATION FROM EUROPEAN COMMUNITY TO ADMINISTRATIVE EXPENDITURE	35 900 000.00		35 900 000.00
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 835 000.00		3 835 000.00
3: ASSIGNED REVENUE ACCRUING FROM THE ITER HOST STATE	90 700 000.00		90 700 000.00
4: REVENUE FROM FEES AND CHARGES	p.m.	p.m.	p.m.
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	p.m.
Total Revenue	482 195 000.00	9 759 760.00	491 954 760.00

The EUR 9.76 million added as participation from the European Community to the operational expenditure is not a net additional contribution from the EU general budget. It corresponds indeed to make available again some de-commitments made on previous budgets.

Payment appropriations (EUR)

Heading of the Budget 2011	Initial budget (1)	Amending budget 08 March 2011 (2)	Final Budget (3)=(1)+(2)
1-1: PARTICIPATION FROM EUROPEAN COMMUNITY TO OPERATIONAL EXPENDITURE	207 000 000.00	-16 564 201.00	190 435 799.00
1-2: PARTICIPATION FROM EUROPEAN COMMUNITY TO ADMINISTRATIVE EXPENDITURE	35 900 000.00		35 900 000.00
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 835 000.00		3 835 000.00
3: ASSIGNED REVENUE ACCRUING FROM THE ITER HOST STATE	33 400 000.00		33 400 000.00
4: REVENUE FROM FEES AND CHARGES	p.m.	p.m.	p.m.
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	p.m.
Total Revenue	280 135 000.00	-16 564 201.00	263 570 799.00

The March amendment to the budget also stated a decrease by EUR 16.56 million of the Euratom contribution to operational expenditure to reach the full accordance between the F4E budget and the EU general budget for 2011. This was due to a reduction of the EU Budget adopted by the Council and European Parliament during the EU budgetary procedure.

3.2. Implementation of the Statement of Revenue

Payment appropriations (EUR)

Heading of the Budget 2011	Final Budget (1)	Final Execution (Debit note emitted) (2)	Outstanding revenue from previous years (3)	Final actual revenue (Debit note cash) (4)	Outstanding Revenue at the year end (5) = (2)+(3)-(4)
1-1: PARTICIPATION FROM EUROPEAN COMMUNITY TO OPERATIONAL EXPENDITURE	190 435 799.00	190 265 799.00		190 265 799.00	0.00
1-2: PARTICIPATION FROM EUROPEAN COMMUNITY TO ADMINISTRATIVE EXPENDITURE	35 900 000.00	35 900 000.00		35 900 000.00	0.00
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 835 000.00	3 835 000.00	931 721.45	4 487 333.59	279 387.86
3: ASSIGNED REVENUE ACCRUING FROM THE ITER HOST STATE	33 400 000.00	12 000 000.00	36 000 000.00	12 000 000.00	36 000 000.00
4: REVENUE FROM FEES AND CHARGES	p.m.	43 331.74	p.m.	43 181.18	150.56
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.	185 789.14	p.m.	185 789.14	p.m.
Total Revenue	263 570 799.00	242 229 919.88	36 931 721.45	242 882 102.91	36 279 538.42

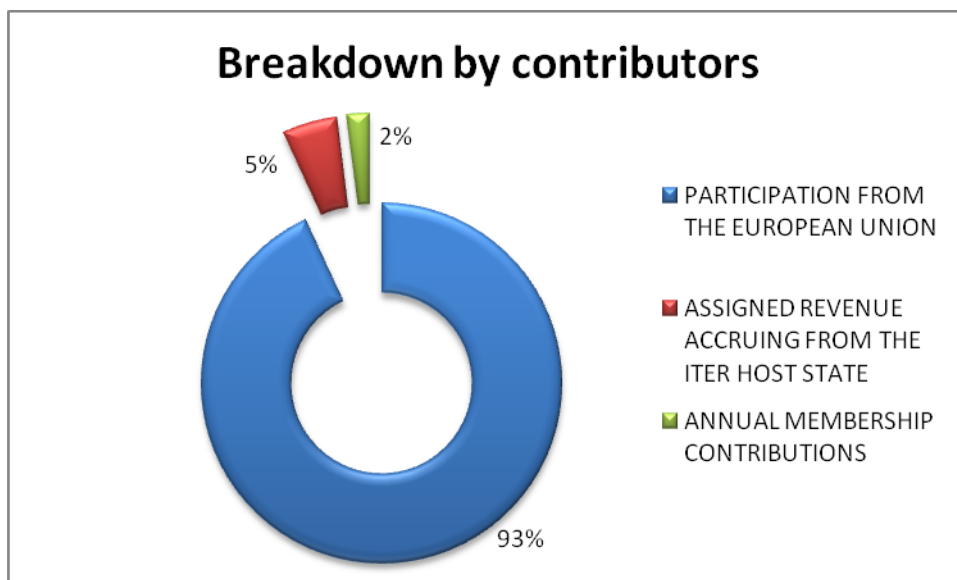
Explanation regarding the implementation of the statement of revenue 2011:

- Euratom Contribution for Operational expenditure: EUR 170 000 have been paid by the EC on a contract placed before F4E financial autonomy so under the EC direct management, therefore deducted from the contribution given to F4E.
- ITER Host State Contribution: Out of the EUR 33.40 million of revenue foreseen in the budget, only one debit note was issued for an amount of EUR 12.00 million. Therefore EUR 21.40 million were not called upon and the amount budgeted on the corresponding budget line of the statement of expenditure (B05) has been reduced accordingly; in agreement with the assigned revenue type of the ITER Host state contribution.
- Membership contributions: F4E received the complement to the 2010 membership contributions and the 2011 contribution except for one member (Italy only paid half of its 2011 contribution as of 31 December 2011).

- Other additional revenues were made of bank interests on the French contribution (EUR 185 789.14), interests on the “current” bank account (EUR 43 181.18) and EUR 150.65 corresponding to a recovery of an unduly paid amount on a contract.
- The difference between the actual revenue in the statement of revenue (EUR 242.88 million) and the final budget in the statement of expenditure (EUR 242.36 million) corresponds to :

- 2010 Membership contribution cashed in 2011 : EUR 931 721.45
- 2011 Membership contribution not paid at the end of the year : EUR - 279 387.86
- Direct payment of a contract by Euratom : EUR - 170 000.00
- Interests on F4E bank account : EUR 43 181.18

The actual breakdown of cashed revenue by contributor is as follows:



4. Statement of expenditure

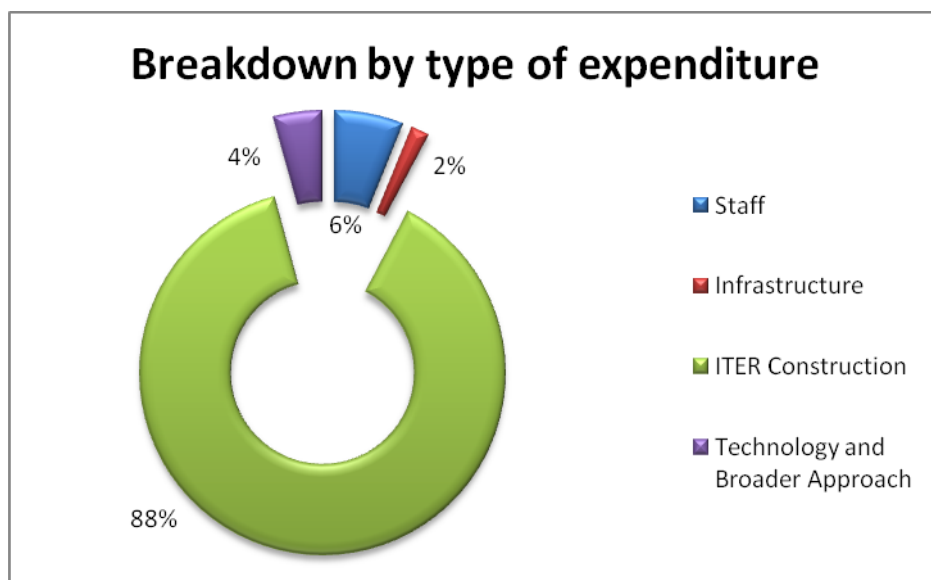
4.1. Evolution of the Statement of Expenditure

Initially drafted for the preparation of the 2010 Resource Estimates Plan, the statement of expenditure was reviewed with the variation of the revenue and the successive amendments to the 2011 Work Programme.

These adjustments were achieved with the two amending budgets already mentioned and with some transfers approved by the Director within the limits foreseen in Article 23 of the Financial Regulation.

The appropriations accruing from assigned revenue from previous years were automatically carried over to 2011.

The final breakdown of the statement of expenditure is as follows:



The corresponding details are provided in the following tables:

Evolution of the Statement of expenditure (EUR)

Heading of the Budget 2011	Initial budget (1)	Amending budget 08 March 2011 (2)	Amending budget 31 May 2011 (3)	Transfers adopted by F4E Director or add. revenue (4)	Revision of French contrib. based on calls for funds (5)	Final budget (6)=Σ(1 to 5)	Carry over from 2010 (Assigned Revenue) (7)	Final budget for implementation (8)=(6)+(7)
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	21 800 000.00			-1 165 000.00		20 635 000.00		20 635 000.00
CH 12 - EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	5 000 000.00			500 000.00		5 500 000.00		5 500 000.00
CH 13 - MISSIONS AND DUTY TRAVEL	1 700 000.00					1 700 000.00		1 700 000.00
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRAFER	1 400 000.00			-320 000.00		1 080 000.00		1 080 000.00
CH 15 - REPRESENTATION	20 000.00					20 000.00		20 000.00
CH 16 - TRAINING	650 000.00					650 000.00		650 000.00
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	600 000.00			170 000.00		770 000.00		770 000.00
CH 18 - TRAINEESHIPS	p.m.					p.m.		p.m.
TITLE 1 - Commitment and Payment	31 170 000.00	0.00	0.00	-815 000.00	0.00	30 355 000.00	0.00	30 355 000.00
CH 21 - BUILDINGS AND ASSOCIATED COSTS	850 000.00			250 000.00		1 100 000.00		1 100 000.00
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	3 900 000.00			70 000.00		3 970 000.00		3 970 000.00
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	350 000.00			450 000.00		800 000.00		800 000.00
CH 24 - EVENTS AND COMMUNICATION	230 000.00			10 000.00		240 000.00		240 000.00
CH 25 - CURRENT ADMINISTRATIVE EXPENDITURE	1 100 000.00			-35 000.00		1 065 000.00		1 065 000.00
CH 26 - POSTAGE AND TELECOMMUNICATIONS	350 000.00			190 000.00		540 000.00		540 000.00
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	400 000.00			-120 000.00		280 000.00		280 000.00
TITLE 2 - Commitment and Payment	7 180 000.00	0.00	0.00	815 000.00	0.00	7 995 000.00	0.00	7 995 000.00
Total TITLE 1 & 2 - Commitment & Payment	38 350 000.00	0.00	0.00	0.00	0.00	38 350 000.00	0.00	38 350 000.00

Heading of the Budget 2011	Initial budget (1)	Amending budget 08 March 2011 (2)	Amending budget 31 May 2011 (3)	Transfers adopted by F4E Director or add. revenue (4)	Revision of French contrib. based on calls for funds (5)	Final budget (6)=Σ(1 to 5)	Carry over from 2010 (Assigned Revenue) (7)	Final budget for implementation (8)=(6)+(7)
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	326 185 000.00	9 615 760.00	-1 418 640.00	7 760 817.88		342 142 937.88		342 142 937.88
CH 32 - TECHNOLOGY FOR ITER	21 740 000.00	144 000.00	518 640.00	-4 497 420.00		17 905 220.00		17 905 220.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	3 520 000.00			-2 851 000.00		669 000.00		669 000.00
CH 34 - OTHER EXPENDITURE	1 700 000.00		900 000.00	-412 397.88		2 187 602.12		2 187 602.12
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	90 700 000.00			185 789.14		90 885 789.14	156 126 346.65	247 012 135.79
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.					p.m.	977 500.00	977 500.00
TITLE 3 - Commitment	443 845 000.00	9 759 760.00	0.00	185 789.14	0.00	453 790 549.14	157 103 846.65	610 894 395.79
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	187 985 000.00	-16 564 201.00		10 545 807.03		181 966 606.03		181 966 606.03
CH 32 - TECHNOLOGY FOR ITER	12 000 000.00			-7 717 814.91		4 282 185.09		4 282 185.09
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	6 900 000.00			-1 975 279.47		4 924 720.53		4 924 720.53
CH 34 - OTHER EXPENDITURE	1 500 000.00			-852 712.65		647 287.35		647 287.35
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	33 400 000.00			185 789.14	-21 400 000.00	12 185 789.14	48 626 346.65	60 812 135.79
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.					p.m.	977 500.00	977 500.00
TITLE 3 - Payment	241 785 000.00	-16 564 201.00	0.00	185 789.14	-21 400 000.00	204 006 588.14	49 603 846.65	253 610 434.79
Total BUDGET in Commitment Appropriation	482 195 000.00	9 759 760.00	0.00	185 789.14	0.00	492 140 549.14	157 103 846.65	649 244 395.79
Total BUDGET in Payment Appropriation	280 135 000.00	-16 564 201.00	0.00	185 789.14	-21 400 000.00	242 356 588.14	49 603 846.65	291 960 434.79

4.2. Implementation of the Statement of Expenditure

The detail of the statement of expenditure is provided with the table on the next pages in commitment and payment appropriations.

4.2.1. Implementation of the Budget in Commitment Appropriations

The entire budget has been implemented in commitment appropriation at 31 December 2011 with the following main facts:

- Implementation of 98.7 % of the administrative expenditure. It should be noted that about EUR 0.40 million was committed for salary adjustment according to F4E staff regulation. This salary increase was finally rejected by the European Council.

This amount represents the larger part of the cancelled appropriation on the 2011 administrative budget.

- Implementation of 99.8 % of the operational expenditure. 28.0 % of the operational budget of the year was implemented through direct individual commitments.

The 2011 global commitments amount to EUR 316.70 million of which 2/3 correspond to two major contracts in the domain of Magnets (EUR 208.10 million). Those global commitments correspond to around 100 contracts from the 2011 work programme.

4.2.2. Implementation of the Budget in Payment Appropriations

The global implementation rate of the 2011 budget is 85.7 % in payment appropriation; detailed as follow:

- 79.6 % of implementation of the administrative expenditure. Considering these are non-dissociated appropriations, the balance between commitment and payment implementation corresponds to administrative action launched but to be paid during 2012, except for the EUR 0.40 million mentioned above.
- 86.6 % of the total operational expenditure

It should be noted that the part of the budget not implemented is on the appropriation accruing from the ITER Host state contribution; this chapter showing a rate of implementation of 45.0 % only.

Implementation of the Statement of expenditure

Heading of the Budget 2011	Commitment Appropriation			Payment Appropriation		
	Final budget for implementation (1)	Final implementation (2)	% implementation (3)= (2)/(1)	Final budget for implementation (4)	Final implementation (5)	% implementation (6)= (5)/(4)
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	20 635 000.00	20 520 000.00	99.4%	20 635 000.00	19 875 115.78	96.3%
CH 12 - EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	5 500 000.00	5 310 317.58	96.6%	5 500 000.00	4 680 821.90	85.1%
CH 13 - MISSIONS AND DUTY TRAVEL	1 700 000.00	1 700 000.00	100.0%	1 700 000.00	1 025 539.82	60.3%
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRAFER	1 080 000.00	1 078 963.70	99.9%	1 080 000.00	804 910.60	74.5%
CH 15 - REPRESENTATION	20 000.00	20 000.00	100.0%	20 000.00	9 798.67	49.0%
CH 16 - TRAINING	650 000.00	575 000.00	88.5%	650 000.00	259 401.71	39.9%
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	770 000.00	755 000.00	98.1%	770 000.00	457 811.05	59.5%
CH 18 - TRAINEESHIPS	p.m.	0.00	0.0%	p.m.	0.00	0.0%
TITLE 1 Staff expenditure	30 355 000.00	29 959 281.28	98.7%	30 355 000.00	27 113 399.53	89.3%
CH 21 - BUILDINGS AND ASSOCIATED COSTS	1 100 000.00	1 099 983.41	100.0%	1 100 000.00	531 884.30	48.4%
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	3 970 000.00	3 928 776.88	99.0%	3 970 000.00	1 779 734.83	44.8%
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	800 000.00	776 805.60	97.1%	800 000.00	215 371.00	26.9%
CH 24 - EVENTS AND COMMUNICATION	240 000.00	232 029.00	96.7%	240 000.00	54 164.60	22.6%
CH 25 - CURRENT ADMINISTRATIVE EXPENDITURE	1 065 000.00	1 052 382.44	98.8%	1 065 000.00	441 117.26	41.4%
CH 26 - POSTAGE AND TELECOMMUNICATIONS	540 000.00	529 251.76	98.0%	540 000.00	253 052.24	46.9%
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	280 000.00	280 000.00	100.0%	280 000.00	154 716.35	55.3%
TITLE 2 -	7 995 000.00	7 899 229.09	98.8%	7 995 000.00	3 430 040.58	42.9%
Total TITLE 1 & 2 Commitment	38 350 000.00	37 858 510.37	98.7%	38 350 000.00	30 543 440.11	79.6%

Heading of the Budget 2011	Commitment Appropriation			Payment Appropriation		
	Final budget for implementation (1)	Final implementation (2)	% implementation (3)= (2)/(1)	Final budget for implementation (4)	Final implementation (5)	% implementation (6)= (5)/(4)
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	342 142 937.88	342 142 937.88	100.0%	181 966 606.03	181 966 606.03	100.0%
CH 32 - TECHNOLOGY FOR ITER	17 905 220.00	17 905 220.00	100.0%	4 282 185.09	4 282 185.09	100.0%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	669 000.00	669 000.00	100.0%	4 924 720.53	4 924 720.53	100.0%
CH 34 - OTHER EXPENDITURE	2 187 602.12	2 176 452.12	99.5%	647 287.35	647 287.35	100.0%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	247 012 135.79	246 621 840.11	99.8%	60 812 135.79	27 817 556.67	45.7%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	977 500.00	0.00	0.0%	977 500.00	0.00	0.0%
TITLE 3	610 894 395.79	609 515 450.11	99.8%	253 610 434.79	219 638 355.67	86.6%
Total implementation	649 244 395.79	647 373 960.48	99.7%	291 960 434.79	250 181 795.78	85.7%

The figures for the Chapters 35 and 36 (only made of assigned revenues) are cumulative including amounts from previous years.

4.3. Open commitments from the 2011 budget, carried forward to 2012

At the closure of the 2011 budgetary year, the total open commitments amount to EUR 851.77 million as follow :

Open commitments from the 2011 budget, carried forward to 2012

Heading of the Budget 2011	Open Commitments from previous years (1)	Open Commitments from 2011 budget (2)	Open Commitments 31/12/2011 (3)=(1)+(2)
TITLE 1 - STAFF EXPENDITURE	309 316.75	2 845 881.75	3 155 198.50
TITLE 2 - OTHER OPERATING EXPEND.	805 504.72	4 469 188.51	5 274 693.23
Total TITLE 1 & 2 Commitment	1 114 821.47	7 315 070.26	8 429 891.73
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	299 666 153.80	288 341 476.18	588 007 629.98
CH 32 - TECHNOLOGY FOR ITER	4 946 591.82	17 633 503.95	22 580 095.77
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	11 155 224.56	488 770.91	11 643 995.47
CH 34 - OTHER EXPENDITURE	407 359.08	1 895 358.86	2 302 717.94
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	131 183 657.94	87 620 625.50	218 804 283.44
TITLE 3 - OPERATIONAL EXPENDITURE	447 358 987.20	395 979 735.40	843 338 722.60
Total BUDGET	448 473 808.67	403 294 805.66	851 768 614.33

According to F4E Financial Regulation, referring in particular to the principle of annuality, all appropriations unused at the end of the year are cancelled.

It is to be noted that the Financial Regulation foresees the following 2 exceptions to the principle of annuality :

- for administrative expenditures (excepted salaries expenses), the appropriations corresponding to open commitments from the year n are carried over to the following year and should be consumed at the latest by 31 December of year n+1;
- for assigned revenues, both commitment and payment appropriations are automatically carried over to the following years as well as the corresponding open commitments.

Regarding the open commitments as of 31/12/2011 :

- the open commitments from the 2010 administrative budget are to be de-committed and entered in the Budget Outturn Account 2011 (EUR 1.11 million);
- for the open commitments on Title 1 of the 2011 Budget (EUR 2.85 million) :
 - a part of those commitments, strictly related to salaries and directly associated costs, are to be de-committed (EUR 0.80 million) and entered in the Budget Outturn Account;
 - the remaining amount on Title 1 (EUR 2.04 million) is carried over to 2012 (mainly to cover mission, interim staff, school, training and relocation expenses)
- the open commitments on Title 2 of the 2011 Budget (EUR 4.47 million) are carried over to 2012 (mainly to cover ICT, building and other current administrative expenses);
- the open commitments on Title 3 are carried over to 2012 taking into account that :
 - The open Global commitments from the 2010 budget were not all converted into individual commitments in 2011 and therefore EUR 41.40 million have been de-committed in 2012 of which EUR 37.58 million related to one contract in the Magnet domain (the corresponding amount has been booked again in the 2012 work programme).
 - Following a detailed examination of Final Date of Implementation of each individual commitment carried forward from the previous years, around 50 old commitments have been de-committed for a total value of EUR 2.2 million.

4.4. Cancelled Payment appropriations

Regarding the administrative expenditure, the cancelled commitment and payment appropriation amount to EUR 1 296 028.07.

Regarding the operational appropriations, there is no cancellation in payment appropriation.

Cancelled Payment appropriations (EUR)

Payment appropriations (EUR)

Heading	Unused Appropriations (1)	Appropriations carried over to 2012 (2)	Cancelled appropriations (3)=(1)-(2)
TITLE 1 - Payment	3 241 600.47	2 041 343.31	1 200 257.16
TITLE 2 - Payment	4 564 959.42	4 469 188.51	95 770.91
Total TITLE 1 & 2 Payment	7 806 559.89	6 510 531.82	1 296 028.07
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	0.00	0.00	0.00
CH 32 - TECHNOLOGY FOR ITER	0.00	0.00	0.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	0.00	0.00	0.00
CH 34 - OTHER EXPENDITURE	0.00	0.00	0.00
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	32 994 579.12	32 994 579.12	0.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	977 500.00	977 500.00	0.00
TITLE 3 - Payment	33 972 079.12	33 972 079.12	0.00
Total BUDGET in Payment	41 778 639.01	40 482 610.94	1 296 028.07

(1) Unused appropriations correspond to (4)-(5) from table 4.2.2.

It is to be noted that the bank interests on F4E current bank account amounts to EUR 43 181.18. Those revenues are not included in the statement of expenditure and therefore cancelled.

5. Budget Outturn account 2011

The Outturn for the financial year corresponds to the total revenues actually cashed minus the total payment incurred during the year, minus the appropriations carried over to the following year.

For the 2011 financial year, the balance of the budget outturn amounts to EUR 2 929 115.60.

This corresponds to the Budget Outturn Account plus the unused payment appropriations carried over from 2010, adjustment for carry-over from 2010 of appropriations arising from assigned revenue and the exchange difference.

Budget Outturn Account		2011	2010
REVENUE			
Euratom contribution	+	226 165 799.00	224 695 824.00
ITER Host state and Membership contributions	+	16 487 333.59	10 945 880.00
Other revenue	+	228 970.32	140 525.03
TOTAL REVENUE (a)		242 882 102.91	235 782 229.03
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	27 113 399.53	22 557 467.31
Appropriations carried over	-	2 041 343.31	1 901 496.96
<i>Title II: Infrastructure Expenditure</i>			
Payments	-	3 430 040.58	1 813 546.17
Appropriations carried over	-	4 469 188.51	4 270 393.83
<i>Title III: Operational Expenditure</i>			
Payments	-	219 638 355.67	162 015 078.8
Appropriations carried over	-	33 972 079.12	49 603 846.65
<i>Total Payments (b)</i>		<i>250 181 795.78</i>	<i>186 386 092.28</i>
<i>Total Appropriations carried over (c)</i>		<i>40 482 610.94</i>	<i>55 775 737.44</i>
TOTAL EXPENDITURE (d)=(b)+(c)		290 664 406.72	242 161 829.72
OUTTURN FOR THE FINANCIAL YEAR (a-d)		-47 782 303.81	-6 379 600.69
Cancellation of unused payment appropriations carried over from previous year	+	1 114 821.47	2 148 317.57
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	49 603 846.65	52 165 502.73
Exchange differences for the year (gain +/-loss -)	+/-	-7 248.71	1 246.26
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		2 929 115.60	47 935 465.87

6. Annexes

6.1. Reconciliation between budgetary and accrual based accounts (EUR)

	amount
Economic result (- for loss)	20 902 462.03
<i>Ajustment for accrual items (items not in the budgetary result but included in the economic result)</i>	
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-13 606 381.78
Adjustments for Accrual Cut-off (cut- off 31.12.N)	17 296 635.29
Unpaid invoices at year end but booked in charges (class 6)	57 777 383.00
Depreciation of intangible and tangible fixed assets	1 750 002.90
Provisions (reversal)	176 116.20
Recovery Orders issued in 2011 in class 7 and not yet cashed	-280 492.14
Prefinancing given in previous year and cleared in the year	12 741 301.83
Prefinancing received in previous year and cleared in the year	0.00
Payments made from carry over of payment appropriations	5 057 069.32
Other income Fixed assets	-39 308 404.00
<i>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</i>	
Asset acquisitions (less unpaid amounts)	-60 384 748.26
New pre-financing paid in the year 2011 and remaining open as at 31.12.2011	-27 656 231.69
New pre-financing received in the year 2011 and remaining open as at 31.12.2011	2 929 115.60
Budgetary recovery orders issued before 2011 and cashed in the year	12 932 825.73
Payment appropriations carried over to 2012	-40 482 610.94
Cancellation of unused carried over payment appropriations from previous year	1 114 821.47
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	49 603 846.65
Other : change in inventories (production material)	2 367 067.53
total	2 929 778.74
Budgetary result (+ for surplus)	2 929 115.60
Delta not explained	-663.14

6.2. Budget implementation – Details by fund source

Fund Source : C1 - Credits of the year

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
A-1100	Staff expenditure in the establishment plan	20 635 000.00	20 520 000.00	99.44 %	20 635 000.00	19 875 115.78	96.32 %
A-1200	External staff expenditure (Contracts agents, interim staff and national experts)	5 500 000.00	5 310 317.58	96.55 %	5 500 000.00	4 680 821.90	85.11 %
A-1300	Missions and duty travel	1 700 000.00	1 700 000.00	100.00 %	1 700 000.00	1 025 539.82	60.33 %
A-1400	Miscellaneous expenditure on staff recruitment and transfer	1 080 000.00	1 078 963.70	99.90 %	1 080 000.00	804 910.60	74.53 %
A-1500	Representation	20 000.00	20 000.00	100.00 %	20 000.00	9 798.67	48.99 %
A-1600	Training	650 000.00	575 000.00	88.46 %	650 000.00	259 401.71	39.91 %
A-1700	Other staff management expenditure	770 000.00	755 000.00	98.05 %	770 000.00	457 811.05	59.46 %
A-1800	Traineeships	0.00	0.00	0.00 %	0.00	0.00	0.00 %
Total Title 1		30 355 000.00	29 959 281.28	98.70 %	30 355 000.00	27 113 399.53	89.32 %

Fund Source : C1 - Credits of the year

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
A-2100	Buildings and associated costs	1 100 000.00	1 099 983.41	100.00 %	1 100 000.00	531 884.30	48.35 %
A-2200	Information and communication technologies	3 970 000.00	3 928 776.88	98.96 %	3 970 000.00	1 779 734.83	44.83 %
A-2300	Movable property and associated costs	800 000.00	776 805.60	97.10 %	800 000.00	215 371.00	26.92 %
A-2400	Events and communication	240 000.00	232 029.00	96.68 %	240 000.00	54 164.60	22.57 %
A-2500	Current administrative expenditure	1 065 000.00	1 052 382.44	98.82 %	1 065 000.00	441 117.26	41.42 %
A-2600	Postage and Telecommunications	540 000.00	529 251.76	98.01 %	540 000.00	253 052.24	46.86 %
A-2700	Expenditure on Formal and other meetings	280 000.00	280 000.00	100.00 %	280 000.00	154 716.35	55.26 %
Total Title 2		7 995 000.00	7 899 229.09	98.80 %	7 995 000.00	3 430 040.58	42.90 %

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
B3-100	ITER Construction including the ITER site preparation	342 142 937.88	342 142 937.88	100.00 %	181 966 606.03	181 966 606.03	100.00 %
B3-200	Technology for ITER and DEMO	17 905 220.00	17 905 220.00	100.00 %	4 282 185.09	4 282 185.09	100.00 %
B3-300	Technology for Broader Approach and Demo	669 000.00	669 000.00	100.00 %	4 924 720.53	4 924 720.53	100.00 %
B3-400	Other expenditure	2 187 602.12	2 176 452.12	99.49 %	647 287.35	647 287.35	100.00 %
Total Title 3		362 904 760.00	362 893 610.00	100.00 %	191 820 799.00	191 820 799.00	100.00 %

TOTAL C1		401 254 760.00	400 752 120.37	99.87 %	230 170 799.00	222 364 239.11	96.61 %
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Fund Source : C8 - Carried over credits from previous years

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
A-1200	External staff expenditure	628 194.22	573 494.59	91.29 %	628 194.22	573 494.59	91.29 %
A-1300	Missions and duty travel	789 969.45	789 969.45	100.00 %	789 969.45	674 278.45	85.36 %
A-1400	Miscellaneous expenditure on staff recruitment and transfer	140 211.64	140 102.61	99.92 %	140 211.64	54 459.01	38.84 %
A-1500	Representation	11 113.41	11 113.41	100.00 %	11 113.41	4 498.74	40.48 %
A-1600	Training	132 111.39	120 587.35	91.28 %	132 111.39	120 587.35	91.28 %
A-1700	Other staff management expenditure	196 409.82	174 776.22	88.99 %	196 409.82	164 862.07	83.94 %
A-1800	Traineeships	3 487.03	0.00	0.00 %	3 487.03	0.00	0.00 %
Total Title 1		1 901 496.96	1 810 043.63	95.19 %	1 901 496.96	1 592 180.21	83.73 %

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
A-2100	Buildings and associated costs	784 190.45	729 383.39	93.01 %	784 190.45	603 176.48	76.92 %
A-2200	Information and communication technologies	1 937 692.00	1 767 114.95	91.20 %	1 937 692.00	1 707 724.98	88.13 %
A-2300	Movable property and associated costs	247 879.71	243 867.85	98.38 %	247 879.71	212 584.63	85.76 %
A-2400	Events and communication	108 324.13	61 313.43	56.60 %	108 324.13	61 313.43	56.60 %
A-2500	Current administrative expenditure	737 465.26	728 787.98	98.82 %	737 465.26	521 976.36	70.78 %
A-2600	Postage and Telecommunications	279 419.64	277 849.98	99.44 %	279 419.64	268 574.88	96.12 %
A-2700	Expend. Formal and other meetings	175 422.64	169 084.55	96.39 %	175 422.64	89 538.35	51.04 %
Total Title 2		4 270 393.83	3 977 402.13	93.14 %	4 270 393.83	3 464 889.11	81.14 %

Fund Source : C8 - Carried over credits from previous years

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
B3-100	ITER Construction including the ITER site preparation	428 044 722.51	426 552 945.82	99.65 %	Payment appropriations under C1 Fund source		
B3-200	Technology for ITER and DEMO	9 487 785.26	7 668 834.33	80.83 %			
B3-300	Technology for Broader Approach and Demo	15 899 716.50	15 895 637.45	99.97 %			
B3-400	Other expenditure	1 488 041.81	773 553.17	51.98 %			
Total Title 3		454 920 266.08	450 890 970.77	99.11 %			
TOTAL C8		461 092 156.87	456 678 416.53	99.04 %	6 171 890.79	5 057 069.32	81.94 %

Fund Source : R0 - Assigned revenues

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
B3-500	ITER construction- Appropriation accruing from the ITER host state contribution	247 012 135.79	246 621 840.11	99.84 %	60 812 135.79	27 817 556.67	45.74 %
B3-600	Appropriation accruing from third parties to specific item of expenditure	977 500.00	0.00	0.00 %	977 500.00	0.00	0.00 %
TOTAL R0		247 989 635.79	246 621 840.11	99.45 %	61 789 635.79	27 817 556.67	45.02 %

6.3. Establishment plan 2011

Function group and grade	2011			
	Authorised under the EU Budget		Filled as of 31/12/2011	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16	0	0	0	0
AD 15		1		
AD 14				1
AD 13	4	1	4	2
AD 12	17	8	17	2
AD 11	5		2	
AD 10	5	27	5	2
AD 9	7	21	2	37
AD 8	4		1	1
AD 7		43		17
AD 6	2	50	4	77
AD 5		3		1
AD total	44	154	35	140
AST 11	3		2	
AST 10	2			
AST 9	3		1	
AST 8	2		2	
AST 7			3	
AST 6				
AST 5	4		1	
AST 4	1	11	2	1
AST 3	3	12	3	19
AST 2			1	
AST 1			1	
AST total	18	23	16	20
TOTAL	62	177	51	160
GRAND TOTAL	239		211	

REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2011

VII. Legal Framework – Accrual accounting standards in Fusion for Energy

F4E being fully consolidated in the EU accounts, the 2011 F4E financial statement has been established by using the consolidation package provided by the EC. The accounting rules and regulations used in this report are edicted by the EC, are on an accrual basis and are compliant with the International Public Sector Accounting Standards (IPSAS).

The representation letter related to the accounts 2011 has been transmitted to the President of the European Court of Auditors in a separate note. It includes no reservation from F4E Accounting Officer.

VIII. Financial Information System

1. The different financial actors

The **Director** assumes the responsibility of the implementation. He can delegate these tasks to individual staff members subject to the Financial Regulation and the Staff Regulations. The staff concerned – generally Heads of Departments - are known as “Authorising Officers by delegation”. They in turn may further delegate budget implementation tasks to “Authorising Officers by sub-delegation”.

The responsibility of the Authorising Officer covers the entire management process, from determining what needs to be done to achieve the objectives set to managing the activities launched from both an operational and budgetary standpoint, including signing legal commitments, monitoring performance, making payments and even recovering funds, if necessary.

In order to implement activities within the organisation, the Authorising Officer has put in place financial circuits which incorporate three main functions: Authorising Officer, financial officer (initiating and verifying agent) and operational/technical officer (initiating and verifying agent).

The Financial Regulation foresees the concept of the four-eyes principle, meaning that before an operation is authorised, all aspects of the operation have to be verified by members of staff other than the one who initiated the operation. The person dealing with the verification cannot be subordinated to the initiator of the transaction.

All staff members have to attend appropriate training before acting as actor within the financial circuits.

Sound financial management and proper accountability are assured by the separation of management control (in the hands of the Authorising Officers) from internal audit and compliance control with internal control standards (inspired by COSO international standards), ex-ante and ex-post controls, independent internal auditing on the basis of risk assessments, and regular reporting.

The **Accounting Officer** executes payment and recovery orders drawn up by Authorising Officers and is responsible for managing the treasury, laying down accounting rules and methods, validating accounting systems, keeping the accounts and drawing up the annual accounts. Furthermore, the Accounting Officer is required to sign the accounts declaring that they provide a true and fair view of the financial position.

The **Internal Auditor**, who is not a financial actor in the strict sense of the term, is appointed to verify the proper operation of budgetary implementation systems and procedures and to advise the institution on risk management issues. The Internal Auditor issues independent opinions on the quality of management and control systems and provides recommendations on how to improve operational procedures and promote sound financial management.

2. Accrual Based Accounting system

F4E has implemented the ABAC system (Accrual Based Accounting) owned by the EC and used by many EU bodies.

Thanks to the ABAC/SAP full outsourcing scheme, F4E has benefited from a high standard financial system for a small fraction of its potential acquisition price (2011 ABAC contribution to the EC has been EUR 150 000). With the exception of the maintenance of the Testa II router, F4E IT department has been able to focus on its core business and avoid spending time on financial applications maintenance. The ABAC

Service Level Agreement between DG BUDG and F4E has been signed in September 2007.

2011, as the third full year of financial autonomy, has been a year of consolidation in the use of the ABAC modules implemented in 2008 (ABAC-SAP, ABAC Workflow and ABAC Assets).

The complete use of ABAC Assets to register all purchases was critical to establish the 2011 Financial Statement.

By being directly linked to the SAP central accounting system for either acquisition or retirement procedures, ABAC Assets ensures the cohesiveness of the overall ABAC system.

Other positives elements include a good control of the supply chain (ABAC Assets requires to place the order and record the goods reception via the system) and some modern means to manage inventory (infra red bar code readers, etc.).

3. Validation of accounting systems by the Accounting Officer

The validation process of the systems laid down by the Authorising Officer to supply or justify accounting information is designed to enable the Accounting officer of F4E to discharge his/her responsibilities as mentioned in article 46 of F4E Financial Regulation.

The accounting and financial management systems include the administrative processes which determine the rights and obligations and the assets and liabilities of F4E as well as the IT systems which register the information in the accounts.

As mentioned above, F4E uses the IT accounting system of the EC; ABAC with its modules ABAC Workflow, ABAC Assets and SAP, and which is validated by the EC's Accounting Officer. The core functionalities, characteristics, the architecture of the system, in terms of compliance to EC and Accounting rules, irreversibility of postings, numbering of documents, irreversibility of centralized postings, data coherence, data security, etc, apply to F4E without modifications. The testing on ABAC Workflow and ABAC Accounting consisted of tests proposed by the EC. They were done during January-February 2008 by F4E staff and lead to a positive conclusion on the general technical performance of the system and to the migration from the test to the production environment on 15/03/2008.

In the frame of internal control, the responsibility of the Accounting Officer is to ensure the integrity of the accounting system. The Accounting Officer is responsible for the processing and output of the information entered in the accounting system. The Authorising Officer has the responsibility for ensuring the reliability, completeness and integrity of the accounting information under his/her control necessary for the production of accounts and which give a true image of the assets and of budgetary implementation.

According to the Financial Regulation the Authorising Officer is responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with. The Authorising Officer shall put in place the organisational structure and the internal management and control systems and procedures suited to the performance of his/her duties, including where appropriate ex-post verifications.

With the aim to certify that the accounts give a “true and fair view”, the Accounting Officer has reached through the validation process, reasonable assurance with regard to the adequacy of the accounting systems and of the financial management systems established by the Authorising Officer to supply or justify accounting information.

Without affecting the validation, the following comments need to be highlighted :

- A new organisational structure has been implemented from 1 January 2011 (ongoing in 2012) which is more project-oriented and re-enforces its financial service and strengthens the overall management of F4E. A new senior management team is in place.
- As result of audit observations, F4E is strengthening its control environment (ex-ante, ex-post verification, reinforcement of segregation of duties in the financial circuits and further formalizing and documenting of processes and procedures).