



**FUSION  
FOR  
ENERGY**

# FINAL ANNUAL ACCOUNTS

Financial statements  
&  
Budget implementation

Report on budgetary and financial  
management

Seventh financial year – 2014

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

Josep Pla nº 2 · Torres Diagonal Litoral · Edificio B3· 08019 Barcelona · Tel. +34 93 320 18 00 · Fax +34 93 320 18 51

[www.fusionforenergy.europa.eu](http://www.fusionforenergy.europa.eu)

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### **REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2014**

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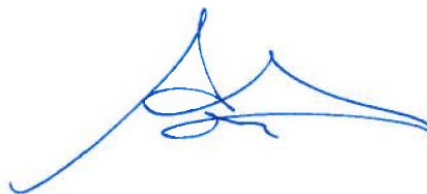
## CERTIFICATION LETTER FROM F4E ACCOUNTING OFFICER

The annual accounts of Fusion for Energy (F4E) for the year 2014 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union<sup>1</sup> and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings, and in accordance with Title VII of the Financial Regulation of F4E<sup>2</sup>.

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

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the assets and liabilities of F4E and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of F4E.



**Mr Roberto Abad Villanueva**  
Accounting Officer

Done in Barcelona, 19 May 2015

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<sup>1</sup> Financial Regulation (EC, Euratom) n° 966/2012 of the European Parliament and of the Council of 25 October 2012, repealing Council Regulation (EC, Euratom) n° 1605/2002.

<sup>2</sup> 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 10/12/2013 – F4E(13)-GB28-14.2

## INTRODUCTION

Fusion for Energy (F4E) is a Joint Undertaking created under the Euratom Treaty by a decision of the Council of the European Union<sup>3</sup>.

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 (BA) : 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 (International Fusion Materials Irradiation Facility).

### Main achievements during 2014

Among the main achievements during the year 2014 it should be mentioned:

For ITER :

- The contracts for the civil works at the Cadarache site have progressed. New contracts have been signed as well as amendments of existing contracts to follow the developments of the project. The 1.5 m thick B2 slab of the Tokamak Complex, consisting of 14,000 m<sup>3</sup> of concrete and 4,000 tons of rebar, was completed in August. The erection of 80 m high cranes has started in and around the Tokamak Pit. The steel frame for the Assembly Building is being fabricated and the first level

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<sup>3</sup> Council decision 2013/791/Euratom of 13 December 2013 Amending Decision 2007/198/Euratom establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it.

of 60 m high columns was erected in September. Work was also carried out around the Tokamak buildings with a total of 1 km of galleries, 4000 m<sup>3</sup> of concrete and 700 tons of reinforcement completed in less than 2 years;

- The work on magnets is proceeding with success. The fabrication and the verification of the full amount of the strand (97 tons) for the Toroidal Field (TF) conductor were completed. The first ever manufactured TF double pancake prototype was fully completed and has passed successfully the acceptance tests. Radial plates are being manufactured (one every 13 days) with an excellent control of the dimensional tolerances and are being delivered to the winding pack supplier. The series manufacturing of the TF double pancakes has started at full production rate. The contract for the cold test and the TF coils insertion into the cases was awarded in April. The work in China for the manufacturing of the Poloidal Field (PF) coil #6 is progressing well and the manufacturing building has been completed thus allowing the start of the assembly of the winding tooling. The winding tooling contract for the manufacturing of the PF2, PF3, PF4, PF5 coils in Cadarache was awarded in April. The 1/5 scaled-down pre-compression ring mock-up failed under testing, but an agreement was found with the supplier to recover and achieve qualification;
- Work is in progress on the vacuum vessel. Plates and forgings for the first Sectors have been fabricated. Drawings and data are now available to start the fabrication of Sector #5;
- The pre-qualification of the Blanket first wall semi-prototype is being carried out successfully. Three contracts for the manufacture of full-scale first wall panel prototypes were signed in the second half of the year. In order to mitigate technical and commercial risks by promoting competition prior to the series production, F4E has started the procedure to qualify additional suppliers for the procurement of the ITER divertor inner vertical target;
- The framework contract on the Divertor Remote Handling System was signed and the first task started. The Procurement Arrangement of the In-Vessel Viewing System was signed at the end of 2014;

- As far as the Liquid Nitrogen (LN2) Plant and Auxiliary Systems were concerned, the procurement of the long lead items (compressors, turbines, heat exchangers etc.) was launched and the work proceeded to come to the final design. The manufacturing of the Water Detritiation System Tanks went on as planned with a delivery date in 2015;
- For the Neutral Beam Test Facility (NBTF), all industrial procurement contracts have been placed for final design activities and fabrication of the SPIDER components (power supplies, HV deck, transmission lines, beam source and vacuum vessel). As for MITICA, the design of core components (beam source, beam line components and cryogenic pump) is being finalised. The contract for the procurement of the MITICA vessel was signed at the end of 2014, as well as the one for the procurement of the MITICA and Heating Neutral Beams high voltage deck and bushing;
- As far as the radio-frequency systems are concerned, the tests of the Ion Cyclotron antenna Faraday screen mock-up carried out in Russia were successful. The Electron Cyclotron (EC) launchers are in the final design phase. For the diamond disk prototypes, the contract for the fabrication of two diamond disks was awarded in October. Very promising first results were achieved with the prototype 1 MW short pulse gyrotron. The Procurement Arrangement for the EC Control System was signed in December;
- The work on the diagnostics systems has progressed significantly with the signature of several framework contracts, framework partnership agreements and specific contracts/grants with European laboratories and industries;
- Framework contracts and specific contracts were signed in the areas of technical support and project management to provide the necessary support (i.e. CAD, engineering analyses, costing, risk, system engineering, dual use, etc.) to the Project Teams;
- The Test Blanket Modules (TBM) arrangements between F4E and the IO for the delivery of two European TBM Systems to the ITER Site were signed in September. Work has progressed significantly with the signature of framework contracts, framework partnership agreements and specific contracts/grants with European laboratories and industries;

- A second test convoy for the validation of the logistics aspects linked to the transportation of the ITER components from Fos-sur-Mer to Cadarache through the special ITER itinerary arrived successfully at the ITER site.

For BA :

- Transportation of the JT-60SA TF and PF coil quench protection circuits (manufactured for Consorzio RFX/CNR as VCDI) from Italy to Japan, and F4E supervision of on-site installation.
- Continuation of the conductor manufacturing for the JT-60SA toroidal field coils.
- Purchase of JT-60SA TF casing forgings.
- Manufacturing of gaseous helium storage vessels for the JT-60SA cryoplant
- Transportation of further parts of the IFMIF/EVEDA LIPAc from CEA Saclay to Japan, and management and supervision of the ion source installation and commissioning for LIPAc in Rokkasho.
- Transportation to Rokkasho of equipment to measure erosion and corrosion by liquid metals of SiC (functional material for DEMO blanket) from room temperature to 1200°C, built by ENEA for the materials laboratory.

## 2014 Accounts

The 2014 financial statements of F4E and its reports on budget implementation for 2014 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 EU<sup>4</sup>,
- The European Commission's consolidation manual for the 2014 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 152 of the general Financial Regulation states that the Accounting Officer of the EC adopts the accounting rules and the harmonised chart of accounts to be applied by all institutions and EU bodies. They are accrual based accounting policies derived from International Public Sector Accounting Standard (IPSAS) or by default, International Financial Reporting Standards (IFRS).

### Restating the comparative amount for the year 2013

During the audit of the 2014 accounts, an error of EUR 36 184 385.40 has been detected on the estimated accrued charges for the 2013 financial year. This amount refers mainly to 2 invoices for the 2013 cash contributions to Japan. These transactions should have been accrued for in 2013 and therefore formed part of the 2013 operational expenditure, but instead have been expensed in 2014 (year of reception of the corresponding invoices).

In line with the EC Accounting Rule n°14, the 2013 comparative amounts are restated.

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<sup>4</sup> Financial Regulation (EC, Euratom) n° 966/2012 of the European Parliament and of the Council of 25 October 2012, repealing Council Regulation (EC, Euratom) n° 1605/2002.



## FINANCIAL STATEMENTS 2014

### I. Balance sheet 2014 – Assets

Consolidation account	ASSETS	Note n°	31.12.2014 (1)	31.12.2013 (2)	Variation (3)=(1)-(2)
	<b>A. NON-CURRENT ASSETS</b>	<b>2.1.</b>			
210000	<b>Intangible assets</b>	2.1.1.	<b>528 294.00</b>	<b>697 609.00</b>	<b>-169 315.00</b>
	<b>Tangible fixed assets</b>	2.1.2.	<b>49 094 286.00</b>	<b>60 554 704.00</b>	<b>-11 460 418.00</b>
220000	Land and buildings		35 787 352.00	37 407 911.00	-1 620 559.00
230000	Plant and equipment		2 575 527.00	2 969 610.00	-394 083.00
240000	Furniture and vehicles		281 184.00	318 074.00	-36 890.00
241000	Computer hardware		10 365 383.00	19 753 160.00	-9 387 777.00
242000	Other fixtures and fittings		84 840.00	105 949.00	-21 109.00
244000	Tangible assets under construction		0.00	0.00	0.00
	<b>TOTAL NON-CURRENT ASSETS</b>		<b>49 622 580.00</b>	<b>61 252 313.00</b>	<b>-11 629 733.00</b>
	<b>B. CURRENT ASSETS</b>				
310000	<b>Inventories</b>	<b>2.2.</b>	<b>45 853 703.74</b>	<b>42 401 161.86</b>	<b>3 452 541.88</b>
	<b>Current pre-financing</b>	<b>2.3.</b>	<b>231 934 752.01</b>	<b>260 235 541.54</b>	<b>-28 300 789.53</b>
406141	Current pre-financing (gross amount)		269 722 993.71	280 251 306.11	-10 528 312.40
406142	Current pre-financing (cut off)		-37 788 241.70	-20 015 764.57	-17 772 477.13
	<b>Current receivables</b>	<b>2.4.</b>	<b>99 000 261.45</b>	<b>113 522 558.86</b>	<b>-14 522 297.41</b>
401200	Current receivables - Member States	2.4.1.	24 116 685.54	23 101 637.01	1 015 048.53
410000	Sundry receivables	2.4.2.	117 629.75	326 886.40	-209 256.65
490002	Deferrals/Accruals with consolidated EU entities	2.4.3.	74 723 186.00	90 081 096.00	-15 357 910.00
490013	Accrued income		42 760.16	12 939.45	29 820.71
500000	<b>Cash and cash equivalents</b>	<b>2.5.</b>	<b>41 761 669.32</b>	<b>22 077 928.61</b>	<b>19 683 740.71</b>
	<b>TOTAL CURRENT ASSETS</b>		<b>418 550 386.52</b>	<b>438 237 190.87</b>	<b>-19 686 804.35</b>
	<b>TOTAL</b>		<b>468 172 966.52</b>	<b>499 489 503.87</b>	<b>-31 316 537.35</b>

## Balance sheet 2014 – Liabilities

Consolidation account	LIABILITIES	Note n°	31.12.2014 (1)	31.12.2013 (2)	Variation (3)=(1)-(2)
	<b>A. NET ASSETS/LIABILITIES</b>	<b>2.6.</b>	<b>292 925 142.89</b>	<b>362 279 520.77</b>	<b>-69 354 377.88</b>
100000	Reserves		0.00	0.00	0.00
140000	Accumulated surplus/deficit		362 279 520.77	288 387 640.36	73 891 880.41
141000	Economic result of the year - Profit (+)/Loss (-)		-69 354 377.88	73 891 880.41	-143 246 258.29
	<b>B. NON-CURRENT LIABILITIES</b>		<b>85 670 517.23</b>	<b>0.00</b>	<b>85 670 517.23</b>
163000	Non-current provisions	<b>2.7.</b>	85 670 517.23	0.00	85 670 517.23
170000	Other non current financial liabilities		0.00	0.00	0.00
	<b>TOTAL A+B</b>		<b>378 595 660.12</b>	<b>362 279 520.77</b>	<b>16 316 139.35</b>
	<b>C. CURRENT LIABILITIES</b>				
483000	Current provisions		<b>0.00</b>	<b>172 669.51</b>	<b>-172 669.51</b>
440000	Accounts payable	<b>2.8.</b>	<b>63 242 335.99</b>	<b>82 381 643.11</b>	<b>-19 139 307.12</b>
441000	Current payables vendors	2.8.1.	1 718 210.93	4 280 091.22	-2 561 880.29
443000	Sundry payables		103 525.14	146 240.45	-42 715.31
440019	Pre-financing received from consolidated EU entities	2.8.2.	29 153 891.88	23 675 299.82	5 478 592.06
441009	Current payables with consolidated EU entities	2.8.3.	32 266 708.04	54 280 011.62	-22 013 303.58
491000	Accrued charges and deferred income	<b>2.9.</b>	<b>26 334 970.41</b>	<b>54 655 670.48</b>	<b>-28 320 700.07</b>
491010	Accrued charges		25 838 123.09	54 279 045.79	-28 440 922.70
491090	Deferrals/accruals with consolidated EU entities		496 847.32	376 624.69	120 222.63
	<b>TOTAL C. CURRENT LIABILITIES</b>		<b>89 577 306.40</b>	<b>137 209 983.10</b>	<b>-47 632 676.70</b>
	<b>TOTAL</b>		<b>468 172 966.52</b>	<b>499 489 503.87</b>	<b>-31 316 537.35</b>

## II. Statement of financial performance 2014

Consolidation account		Note n°	2014 (1)	2013 (2)	Variation (3)=(1)-(2)
	<b>A. NON-EXCHANGE REVENUES</b>		<b>522 095 094.05</b>	<b>408 787 223.64</b>	<b>113 307 870.41</b>
745919	Revenue from Euratom		394 693 185.05	274 325 457.44	120 367 727.61
745911	Other non exchange revenue (Member States)		127 401 909.00	134 461 766.20	-7 059 857.20
	<b>B. EXCHANGE REVENUES</b>		<b>909 821.53</b>	<b>2 046 664.92</b>	<b>-1 136 843.39</b>
744100	Fixed assets related income		634 846.00	1 911 592.50	-1 276 746.50
74*/75*	Other revenues		274 975.53	135 072.42	139 903.11
<b>TOTAL REVENUE</b>			<b>523 004 915.58</b>	<b>410 833 888.56</b>	<b>112 171 027.02</b>
	<b>A. OPERATIONAL EXPENSES</b>	<b>3.2.</b>	<b>536 544 297.79</b>	<b>284 941 903.11</b>	<b>251 602 394.68</b>
600140	Expenses with third parties		455 836 365.71	220 728 641.38	235 107 724.33
600149	Expenses with consolidated EU entities		80 707 932.08	64 213 261.73	16 494 670.35
	<b>B. OTHER EXPENSES</b>	<b>3.3.</b>	<b>55 814 995.67</b>	<b>52 000 105.04</b>	<b>3 814 890.63</b>
620100	Staff costs		33 088 421.40	29 137 747.84	3 950 673.56
630199	Property, plant and equipment related expenses		13 117 148.82	12 915 346.90	201 801.92
64*/65*	Other expenses		9 609 425.45	9 947 010.30	-337 584.85
<b>TOTAL EXPENSES</b>			<b>592 359 293.46</b>	<b>336 942 008.15</b>	<b>255 417 285.31</b>
<b>SURPLUS (+) / DEFICIT (-) OF THE YEAR</b>			<b>-69 354 377.88</b>	<b>73 891 880.41</b>	<b>-143 246 258.29</b>

### III. Cash flow statement 2014 (indirect method)

		2014	2013
<b>Cash Flows from ordinary activities</b>			
<b>Surplus/(deficit) from ordinary activities</b>		<b>-69 354 377.88</b>	<b>73 891 880.41</b>
<b>Operating activities</b>	Amortization (intangible fixed assets) +	403 642.42	352 231.07
<u>Adjustments</u>	Depreciation (tangible fixed assets) +	12 543 337.49	12 635 743.84
	Increase/(decrease) in Provisions for risks and liabilities	85 497 847.72	-894 231.76
	Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
	(Increase)/decrease in Stock	-3 452 541.88	10 309 663.79
	(Increase)/decrease in Long term Pre-financing	0.00	0.00
	(Increase)/decrease in Short term Pre-financing	28 300 789.53	-112 069 926.45
	(Increase)/decrease in Long term Receivables	0.00	0.00
	(Increase)/decrease in Short term Receivables	14 522 297.41	-22 708 799.21
	(Increase)/decrease in Receivables related to consolidated EU entities	0.00	0.00
	Increase/(decrease) in Other Long term liabilities	0.00	0.00
	Increase/(decrease) in Accounts payable	-30 925 295.67	30 526 105.55
	Increase/(decrease) in Liabilities related to consolidated EU entities	-16 534 711.52	-18 787 524.79
<b>Net cash Flow from operating activities</b>		<b>21 000 987.62</b>	<b>-26 744 857.55</b>
<b>Cash Flows from investing activities</b>			
	Increase of tangible and intangible fixed assets (-)	-1 317 246.91	-3 010 311.41
	Proceeds from tangible and intangible fixed assets (+)	0.00	0.00
<b>Net cash flow from investing activities</b>		<b>-1 317 246.91</b>	<b>-3 010 311.41</b>
Net increase/(decrease) in cash and cash equivalents		19 683 740.71	-29 755 168.96
<b>Cash and cash equivalents at the beginning of the period</b>		<b>22 077 928.61</b>	<b>51 833 097.57</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>41 761 669.32</b>	<b>22 077 928.61</b>

#### IV. Statement of Changes in Net assets - 2014

Net assets	Accumulated Surplus (+) / Deficit (-)	Economic result of the year	Net assets (total)
<b>Balance as of 31 December 2013</b>	288 387 640.36	73 891 880.41	362 279 520.77
<b>Balance as of 1 January 2014</b>	<b>288 387 640.36</b>	<b>73 891 880.41</b>	<b>362 279 520.77</b>
Fair value movements	0.00	0.00	0.00
Allocation of the Economic Result of Previous Year	73 891 880.41	-73 891 880.41	0.00
Economic result of the year		-69 354 377.88	-69 354 377.88
<b>Balance as of 31 December 2014</b>	<b>362 279 520.77</b>	<b>-69 354 377.88</b>	<b>292 925 142.89</b>
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 a statement of financial performance, 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

**Use of estimates** : In accordance with IPSAS and generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions by management based on the most reliable information available.

Significant estimates include, but are not limited to, amounts for provisions, accounts receivables, accrued income and charges, contingent assets and liabilities, and the degree of impairment of intangible assets and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

## **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.

Regarding the EU contribution to ITER IO (consisting mainly in buildings, magnets, vessels and other engineering components), the Procurement Arrangements (PA's) between F4E and ITER IO define the F4E deliverables to ITER IO as well as the credit allocation scheme for each deliverable under the ITER unit of account. On the basis of these PAs, F4E launches procurements and concludes contracts with industry. The industry delivers usually directly to ITER IO, which performs the acceptance and recognises the credits to F4E.

As there is no specific EC accounting rule covering those operations, F4E refers to IPSAS rule n° 11 "Construction contracts" taking into account that F4E has no control over the use of the items and no inflow of service potential (F4E receives credits in ITER unit of accounts for the deliverables).

Therefore, the items constructed and delivered to ITER IO are recognised as expense in the accounts and not as assets under construction.

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
<b><u>Intangible fixed assets</u></b>	
Software for personal computers and servers	25%
<b><u>Tangible fixed assets</u></b>	
<u>Buildings</u>	4%
<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%
<b><u>Tangible fixed assets under construction</u></b>	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 31/12/2014, all projects identified were below the threshold of EUR 500 000.00 used by F4E for the capitalisation of internally generated intangible asset.

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

The main tangible assets are :

- **Assets – Helios supercomputer : EUR 9 443 729.00**

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 was manufactured by Bull and has as mission 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.

The value includes EUR 634 000.00 of additional supply of equipment for the supercomputer enhancement in 2014.

- **Assets – PF Coils Building : EUR 35 787 352.00**

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 is owner of this building (the delivery took place in February 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. This transfer will be done on the residual value of the building and should take place in 2017.

- **Assets – Portal Machine : EUR 2 479 548.00**

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 has taken place upon delivery and acceptance of the tested radial plate in accordance with the Contract (March 2012).

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

- **Assets : summary table**

The total depreciation in 2014 amounts to **EUR 13 117 148.82**, resulting in a net book value of **EUR 49 622 580.00** as of 31.12.2014.

The variation of the fixed assets in 2014 is composed of:

## Assets

2014		Intangible fixed assets			Tangible fixed assets						
		Intangible fixed assets internally generated	Computer Software	Total Intangible fixed assets	Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Tangible Fixed Assets under Construction	Total Tangible fixed assets
<b>Gross carrying amounts 01.01.2014</b>	+	0.00	1 509 016.83	1 509 016.83	40 513 982.44	3 851 253.00	43 168 083.19	722 710.63	775 613.00	0.00	89 031 642.26
Additions	+		234 327.42	234 327.42		102 983.00	1 108 707.95	34 153.00	6 893.45		1 252 737.40
Disposals	-			0.00			-159 890.12		-10 529.74		-170 419.86
Transfer between headings	+/-			0.00							0.00
Other changes : post capitalized assets	+/-			0.00			601.95				601.95
<b>Gross carrying amounts 31.12.2014</b>		0.00	1 743 344.25	1 743 344.25	40 513 982.44	3 954 236.00	44 117 502.97	756 863.63	771 976.71	0.00	90 114 561.75
<b>Accumulated amortization and impairment 01.01.2014</b>	-		-811 407.83	-811 407.83	-3 106 071.44	-881 643.00	-23 414 923.19	-404 636.63	-669 664.00	0.00	-28 476 938.26
Depreciation	-		-403 642.42	-403 642.42	-1 620 559.00	-497 066.00	-10 496 835.95	-71 043.00	-28 002.45		-12 713 506.40
Write-back of depreciation	+			0.00							0.00
Disposals	+			0.00			159 890.12		10 529.74		170 419.86
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			-250.95				-250.95
<b>Accumulated amortization and impairment 31.12.2014</b>		0.00	-1 215 050.25	-1 215 050.25	-4 726 630.44	-1 378 709.00	-33 752 119.97	-475 679.63	-687 136.71	0.00	-41 020 275.75
<b>Net carrying amounts 31.12.2014</b>		0.00	528 294.00	528 294.00	35 787 352.00	2 575 527.00	10 365 383.00	281 184.00	84 840.00	0.00	49 094 286.00
Accounts				210000	221000	230000	241000	240000	242000	244000	200000

## 2.2. Inventories

The main part of the inventories is composed of strands that will be used for assembly of components to be delivered by F4E to ITER IO.

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 stocks owned by F4E are as follows :

<b>Contract reference</b>	<b>Quantity as of 01/01/2014</b>	<b>Value as of 01/01/2014</b>	<b>Quantity as of 31/12/2014 (1)</b>	<b>Unit price (2)</b>	<b>Value as of 31/12/2014 (3)=(1)x(2)</b>
F4E-2008-OPE-005-02 (MS-MG) Supply of chromium plated NB3SN strand	26.20 t	17 254 491.88	36.80 t	658 568.39	24 235 316.75
F4E-2008-OPE-005-01 (MS-MG) Supply of chromium plated NB3SN strand	31.20 t	21 133 675.81	15.30 t	677 358.38	10 363 583.21
F4E-OPE-355. Radial Plates for the ITER Toroidal Field Coils	0.00 pc	0.00	7.00 pc	1 098 731.72	7 691 122.04
F4E-2008-OPE-01-01 (MS-MG) Supply of chromium plated copper strand	38.50 t	2 205 563.16	29.00 t	57 287.35	1 661 333.15
F4E-2009-OPE-016-01-01 Side radial plate prototype	1.00 pc	55 815.13	1.00 pc	64 788.30	64 788.30
F4E-2008-OPE-016-03-01 Regular radial plate prototype	1.00 pc	30 755.28	1.00 pc	35 699.68	35 699.68
F4E-2010-OPE-091 140 Kg of Herakles - SEPCARB NB41	140.00 kg	1 050 000.00	140.00 kg	7 500.00	1 050 000.00
Divertor Inner Vertical Target monoblocks: 2465 W monoblocks and 440 CFC monoblocks	0.00 pc	0.00	2 905.00 pc	248.19	721 000.00
F4E-OPE-284-Blanket NHF First Wall semi-prototype	1.00 pc	640 000.00	0.00 pc	0.00	0.00
EUROFER-97 plates (16/32/35 mm)	0.93 t	30 860.60	0.93 t	33 326.78	30 860.60
<b>Total</b>		<b>42 401 161.86</b>			<b>45 853 703.74</b>

## 2.3. Current 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	31.12.2014	31.12.2013
405290	Pre-financing (PF) given to third parties (TP)	269 722 993.71	280 251 306.11
405297	Accrued charges on PF TP	-37 788 241.70	-20 015 764.57
405200	<b>Total</b>	<b>231 934 752.01</b>	<b>260 235 541.54</b>

These pre-financings are related to annexes to Procurement arrangements signed with the Japan Atomic Energy Agency (EUR 10.59 million - Cf. note 4.3.1.2.) and to operational contracts, mainly for procurement contracts :

Contract Reference	Contractor	Amount
OPE-301_TB04_Buildings	AXIMA CONCEPT	68 488 925.61
OPE-414 Cold test of winding packs and insertion process of TF Coils	SIMIC SPA	31 954 570.72
OPE-068-01_suply of 7 VV sectors_AMW Consortium	ANSALDO NUCLEARE	30 024 734.60
OPE-053_Toroidal field coils winding packs	IBERDROLA	17 695 833.52
OPE-286_TB03_Buildings	VINCI CONSTRUCTION	16 793 742.87
2009 CONTRIBUTION IN CASH TO JAPAN	JAPAN ATOMIC ENERGY AGENCY	10 590 417.36
OPE-018_Magnet conductors	ICAS	10 487 420.71
OPE-285 _Tokamak cargo lift and crane	NKM NOELL SPECIAL CRANES	5 936 992.88
OPE-376_LN2 plant and auxiliary systems	AIR LIQUIDE ENGINEERING	5 901 950.40
F4E-OPE-344_Engineering integration services (PF Coils supply)	ASG SUPERCONDUCTORS SPA	3 937 641.59
Poloidal field coils cooperation agreement with China	CASHIPS	3 620 124.19
OPE-374_TB08_Site infrastructure works	COMSA	3 080 866.92

## 2.4. Current receivables

All receivables are carried out at the original amount less write-down for impairment when there is objective evidence that F4E will not be able to collect all amounts due according to the original payment terms.

2.4.1. Current receivables : **EUR 24 116 685.54** referring mainly to the recoverable VAT from France.

2.4.2. Sundry receivables : **EUR 117 629.75** composed mainly of advances to staff (missions and salaries) and amounts due by other EC entities related to the transfer of staff and social contributions.

2.4.3. Deferrals and accruals : **EUR 74 765 946.16** referring mainly to :

- EUR 74 721 277.00 : deferred charges corresponding to the 2015 cash contribution to ITER IO
- EUR 42 760.16 : end of year bank interests to be received in 2015 (Cf. note 2.5.)

## 2.5. Cash and cash equivalents

Account	Description	31.12.2014	31.12.2013
505000	<i>Unrestricted cash:</i>		
505300	Current accounts (bank accounts)	6 632 152.00	5 072 797.92
505600	Transfers (Cash in transit)	- 140.01	0.00
505500	Imprest accounts/Cash in hand	25 000.00	5 000.00
505700	Short-term deposits ("Euratom account")	1 059 674.00	43.75
505700	Short-term deposits ("ITER Host State account")	34 044 983.33	17 000 086.94
500000	<b>Total</b>	<b>41 761 669.32</b>	<b>22 077 928.61</b>

The cash position at the end of 2014 is composed of one current account, two short-term deposits (for the Euratom and ITER-Host state contribution) and two imprest accounts (petty cash).

It is to be noted that EUR 33.0 million were transferred to F4E on 29 December 2014.

The bank interests generated by the current and Euratom contribution accounts amount to EUR 201 070.75 (the interests for the last period of 2014, EUR 38 396.81, are due in January 2015).

The interests generated on the Euratom contribution are not to be reimbursed to the EC as of this financial year.

The bank interests generated by the “ITER-Host state” account amount to EUR 53 253.22 for 2014 (the interests for the last period of 2014, EUR 4 363.35, are due in January 2015).

## **2.6. Net assets**

F4E net assets are decreased by the negative financial performance of the year (EUR – 69 354 377.88) totalling **EUR 292 925 142.89** as of 31 December 2014.

The resources of F4E consist of contributions from Euratom and from the ITER host State, annual membership, 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.6. Budget outturn account).

## **2.7. Non-current provisions**

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.

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 (Cf. point below 4.3.1.2. ITER Annex to Procurement Arrangements).

In addition to the original agreements, in January 2014, Euratom and the Japanese Ministry of Science and Technology (MEXT) reached an agreement for settling the

transfer of procurement responsibilities, following the request by Japan for an additional financial contribution.

The parties agreed to conclude a specific agreement (no later than 31 December 2021) with detailed provisions aimed at establishing the modalities under which F4E will transfer the additional cash contribution to JAEA equivalent to EUR 75.00 million (2014 value).

Therefore, in compliance with the accounting rules, an amount of **EUR 85 670 517.23** is booked in the 2014 accounts as non-current provision taking into account an annual inflation rate of 2 % and a discount rate of 0.08 % (ECB - 7 years zero coupon rate).

## **2.8. Accounts payable**

2.8.1. Current and sundry payables are **EUR 1 821 736.07** and are composed of suppliers' invoices received but not paid at year end and reimbursements to staff.

2.8.2. Pre-financing received from consolidated EU entities totalled **EUR 29 153 891.88**

- EUR 28 288 891.88 corresponding to the balance of the budget outturn account 2014, to be reimbursed to the EC in 2015 (Cf. point VI.6. Budget outturn account).
- EUR 865 000.00 corresponding to 2 long term pre-financings received from ITER IO and falling due within the year.

2.8.3. Current payables with consolidated EU entities totalling **EUR 32 266 708.04** include mainly the balance on the invoice for the 2015 cash contribution to be paid to ITER IO (EUR 31 988 734.00).

## **2.9. Accrued charges and deferred income**

In accordance with EC Accounting Rule n° 10, accruals are made to recognize the amounts to be paid for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. The accruals are based on project analysis performed by the Authorizing Officer and cross-checked with the amounts actually invoiced at the time of finalization of the accounts.



The amount of **EUR 26 334 970.41** which represents mainly invoices to be received in 2015 for services rendered in 2014, includes ;

- EUR 21 991 073.38 for services rendered in 2014 on operational activities and not invoiced at 31/12/2014.
- EUR 3 535 038.18 for services rendered in 2014 on administrative expenditures and not invoiced at 31/12/2014.
- EUR 808 858.85 for F4E staff's untaken leave as at the end of December 2014. In conformity with EC Accounting Rule n° 12, an entity shall recognize the cost of holidays carried over to the following years during the year the services were rendered by the staff members.

## **2.10. Post balance sheet events**

No significant post balance sheet event occurred between 31<sup>st</sup> December 2014 and the final closing of the accounting year.

## **3. Notes to the statement of financial performance**

### **3.1. Revenue**

The operating revenues, **EUR 522 095 094.05**, include mainly :

- The Euratom contribution : EUR 394 693 185.05 accrued revenue on the 2014 Euratom contribution
- The 2014 ITER Host state contribution : EUR 123 000 000.00
- The 2014 Membership contributions : EUR 4 400 000.00.

The revenues from administrative operations amount to EUR 634 846.00, related to fixed assets.

The other revenues amount to **EUR 274 975.53** and are related to bank interests (EUR 254 323.97 - Cf. note 2.5.) and to exchange rate gains (EUR 20 651.56).

### 3.2. Operational expenses - EUR 536 544 297.79 (EUR 284 941 903.11 in 2013)

The types of expenses that F4E reports include exchange expenses (where F4E receives goods or services in return) and non-exchange expenses (where F4E transfers value to another entity without receiving anything in exchange).

In line with IPSAS rule n° 11, the construction contracts for which no inflow of service potential will arise to F4E are accounted as expense (operational items that are being built by F4E and directly handed over to ITER IO after acceptance by the latter).

The amount of **EUR 536 544 297.79** includes mainly the following items :

Contract Reference	Contractor	2014 Expenses	% cumulative expenses as of 31/12/2014
2014 Cash contribution to ITER IO	ITER IO	79 337 287.00	100.00%
OPE-301_TB04_Buildings	AXIMA CONCEPT	32 606 134.86	7.62%
OPE-286_TB03_Building	VINCI CONSTRUCTION	23 605 408.38	11.55%
OPE-058_Civil engineering	ENGAGE	32 121 775.27	50.48%
OPE-355 Radial plates	SIMIC	60 528 279.85	48.28%
OPE-053_TF Coils winding packs	IBERDROLA	37 512 579.99	40.50%
OPE-414 Cold test of winding packs and insertion process of TF Coils	SIMIC	2 039 653.45	1.50%
Cash contribution to Japan - PA 1.1.P6B.JA.01	JAPAN ATOMIC ENERGY AGENCY	54 349 227.34	40.66%
Cash contribution to Japan - PA 1.1.P2B.JA.01	JAPAN ATOMIC ENERGY AGENCY	14 703 569.96	18.03%
Arrangement with Agence ITER France	CEA	2 859 756.98	98.81%
OPE-376_LN2 plant and auxiliary systems	AIR LIQUIDE ENGINEERING	10 659 783.60	14.96%
OPE-095_Seismic isolation pit	GTM SUD	19 956 531.13	98.98%
Cash contribution to Japan PA 5.3.P6.JA.01. HV POWER SUPPLI	JAPAN ATOMIC ENERGY AGENCY	12 884 201.62	33.30%
OPE-374_Site infrastructure works (TB8)	COMSA	958 486.95	7.74%
OPE-285_Tokamak cargo lift and crane	NKM NOELL SPECIAL CRANES	785 702.31	2.40%
OPE-090_Civil engineering	ALTRAN TECHNOLOGIES	3 776 378.75	58.62%
OPE-378_TB05_Buildings	FERROVIAL AGROMAN	1 444 901.33	5.07%
F4E-OPE-344_Engineering integration services (PF Coils supply)	ASG SUPERCONDUCTORS	4 642 828.17	16.48%
Poloidal field coils cooperation agreement with China	CASHIPS	2 687 814.95	11.09%
OPE-429_TB07_Design and construction	FERROVIAL AGROMAN SA*	2 296 443.34	16.65%
OPE-065_Anti-seismic bearings	NUVIA TRAVAUX SPECIAUX	604 000.00	90.73%
OPE-251_Site adaptation works	COMSA	2 414 597.63	96.23%
OPE-025-01_Health and safety protection/Legal inspection services	CETEN APAVE	1 609 637.60	42.62%
OPE-463_ITER-PF winding equipment	CONSORZIO SEA ALP ENGINEERING	1 296 500.00	10.00%
OPE-406_Galleries and drainage works	COMSA	10 020 402.39	92.44%
OPE-454_HV Power supplies	AMPEGON	2 384 082.18	20.00%

### 3.3. Other expenses - EUR 55 814 995.67 (EUR 52 000 105.04 in 2013)

- Staff expenses : **EUR 33 088 421.40** (EUR 29 137 747.84 in 2013)

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.

- Property, plant and equipment related expenses : **EUR 13 117 148.82** (EUR 12 915 346.90 in 2013) refers to the yearly depreciation of fixed assets.
- Other administrative expenses : the amount of **EUR 9 609 425.45** (EUR 9 947 010.30 in 2013) includes mainly the following items :

	2014	2013	Variation
IT costs – operational/support	1 675 516.51	2 106 181.39	-430 664.88
IT costs - development	715 237.82	451 444.38	263 793.44
Missions	1 826 800.39	1 673 297.40	153 502.99
Maintenance & security for the building	1 278 770.52	944 986.23	333 784.29
Interim staff	796 324.39	551 329.08	244 995.31
Experts with contracts	724 990.87	362 304.49	362 686.38
Training	589 430.14	535 042.42	54 387.72
Communications & publications	486 557.72	284 380.95	202 176.77
Office supplies & maintenance	302 944.06	316 484.70	-13 540.64
Experts and related expenditure	300 132.37	372 839.59	-72 707.22
Selection	47 679.45	89 398.47	-41 719.02
Legal expenses	37 553.71	140 224.86	-102 671.15
Expenses with consolidated entities (*)	0.00	1 379 604.52	-1 379 604.52
<b>Total</b>	<b>8 781 937.95</b>	<b>9 207 518.48</b>	<b>-425 580.53</b>

(\*) amount distributed in above categories as of the 2014 accounts

## 4. Off balance sheet items and notes

### 4.1. Contingent liabilities

#### Litigation in front of the European Court of Justice (ECJ) :

In 2013 an applicant to an administrative tender lodged with the ECJ an application (ECJ case T-553/13) requesting :

- the annulment of the award decision in relation to the call for tenders F4E-ADM-0464 for the “Provision of Information and Communications Technology Projects to Fusion for Energy” and of all further related decisions of the Defendant;
- the award of damages in an amount of EUR 100 000.00 (representing 10% of the value of the framework service contract during the initial term), with interests from the date of judgment, for the loss of opportunity to be awarded the contract;
- the award of exemplary damages in an amount of EUR 50 000.00, and
- payment of the Applicant’s legal costs

The case will be dealt with in a hearing at the very earliest in the beginning of 2015 with a decision expected in 2015/2016.

#### Claim for dismissal in front of the Spanish Labor Court :

In 2014, an ex-staff member challenged the termination of his/her contract and requested the Spanish Labour Court :

- to declare the dismissal null and void,
- to be paid a compensation for damages of EUR 65 132.73.

F4E alleged before the Labour Court that Spanish Courts are not competent to analyse this case due to the exclusive jurisdiction of the ECJ. However, the Judge ruled a decision stating that this would be analysed during a Court hearing beginning of 2015.

F4E filed an appeal to overrule the above mentioned decision and until now the decision of the Court is still pending.

Those cases are 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	31.12.2014	31.12.2013
901120	Guarantees for pre-financing (nominal-on going)	215 531 451.35	221 032 086.83
901180	Performance guarantees	153 008 004.06	149 739 736.96
901100	<b>TOTAL - Guarantees received</b>	<b>368 539 455.41</b>	<b>370 771 823.79</b>

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	31.12.2014	31.12.2013
902500	Commitments against appropriations not yet consumed*	<b>1 835 283 524.11</b>	<b>1 801 225 558.04</b>
903200	Operating lease	<b>0.00</b>	<b>0.00</b>
903300	Contractual commitment/obligations to deliver (open PA's/ITA's)**	<b>3 772 406 507.53</b>	<b>3 872 429 761.25</b>
903100	Other	<b>0.00</b>	<b>0.00</b>

\* 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., 4.3.1.3. and 4.3.1.4. 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 45.46% of the construction cost and 34% 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 2014 exchange rate euro/IUA amounts to 1 683.39.

#### 4.3.1.1. ITER Procurement Arrangement (ITER IO)

(kIUA)

EU in Kind Systems*	EU share	PA signed (1)	PA credited (2)	Balance (3)=(1)-(2)
Magnet	185.82	185.82	22.21	163.61
Vaccum vessel	96.71	92.19	0.00	92.19
Blanket system	40.33	0.00	0.00	0.00
Divertor	32.88	30.50	0.00	30.50
Remote Handling Equipment	39.73	22.42	0.00	22.42
Vacuum Pumping & Fuelling	12.97	0.20	0.00	0.20
Tritium Plant	6.34	2.55	0.35	2.20
Cryoplant & Distribution	26.40	26.40	4.16	22.24
Electrical power supply and Distribution System	45.22	45.22	4.90	40.32
IC H&CD Ion Cyclotron Heating & Current Drive	3.96	0.00	0.00	0.00
EC H&CD Electron Cyclotron Heating & Current Drive	32.32	13.03	0.00	13.03
NB H&CD Neutral beam Heating and Current Drive	83.40	58.38	2.26	56.12
Diagnostics	23.25	2.28	0.00	2.28
Building	464.42	464.42	53.50	410.92
Waste	10.10	0.00	0.00	0.00
Radiological Protection	4.20	0.60	0.00	0.60
<b>Total in Kind</b>	<b>1 108.05</b>	<b>944.01</b>	<b>87.38</b>	<b>856.63</b>

\*Each system may group one or more Procurement Arrangements

The amount of 1 108.05 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 plus any Amendment and PA Value Refinement agreed by ITER Council afterwards. 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 the allocated credits. In order to consider that the PA obligations have been fulfilled by each party, the original PA value has to be fully earned, independently of the actual cost incurred for executing the scope of work of each PA. The progress in the execution of the work and in discharging the EU from its obligation toward the ITER Agreement 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 with all EU PA signed, scope of work completed and credited.

The amount of 944.01 kIUA (PA Signed) in the table corresponds to the value of the EU PA already signed between ITER IO and EU DA. Value refers also to the current figure - signed original value in the agreement might be different- including the so-called PA Value Refinements (approved by the ITER Council), in order to take into account changes to the initial scope of work.

Based on the ITER project baseline<sup>5</sup>, which fixes the European contribution to the construction phase of ITER to EUR 6.60 billion (in 2008 value) of which EUR 4.07 billion (EUR 4.58 billion in current value) as in-kind contributions, it is estimated that :

- the remaining obligations on PA's signed at 31 December 2014 amount to EUR 3.54 billion (applying a pro rata kIUA 856.63/1 108.05 on the EUR 4.58 billion);
- the work in progress is around 15.71% taking into account that the total expenses on contracts linked to PA's is estimated to EUR 719.33 million at 31/12/2014.

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 are available in the F4E Annual report 2014.

#### 4.3.1.2. ITER Annex to Procurement Arrangements (JAEA)

Transfers of Procurement to Japan	(kIUA)		(EUR)
	Value of Cash Contribution (1)	Cumulative Payments (2)	Indicative balance (3)=(1)-(2) x 1 683.39 x 1 000
Magnet	168.60	74.55	158 322 829.50
Tritium Plant	15.10 (not signed)	0.00	0.00
Neutral Beam H&CD	47.87 (23.17 not yet signed)	9.83	25 032 009.30
<b>Total to Japan</b>	<b>231.57</b>	<b>84.38</b>	<b>183 354 838.80</b>

<sup>5</sup> See "Draft Council conclusions on ITER status and possible way forward" adopted by the Council on 12 July 2010 (11821/10 ADD1)



Regarding the arrangements signed between F4E, 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).

As from 2012, the corresponding budgetary commitment covers the full amount of the PA signed.

#### 4.3.1.3. ITER Task Agreement

Number ITAs open as of 31/12/2014	Amount	Currency	2014 Exchange rate to Euro	Amount (EUR)
16	14 573.91	IUA	1 683.39	24 533 582.05
9	5 074 773.09	EUR		5 074 773.09
3	Voluntary	n/a		
<b>TOTAL</b>	<b>28</b>			<b>29 608 355.14</b>

A total of 6 ITAs were signed during 2014 for a total value of EUR 3 399 270.11 (considering 2014 conversion rate for those ITAs signed in IUAs).

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.

#### 4.3.1.4. Broader Approach Agreement

BA Projects	(kBAUA)			(kBAUA)				(EUR)
	EU Share	PA signed	PA credited	Of which F4E Contribution	PA signed (1)	PA credited (2)	Balance (3)=(1)-(2)	Balance (4)=(3) x 810.27 x 1000
JT60SA	236.41	218.06	64.94	42.63	22.18	0.00	22.18	17 971 788.60
EVEDA	144.76	141.13	58.05	19.69	18.55	17.05	1.50	1 215 405.00
IFERC	118.83	114.3	87.5	4.53	1.5	0.1	1.40	1 134 378.00
<b>BA_Total</b>	<b>500.00</b>	<b>473.49</b>	<b>210.49</b>	<b>66.85</b>	<b>42.23</b>	<b>17.15</b>	<b>25.08</b>	<b>20 321 571.60</b>

The Broader Approach Agreement between Euratom and the Government of Japan envisages two Implementing Agencies (IAs), F4E and JAEA, who are responsible for providing the Parties individual contributions. F4E's contribution is mostly provided by Voluntary Contributors (VCs) agreed at the time of the ITER site decision. Their contribution is formalised by Agreements of Collaboration (AoCs) which match the obligations entered into by F4E with JAEA in each PA. The AoC signed between the respective VC and F4E results in contracts being placed and managed by a VC Designated Institution (DI). Some items are procured directly by F4E.

Each BA project is executed by its own Integrated Project Team, consisting of JAEA and F4E staff, as well as staff from the VCDIs. This is coordinated by a Project Team of experts proposed by each IA.

The contribution of each Party to the BA Activities is evaluated by a system of credits similar to the approach followed in the ITER project. The complete scope of work covered by the BA Agreement is assessed with a value of 1 000 000.00 BA Units of Account (BAUA), 500 000.00 of which are provided by Euratom. In the joint declaration establishing the BA Activities the overall scope of the Euratom contribution was evaluated at EUR 339 million in 2005, which means that 1 BAUA = EUR 678 in values of that time. The value for 2014 is escalated to 1 BAUA = EUR 810.27.

Further details of the BA activities may be found on the BA web site ([www.ba-fusion.org](http://www.ba-fusion.org)).

#### 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 2014, this service in-kind amounts to EUR 2 426 401.98.

## 5. Financial instruments

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign currency risks, information about which and how they are managed is set out below. Pre-financings, accrued income, accruals and deferred income are not included.

The carrying amounts of financial instruments are as follows:

<b>Financial assets</b>	<b>2014</b>	<b>2013</b>
Current receivables	24 116 685.54	23 101 637.01
Other receivables	117 629.75	326 886.40
Cash and deposits	41 761 669.32	22 077 928.61
<b>TOTAL</b>	<b>65 995 984.61</b>	<b>45 506 452.02</b>

<b>Financial liabilities</b>	<b>2014</b>	<b>2013</b>
Current payables	1 718 210.93	4 280 091.22
Other payables	103 525.14	146 240.45
Accounts payable with EU entities	32 266 708.04	54 280 011.62
<b>TOTAL</b>	<b>34 088 444.11</b>	<b>58 706 343.29</b>

### 5.1. Liquidity Risk

Liquidity risk is the risk that arises from selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation. Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk.

Bank accounts opened in the name of F4E may not be overdrawn. Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the internal control standards, and audit principles. EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

F4E's liabilities have remaining contractual maturities as summarised below:

<b>31 December 2014</b>	<b>&lt; 1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Payables with third parties	1 821 736.07	0.00	0.00	<b>1 821 736.07</b>
Payables with consolidated entities	32 266 708.04	0.00	0.00	<b>32 266 708.04</b>
<b>Total liabilities</b>	<b>34 088 444.11</b>	<b>0.00</b>	<b>0.00</b>	<b>34 088 444.11</b>

## 5.2. Credit Risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Treasury resources are kept with commercial banks. F4E recovers contributions from EURATOM and the ITER Host State in average 3 times per year to ensure appropriate cash management and to maintain a minimum cash balance on its bank account. This is with a view to limit its risk exposure. Requests to the Commission are accompanied by cash forecasts. The overall treasury balances fluctuated from approximately EUR 5 million and EUR 140 million taking into account payment time limits for the recovery of contributions and the total of payments executed in 2014.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which F4E is exposed:

All commercial banks are selected by call for tenders. The minimum short term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.

<b>Name of the banks</b>	<b>Credit quality/rating</b>	<b>Balance at 31/12/2014</b>
ING Belgium	Upper medium grade	41 706 669.32
BNP Paribas Fortis		
BBVA	Lower medium grade	55 000.00

The credit ratings of the commercial banks where F4E has accounts are reviewed at least on a monthly basis or higher frequency if and when needed.

The table below shows the maximum exposure to credit risk by F4E.

Credit quality/rating	Amount of receivables with Member States
Prime and high grade	24 083 962.88
Upper medium grade	0.00
Lower medium grade	2 222.66
Non-investment grade	30 500.00

### 5.3. Market Risk

Market Risk can be split into interest rate risk and currency risk.

F4E is mainly concerned by the interest rate risk. Interest rate risk arises from cash. It is recognised that interest rates fluctuate and F4E accepts the risk and does not consider it to be material. F4E's treasury does not borrow any money; as a consequence it is not exposed to interest rate risk. It does, however, earn interest on balances it holds on its banks accounts

Overnight balances held on commercial bank accounts earn interest on a daily basis. This is based on variable market rates to which a contractual margin (positive or negative) is applied. For most of the accounts, the interest calculation is linked to the EONIA (Euro over night index average) or EURIBOR (Euro InterBank Offer Rate) and is adjusted to reflect any fluctuations of this rate (interests negotiated with the commercial banks may not be negatives). As a result no risk exists that F4E earns interest at rates lower than market rates or negatives.

### 5.4. Changes in Accounting Policies

Since 2014, EU accounting rule 11 "Financial Instruments" is effective with new disclosure requirements for periods beginning on or after 1 January 2014.

## 6. Related party disclosure

The related parties of F4E are the key management personnel. Transactions between F4E and the key management personnel take place as part of the normal operations and as this is the case, no specific disclosure requirements are necessary for these transactions in accordance with the EU Accounting rules.

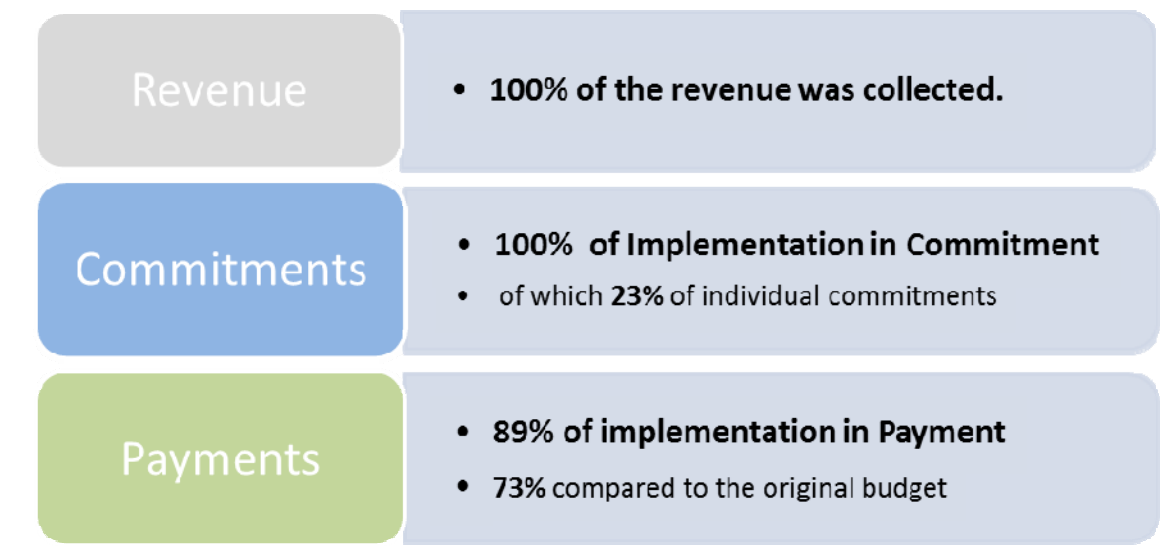
Highest grade description	Grade	Number of persons of this grade
Director	AD14	1

The transactions of F4E with key management personnel during financial year 2014 consist only of the payment of their remuneration, allowances and other entitlements in accordance with the Staff Regulations of the European Communities.

# 2014 BUDGET IMPLEMENTATION

## VI. Budgetary implementation

### 1. Main Facts on the implementation of the 2014 budget of F4E



### 2. The principles for the budgetary implementation

The budget is the instrument which, for each financial year, forecasts and implements the revenue and expenditure considered necessary for F4E.

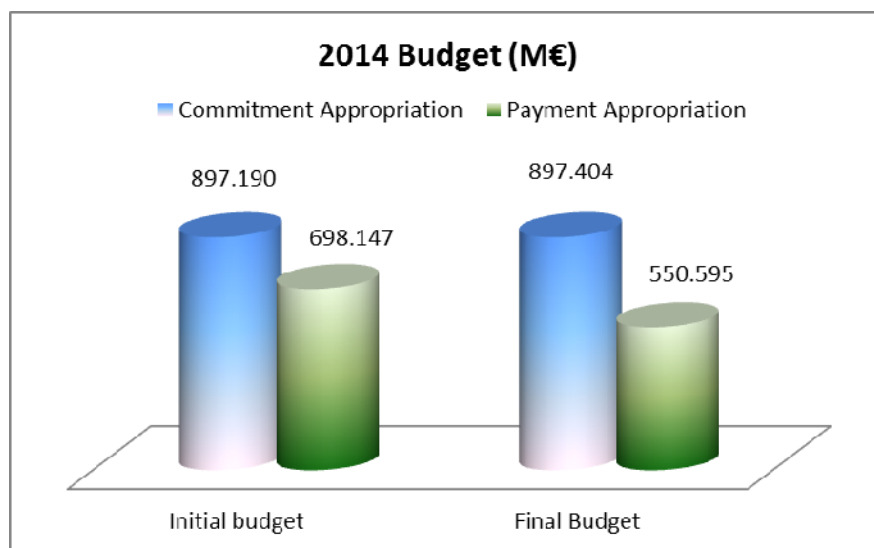
The budget is established and implemented in compliance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.

- **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 appropriation;
- **annuality:** the appropriation 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 appropriation);
- **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 appropriation 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.

### 3. Evolution of the Budget



F4E's 2014 budget<sup>6</sup> was initially adopted by F4E's Governing Board for the amount of EUR 897.19 million in commitment appropriation and EUR 698.15 million in payment appropriation.

It was successively amended in the June Governing Board meeting<sup>7</sup> and the December Governing Board meeting<sup>8</sup>.

The final adopted F4E budget for 2014 was EUR 897.40 million in commitment appropriation and EUR 550.60 million in payment appropriation.

<sup>6</sup> Decision of the F4E Governing Board F4E(13)-GB28-11.2.2 adopted on 11/12/2013

<sup>7</sup> Decision of the F4E Governing Board F4E(14)-GB29-10.2 adopted on 11/06/2014

<sup>8</sup> Decision of the F4E Governing Board F4E(14)-GB30-09.2 adopted on 03/12/2014



## 4. Statement of Revenue

### 4.1. Evolution of the Statement of Revenue

#### 4.1.1. Evolution of the Statement of Revenue in Commitment Appropriation

The second amendment to the budget modified the statement of revenue by introducing:

- A minor correction, EUR - 8 cents, in the revenue from the previous year to align F4E budget with the 2012 budgetary outturn as accounted by Euratom in the EU budget.
- EUR 160 982.09, corresponding to the interests collected for the period January to September 2014 on the “current” F4E’s bank account and on the specific bank account receiving the Euratom contribution.

It should be noted that from 2014 on, the interests gained on the Euratom contribution become F4E property, following the revision of the EU financial regulation.

Additional revenue has been made available from the recovery of undue school fees and from the interests received for the period December 2013 to November 2014 on the F4E’s bank account hosting the ITER Host State contribution. This revenue, amounting to EUR 52 417.96, is automatically assigned to the corresponding headings of expenditure.

#### Evolution of the Statement of revenue

##### Commitment Appropriations (EUR)

Heading of the 2014 Budget	Initial budget 11 December 2013 (1)	Amending budget 11 June 2014 (2)	Amending budget 03 December 2014 (3)	Final Budget (4)=(1)+(2)+(3)	Additional revenue (5)	Final Revenue (6)=(4)+(5)
I-1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	679 790 382.68			679 790 382.68		679 790 382.68
I-1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE						0.00
I-1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	41 127 422.32			41 127 422.32		41 127 422.32
I-1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	1 872 577.68		-0.08	1 872 577.60		1 872 577.60
I-2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 400 000.00			4 400 000.00		4 400 000.00
I-3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	170 000 000.00			170 000 000.00		170 000 000.00
I-4 10 MISCELLANEOUS REVENUE	p.m.		160 982.09	160 982.09	3 528.00	164 510.09
I-5 10 ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.			p.m.	48 889.96	48 889.96
<b>Total Revenue</b>	<b>897 190 382.68</b>	<b>0.00</b>	<b>160 982.01</b>	<b>897 351 364.69</b>	<b>52 417.96</b>	<b>897 403 782.65</b>

#### 4.1.2. Evolution of the Statement of Revenue in Payment Appropriation

The Euratom contribution was decreased by EUR 147 764 616.00 with the two amendments to the budget:

- EUR 12 764 616.00 is the balance of the Euratom contribution in F4E and EU budgets following the conclusion of the EU budgetary procedure. This last minute reduction introduced by the European Council came too late to the knowledge of F4E to be included it in its proposal for the initial budget.
- EUR 55 000 000.00 resulted from an agreement between F4E and Euratom to reallocate payment appropriation to other domains of the EU budget, considering the revised analysis of needs done at the beginning of 2014.
- EUR 80 000 000.00 were requested to be included in the 2014 Global Transfer by F4E following the last revision of payment forecasts, in particular due to drastic decrease of the In-cash contribution to ITER IO for 2015 and to the postponement of the signature of the contracts originally foreseen with the 2014 budget.

The ITER Host State contribution was unchanged in agreement with the French authorities.

The origin and amounts of the miscellaneous and additional revenue and the correction of the 2012 outturn in payment appropriation are identical to the corresponding items in the revenue in commitment appropriation (see point 4.1.1).

**Evolution of the Statement of revenue**  
Payment appropriations (EUR)

Heading of the 2014 Budget	Initial budget 11 December 2013 (1)	Amending budget 11 June 2014 (2)	Amending budget 03 December 2014 (3)	Final Budget (4)=(1)+(2)+(3)	Additional revenue (5)	Final Revenue (6)=(4)+(5)
I - 1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	527 738 253.68	-67 764 616.00	-80 000 000.00	379 973 637.68		379 973 637.68
I - 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	8 439.33			8 439.33		8 439.33
I - 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	41 127 422.32			41 127 422.32		41 127 422.32
I - 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	1 872 577.68		-0.08	1 872 577.60		1 872 577.60
I - 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 400 000.00			4 400 000.00		4 400 000.00
I - 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	123 000 000.00			123 000 000.00		123 000 000.00
I - 4 10 MISCELLANEOUS REVENUE	p.m.		160 982.09	160 982.09	3 528.00	164 510.09
I - 5 10 ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.			p.m.	48 889.96	48 889.96
<b>Total Revenue</b>	<b>698 146 693.01</b>	<b>-67 764 616.00</b>	<b>-79 839 017.99</b>	<b>550 543 059.02</b>	<b>52 417.96</b>	<b>550 595 476.98</b>

## 4.2. Implementation of the Statement of Revenue

### 4.2.1. Implementation of the Statement of Revenue in Commitment Appropriation

A complete (100%) implementation of the revenue in commitment appropriation is achieved. This is by virtue of the fact that the commitment appropriation is not revenue as such but authorisation of expenditure based on the EU budget for the Euratom contribution, the amount adopted in the annual F4E budget for the ITER Host State contribution, and the amounts of membership and miscellaneous contributions.

### 4.2.2. Implementation of the Statement of Revenue in Payment Appropriation

The final statement of revenue was almost entirely cashed with the following two exceptions, still due:

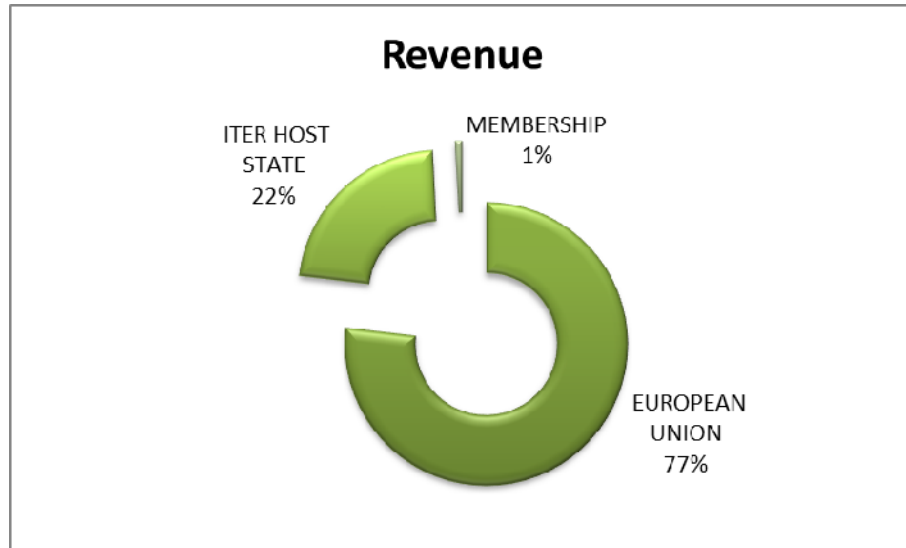
- EUR 2 222.66 corresponding to the late payment interest requested to Spain on the 2011 and 2012 Membership Contributions;
  - EUR 30 500.00 corresponding to the 2014 Membership contribution of Greece
- Reminders were sent at the end of 2014 and Spain confirmed that the necessary provisions to pay this amount in 2015 are in place, new reminder will be sent to Greece.

#### Implementation of the Statement of revenue

##### Payment appropriations (EUR)

Heading of the 2014 Budget	Final Revenue from B2014 (1)	Final Execution (Debit notes emitted) (2)	Outstanding revenue from previous years (3)	Final actual revenue (Debit note cashed) (4)	Outstanding Revenue at the year end (5) = (2)+(3)-(4)
I - 1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	379 973 637.68	379 973 637.68	-	379 973 637.68	-
I - 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	8 439.33	8 439.33	-	8 439.33	-
I - 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	41 127 422.32	41 127 422.32	-	41 127 422.32	-
I - 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	1 872 577.60	1 872 577.60	-	1 872 577.60	-
I - 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 400 000.00	4 400 000.00	-	4 369 500.00	30 500.00
I - 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	123 000 000.00	123 000 000.00	-	123 000 000.00	-
I - 4 10 MISCELLANEOUS REVENUE	164 510.09	169 357.20	2 222.66	169 357.20	2 222.66
I - 5 10 ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	48 889.96	48 889.96	-	48 889.96	-
<b>Total Revenue</b>	<b>550 595 476.98</b>	<b>550 600 324.09</b>	<b>2 222.66</b>	<b>550 569 824.09</b>	<b>32 722.66</b>

The breakdown of revenue by contributor in 2014 is as follows:



Due to the decrease of the sole Euratom contribution during the year, the relative part of the ITER Host state contribution is higher than usual and correction are already foreseen on the following years to ensure the correct ratio on the overall construction period.

#### **4.3. Non Budgeted Revenue**

Some miscellaneous revenue was not budgeted, mainly due to incompatibility between the period of the actual reception of the revenue and the deadline for the preparation of the amendment to the budget. This revenue, amounting to EUR 4 847.11, corresponds to interests on F4E bank accounts and enters in the budget outturn.

## 5. Statement of Expenditure

### 5.1. Evolution of the Statement of Expenditure

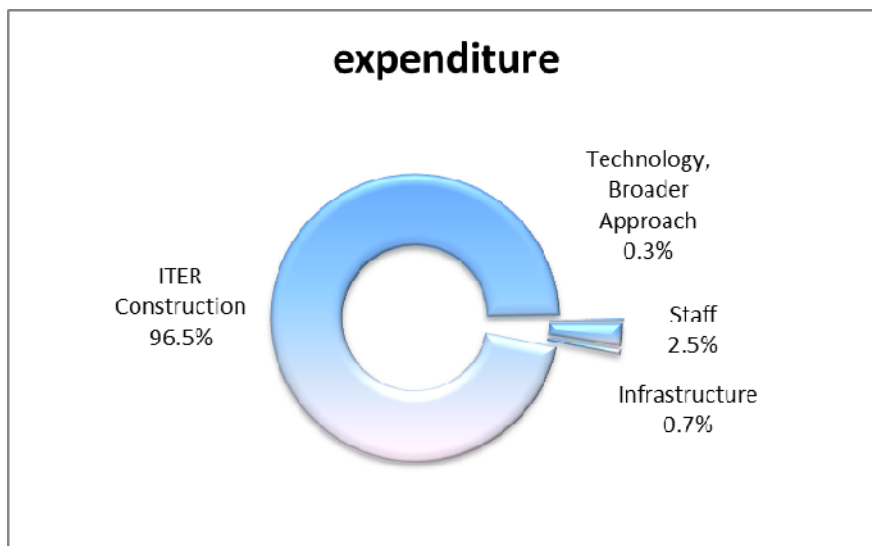
In line with the budgetary process, the statement of expenditure adopted with the original 2014 budget in December 2013 was pre-drafted in the 2012 version of the Resource Estimates Plan and finalised with the corresponding 2014 Work Programme (WP).

It was further adjusted in accordance with the successive changes in the revenue and with the amendments to the WP. These adjustments were implemented with the two amending budgets and through the transfers approved by the Director within the limits foreseen in Article 23 of the Financial Regulation.

The Governing Board was duly informed about the transfers.

The appropriation accruing from assigned revenue at the end of 2013 was automatically carried over to 2014.

The final breakdown of the statement of expenditure in commitment appropriation, identical to the previous years, is as follows:



#### 5.1.1. Evolution of the Administrative Expenditure

The administrative expenditure is a non-dissociated appropriation (commitment and payment appropriations are in unison), therefore any transfers or budget amendments are authorised or adopted in both commitment and payment appropriations.

The first amendment to the 2014 budget had no impact on administrative expenditure, while the second amendment increased the administrative budget by the amount of miscellaneous revenue gained from the bank interests.

Transfers were approved by the Director for all changes in the detail allocation of the administrative expenditure.

It should be noted that a reinforcement of the administrative expenditure from the operational expenditure, amounting to EUR 435 000.00 was also approved by the Director. This transfer was implemented very lately, in order to reduce uncertainties on the actual needs, in particular regarding the December salaries.

Globally, the high number of recruitments in 2014, increasing the number of staff in place in 2014 made necessary the reinforcements of the administrative expenditure from the miscellaneous revenue and from the operational title.

### Evolution of the Statement of Administrative Expenditure (EUR)

#### Commitment and Payment appropriation (Non Dissociated Appropriation)

Heading of the 2014 Budget	Initial budget 11 December 2013 (1)	Amending budget 03 December 2014 (2)	Transfers adopted by F4E Director (3)	Additional revenue (4)	Final budget (5)= Σ(1 to 4)
CH 11 STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	23 880 000.00	160 982.01	75 000.00		24 115 982.01
CH 12 EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	7 477 000.00		237 500.00		7 714 500.00
CH 13 MISSIONS AND DUTY TRAVEL	1 700 000.00		100 000.00		1 800 000.00
CH 14 MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRAFER	744 000.00		-197 000.00		547 000.00
CH 15 REPRESENTATION	15 000.00		-3 000.00		12 000.00
CH 16 TRAINING	803 000.00		-113 000.00		690 000.00
CH 17 OTHER STAFF MANAGEMENT EXPENDITURE	1 217 000.00		343 000.00	3 528.00	1 563 528.00
CH 18 TRAINEESHIPS	48 000.00		11 500.00		59 500.00
<b>TITLE 1 - Commitment and Payment</b>	<b>35 884 000.00</b>	<b>160 982.01</b>	<b>454 000.00</b>	<b>3 528.00</b>	<b>36 502 510.01</b>
CH 21 BUILDINGS AND ASSOCIATED COSTS	1 178 000.00		62 000.00		1 240 000.00
CH 22 INFORMATION AND COMMUNICATION TECHNOLOGIES	3 000 000.00		80 000.00		3 080 000.00
CH 23 MOVABLE PROPERTY AND ASSOCIATED COSTS	476 000.00		-51 000.00		425 000.00
CH 24 EVENTS AND COMMUNICATION	300 000.00		80 000.00		380 000.00
CH 25 OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 326 000.00		-131 000.00		1 195 000.00
CH 26 POSTAGE AND TELECOMMUNICATIONS	372 000.00		10 000.00		382 000.00
CH 27 EXPENDITURE ON FORMAL AND OTHER MEETINGS	464 000.00		-69 000.00		395 000.00
<b>TITLE 2 - Commitment and Payment</b>	<b>7 116 000.00</b>	<b>0.00</b>	<b>-19 000.00</b>	<b>0.00</b>	<b>7 097 000.00</b>
<b>Total TITLE 1 &amp; 2 - Commitment &amp; Payment</b>	<b>43 000 000.00</b>	<b>160 982.01</b>	<b>435 000.00</b>	<b>3 528.00</b>	<b>43 599 510.01</b>

The major changes (> +/-10%) to the statement of administrative expenditure are detailed below:

- Chapter 14 - Miscellaneous expenditure on staff recruitment (- 27%): The cost of staff recruitment decreased despite the large number of recruitments achieved to reduce the staff vacancy rate. This is due to a better management of the recruitment, in particular by the reduction of the number of candidates invited to interviews, to the lower number of reimbursements for removals than foreseen, and also to the introduction of a delay in the payment of the installation allowance, made at the end of the probationary period only.
- Chapter 15 - Representation (- 20%): The lower adjustment in amount makes one of the highest in percentage without actual impact on the budget.
- Chapter 16 - Training (- 14%): The decrease is due to a rationalisation in the training policy at F4E and a reduction of the cost of the language courses.
- Chapter 17 - Other staff management expenditure (+ 28%): Almost all types of expenses increased in 2014, the major increase being related to reimbursement of International school fees. Those fees are directly linked to the number of staff and so to the important number of recruitments in 2014.
- Chapter 18 – Traineeships (+ 24%): This increase is due to the success of the summer studentship and of the internship program with the Carlos III University.
- Chapter 23 - Movable properties and associated cost (- 11%): The better financial management of the copying machines cost and the decrease in the purchasing of furniture made the decrease possible on this chapter.
- Chapter 24 - Event and Communication (+ 27%): The increase of the needs was almost entirely due to the preparation of the 2015 F4E Forum. It should be noted that this event has been abandoned and the 2014 investment will be only partially recovered, due to penalties.
- Chapter 27 - Formal and other meetings (- 15%): There were no changes in the management of those expenses, directly linked to the number of meetings organised.

### 5.1.2. Evolution of the Operational Expenditure

The statement of operational expenditure, developed in the table next page, was modified with the two amending budgets to reflect the changes in the statement of revenue and to align the operational budget in commitment appropriation with the successive amendments to the 2014 WP in June and December 2014.

#### In commitment appropriation:

Regarding the carry-over of appropriation for the B035 chapter (assigned revenue), it should be noted, that the amount of EUR 271 421 674.33 corresponds to the total appropriation as shown in the accounting system, in line with the assigned revenue type. This amount is the sum of the left over on open commitments, and the appropriation available from the previous year. The net amount available for implementation with the 2014 budget was EUR 21 108 957.31.

The main changes (more than +/-10% of the original budget) were motivated as follows:

- Chapter 32 – Technology for ITER (- 44%): The decrease is mainly linked to activities in WP 2014 that have been moved to WP2015 due to the following reasons:
  - Modification of the scope of a Framework Partnership Agreements (FPA) to include additional activities triggering a change of the date of signature;
  - Change of procurement strategy with re-organization of two FPAs and related specific grants with delayed signature dates;
  - Delays in gathering the technical requirements for the signature of a specific grant;
  - All affected specific grants for which the signature date shifted from 2014 to 2015 were moved to the Budget /WP 2015.
- Chapter 34 – Other Expenditure (- 46%): The amount initially foreseen in the 2014 WP represents a ceiling according to the demands of the services. Each proposal for contract is scrutinised and the budget is adjusted at the end of the year with the actual implementation.

#### In payment appropriation:

The amendments to the 2014 budget aligned the statement of expenditure with the statement of revenue. The adjustments between budgetary chapters according to actual needs were implemented through transfers authorised by the Director, to reach the highest possible rate of budget implementation at the end of the year.



Evolution of the Statement of Operational expenditure and Total (EUR)

Heading of the 2014 Budget	Initial budget 11 December 2013 (1)	Amending budget 11 June 2014 (2)	Amending budget 03 December 2014 (3)	Transfers adopted by F4E Director (4)	Additional revenue (5)	Final budget (6)= Σ(1 to 5)	Carried over from 2013 (7)	Final budget for implementation (8)=(6)+(7)
CH 31 ITER CONSTRUCTION - INCLUDING SITE PREPARATION	650 098 382.68		6 142 000.00	4 032 904.24		660 273 286.92		660 273 286.92
CH 32 TECHNOLOGY FOR ITER	18 022 000.00		-4 922 000.00	-2 995 764.98		10 104 235.02		10 104 235.02
CH 33 TECHNOLOGY FOR BROADER APPROACH AND DEMO	11 870 000.00		-770 000.00	12 407.65		11 112 407.65		11 112 407.65
CH 34 OTHER EXPENDITURE	4 200 000.00		-450 000.00	-1 484 546.91		2 265 453.09		2 265 453.09
CH 35 ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	170 000 000.00				48 889.96	170 048 889.96	271 421 674.33	441 470 564.29
CH 36 APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	pm					p.m.		0.00
<b>TITLE 3 - Commitment</b>	<b>854 190 382.68</b>	<b>0.00</b>	<b>0.00</b>	<b>-435 000.00</b>	<b>48 889.96</b>	<b>853 804 272.64</b>	<b>271 421 674.33</b>	<b>1 125 225 946.97</b>
CH 31 ITER CONSTRUCTION - INCLUDING SITE PREPARATION	506 486 693.01	-67 764 616.00	-71 050 000.00	-1 120 000.00		366 552 077.01		366 552 077.01
CH 32 TECHNOLOGY FOR ITER	12 000 000.00		-3 000 000.00			9 000 000.00		9 000 000.00
CH 33 TECHNOLOGY FOR BROADER APPROACH AND DEMO	10 760 000.00		-5 950 000.00	685 000.00		5 495 000.00		5 495 000.00
CH 34 OTHER EXPENDITURE	2 900 000.00					2 900 000.00		2 900 000.00
CH 35 ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	123 000 000.00				48 889.96	123 048 889.96	17 021 674.33	140 070 564.29
CH 36 APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	pm					p.m.		0.00
<b>TITLE 3 - Payment</b>	<b>655 146 693.01</b>	<b>-67 764 616.00</b>	<b>-80 000 000.00</b>	<b>-435 000.00</b>	<b>48 889.96</b>	<b>506 995 966.97</b>	<b>17 021 674.33</b>	<b>524 017 641.30</b>
<b>Total TITLE 1 &amp; 2 - Commitment &amp; Payment</b>	<b>43 000 000.00</b>		<b>160 982.01</b>	<b>435 000.00</b>	<b>3 528.00</b>	<b>43 599 510.01</b>	<b>0.00</b>	<b>43 599 510.01</b>
<b>Total BUDGET in Commitment Appropriation</b>	<b>897 190 382.68</b>	<b>0.00</b>	<b>160 982.01</b>	<b>0.00</b>	<b>52 417.96</b>	<b>897 403 782.65</b>	<b>271 421 674.33</b>	<b>1 168 825 456.98</b>
<b>Total BUDGET in Payment Appropriation</b>	<b>698 146 693.01</b>	<b>-67 764 616.00</b>	<b>-79 839 017.99</b>	<b>0.00</b>	<b>52 417.96</b>	<b>550 595 476.98</b>	<b>17 021 674.33</b>	<b>567 617 151.31</b>

## **5.2. Implementation of the Statement of Expenditure**

The statement of expenditure in commitment and payment appropriation is shown in the table on the following pages.

### **5.2.1. Implementation of the Budget in Commitment Appropriation**

The entire available budget was implemented in commitment appropriation by 31<sup>st</sup> December 2014, or 102 % compared to the original budget.

There are no specific observations regarding the implementation of the administrative budget for which the permanent monitoring of the needs through hearings and arbitration cycles allows reaching a fair balance between actual needs and budget. This process, well established since years, permitted to manage the additional expenses related to the increased number of staff in place.

Regarding the operational expenditure 100% of the budget was implemented, of which 23% through direct individual commitment.

The annual budgets received by F4E follow a profile for a given period, based on forecasts of needs established years in advance, while the ITER project is suffering an overall slippage which deeply modifies the actual needs. This explains the rather low rate of individual commitment implementation for any given year, with a snowball effect over the years.

Some corrective measures have been foreseen for future budgets in the December 2014 meeting of the Governing Board. In particular, the Commission has proposed to decrease the F4E budget of 2015 by EUR 500 million<sup>9</sup>. This amount will be temporarily reallocated to the new European Fund for Strategic Investments, to be returned to F4E in 2018/2020.

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<sup>9</sup> COM(2015) 11 final adopted on 13/01/2015 – Draft amending budget n°1 to the General Budget 2015.

### **5.2.2. Implementation of the Budget in Payment Appropriation**

The implementation rate of the 2014 final available budget was 89% in payment appropriation or 73% compared to the original budget and detailed as follows:

- 89% of implementation of the administrative expenditure, which represents a progress of 6% compared to the previous year. The balance between commitment and payment implementation corresponds to the administrative actions which were launched during 2014 but not yet paid at the end of the year. It is carried over to the 2015 budget according to the rules on Non-Dissociated Appropriation.
- 89% of the total operational expenditure, equivalent to the rate of implementation of the previous year.

## Implementation of the Statement of Administrative Expenditure (EUR)

Heading of the 2014 Budget	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	24 115 982.01	24 115 982.01	100.0%	24 115 982.01	24 114 377.20	100.0%
CH 12 - EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	7 714 500.00	7 714 500.00	100.0%	7 714 500.00	7 523 804.09	97.5%
CH 13 - MISSIONS AND DUTY TRAVEL	1 800 000.00	1 800 000.00	100.0%	1 800 000.00	1 683 121.92	93.5%
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	547 000.00	547 000.00	100.0%	547 000.00	480 252.28	87.8%
CH 15 - REPRESENTATION	12 000.00	12 000.00	100.0%	12 000.00	4 586.12	38.2%
CH 16 - TRAINING	690 000.00	690 000.00	100.0%	690 000.00	427 107.41	61.9%
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	1 563 528.00	1 563 528.00	100.0%	1 563 528.00	1 294 642.72	82.8%
CH 18 - TRAINEESHIPS	59 500.00	59 500.00	100.0%	59 500.00	54 087.20	90.9%
<b>TITLE 1 Staff expenditure</b>	<b>36 502 510.01</b>	<b>36 502 510.01</b>	<b>100.0%</b>	<b>36 502 510.01</b>	<b>35 581 978.94</b>	<b>97.5%</b>
CH 21 - BUILDINGS AND ASSOCIATED COSTS	1 240 000.00	1 240 000.00	100.0%	1 240 000.00	251 680.50	20.3%
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	3 080 000.00	3 074 433.31	99.8%	3 080 000.00	2 068 990.18	67.2%
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	425 000.00	425 000.00	100.0%	425 000.00	19 011.73	4.5%
CH 24 - EVENTS AND COMMUNICATION	380 000.00	380 000.00	100.0%	380 000.00	196 244.41	51.6%
CH 25 - OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 195 000.00	1 188 542.00	99.5%	1 195 000.00	572 211.31	47.9%
CH 26 - POSTAGE AND TELECOMMUNICATIONS	382 000.00	382 000.00	100.0%	382 000.00	14 896.31	3.9%
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	395 000.00	395 000.00	100.0%	395 000.00	189 513.98	48.0%
<b>TITLE 2 -</b>	<b>7 097 000.00</b>	<b>7 084 975.31</b>	<b>99.8%</b>	<b>7 097 000.00</b>	<b>3 312 548.42</b>	<b>46.7%</b>
<b>Total TITLE 1 &amp; 2 Commitment</b>	<b>43 599 510.01</b>	<b>43 587 485.32</b>	<b>100.0%</b>	<b>43 599 510.01</b>	<b>38 894 527.36</b>	<b>89.2%</b>

### Implementation of the Statement of Operational Expenditure and Total (EUR)

Heading of the Budget 2014	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	660 273 286.92	660 273 286.92	100.0%	366 552 077.01	344 394 116.32	94.0%
CH 32 - TECHNOLOGY FOR ITER	10 104 235.02	10 104 235.02	100.0%	9 000 000.00	5 904 901.48	65.6%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	11 112 407.65	11 112 407.65	100.0%	5 495 000.00	5 444 868.07	99.1%
CH 34 - OTHER EXPENDITURE	2 265 453.09	2 257 013.09	99.6%	2 900 000.00	911 845.27	31.4%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	441 470 564.29	441 470 564.29	100.0%	140 070 564.29	107 070 564.29	76.4%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	-	p.m.	p.m.	-
TITLE 3	1 125 225 946.97	1 125 217 506.97	100.0%	524 017 641.30	463 726 295.43	88.5%
<b>Total implementation</b>	<b>1 168 825 456.98</b>	<b>1 168 804 992.29</b>	<b>100.0%</b>	<b>567 617 151.31</b>	<b>502 620 822.79</b>	<b>88.5%</b>

### 5.3. Additional information on the final implementation of the 2013 Budget

#### 5.3.1. Final implementation of the administrative expenditure 2013

The payment appropriation corresponding to open administrative commitments at the end of 2013 was automatically carried over to 2014 according to the rules for non-dissociated appropriation.

Administrative appropriation carried over from B 2013 (Title 1 & 2)	Appropriation available (EUR)	Implementation (EUR)	Cancelled appropriation (3)=(1)-(2)
TITLE 1	1 598 023.16	1 138 444.14	459 579.02
TITLE 2	3 975 095.98	3 409 957.52	565 138.46
<b>Total TITLE 1 &amp; 2 Payment</b>	<b>5 573 119.14</b>	<b>4 548 401.66</b>	<b>1 024 717.48</b>

82% of the payment appropriation was actually paid in 2014. The balance is cancelled and enters in the budgetary outturn.

#### 5.3.2. Final implementation of the Global Commitments 2013

By the end of 2013, the total amount of open global commitments was EUR 383.2 million on a total of EUR 583.8 million.

Individual contracts were signed in 2014 for a total amount of EUR 288.0 million. The balance still available at the end of 2014 is cancelled, to be de-committed.

Final implementation of the Global Commitments 2013 on 31 December 2014	Appropriation available (EUR)	Implementation (EUR)	%
individual Commitments placed on 31/12/2014	383 231 513.00	288 008 681.82	75.2%

The under execution is mainly due to the delay in the procurement of the Vacuum Vessel main contract and Neutral Beam contracts (options for the body power supply and main high voltage, and MITICA contract). Other contracts have been signed for lower values than initially booked in the global commitments.

#### 5.4. Open commitments from the 2014 budget, carried forward to 2015

The F4E obligations on open contracts at the closure of the 2014 budget correspond to the total amount left over on budgetary commitment.

At the closure of the 2014 budgetary year, the total amount left over on open commitments was EUR 2 497.6 million, detailed as follows:

**Open commitments carried forward from 2014 to 2015**

2014 budget Heading	Open Commitments				
	from previous year (1)	from 2014 budget (2)	Total (3)=(1)+(2)	To be de-committed (4)	Net Total (5)=(3)-(4)
<b>TITLE 1 - STAFF EXPENDITURE</b>	<b>442 977.77</b>	<b>920 531.07</b>	<b>1 363 508.84</b>	<b>451 565.20</b>	<b>911 943.64</b>
<b>TITLE 2 - OTHER OPERATING EXPEND.</b>	<b>389 133.82</b>	<b>3 772 426.89</b>	<b>4 161 560.71</b>	<b>389 133.82</b>	<b>3 772 426.89</b>
<b>Total TITLE 1 &amp; 2</b>	<b>832 111.59</b>	<b>4 692 957.96</b>	<b>5 525 069.55</b>	<b>840 699.02</b>	<b>4 684 370.53</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	1 593 611 043.59	626 333 597.18	2 219 944 640.77	83 169 761.11	<b>2 136 774 879.66</b>
CH 32 - TECHNOLOGY FOR ITER	8 475 853.57	9 651 831.47	18 127 685.04	703 786.92	<b>17 423 898.12</b>
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	4 454 382.79	8 931 661.19	13 386 043.98	859 500.00	<b>12 526 543.98</b>
CH 34 - OTHER EXPENDITURE	715 168.73	1 874 050.54	2 589 219.27	0.00	<b>2 589 219.27</b>
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	158 913 032.01	175 486 967.99	334 400 000.00	10 792 507.11	<b>323 607 492.89</b>
<b>Total TITLE 3</b>	<b>1 766 169 480.69</b>	<b>822 278 108.37</b>	<b>2 588 447 589.06</b>	<b>95 525 555.14</b>	<b>2 492 922 033.92</b>
<b>Total</b>	<b>1 767 001 592.28</b>	<b>826 971 066.33</b>	<b>2 593 972 658.61</b>	<b>96 366 254.16</b>	<b>2 497 606 404.45</b>

Compared to the 2013 figures, the total amount of open commitments has increased by EUR 312 million or 14%.

The impact of the implementation of the 2014 budget on the total amount of open commitments is 33%, showing for the first year a predominance of the older open commitments compared to the commitments of the year.

**Note :**

- Title 1: The commitments related to direct staff expenditure are not carried over but cancelled at the end of the year.

The balance as shown in the table above corresponds to other expenses linked to Staff: Missions, interim, schooling, training... The related commitments are carried over for one year following the same rule than the commitments of Title 2.

- Title 2: The commitments are carried over to the following year and should be consumed at the latest by 31 December of 2015.
- Title 3: The operational commitments are carried over to the following year with no limitation in time, but to be paid according to the advancement of the contracts.

The 2014 global commitments are carried over for one year, to be implemented in individual commitments/contracts by the 31 of December 2015.

## 5.5. Status for non-budgeted commitment appropriation

According to the annuality principle of the F4E Financial Regulation, the unused commitment appropriation at the end of each year and the de-commitments made on the budget of the previous years are cancelled, except for assigned revenue. The regulation also foresees the possibility to make the cancelled appropriation available again in future budget.

The corresponding amounts are provided in the table below:

Commitment appropriation (EUR)		B031-B034 Budgets	B035 Assigned revenue
Amount de-committed as of the 31/12/2014 (since 2008)	+	178 845 434.18	110 668 927.22
Amount budgeted again or carried over (since 2008)	-	9 759 760.00	110 668 927.22
Amount to be de-committed	+	84 733 048.03	10 792 507.11
Unused appropriation carried over from 2014 to 2015	+	0.00	0.00
Amount available for future budgets	=	253 818 722.21	-
Amount carried over to 2015	=	-	10 792 507.11

From 2008 to 2014, the total of de-commitments amounts to EUR 289.5 million, mainly due to the partial implementation of the global commitments in individual contracts. From this amount:

- EUR 9.8 million have been reintroduced in the 2011 budget (first amendment),
- EUR 110.7 million have been automatically carried over to the following budget, in accordance with the financial rules for assigned revenue.

The amounts to be de-committed correspond again to the out-dated balance on the 2013 global commitments.

It results in a cumulative amount of unassigned commitment appropriation of EUR 253.8 million, to be entered in future F4E Budget.



## 5.5.1. Cancelled Payment appropriation

### 5.5.1.1. Cancelled Payment appropriation from the 2014 budget

2014 budget Heading	Unused Appropriations (1)	Appropriations carried over to 2015 (2)	Cancelled appropriation (3)=(1)-(2)
<b>TITLE 1</b>	<b>920 531.07</b>	<b>911 943.64</b>	<b>8 587.43</b>
<b>TITLE 2</b>	<b>3 784 451.58</b>	<b>3 772 426.89</b>	<b>12 024.69</b>
<b>Total TITLE 1 &amp; 2 Payment</b>	<b>4 704 982.65</b>	<b>4 684 370.53</b>	<b>20 612.12</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	22 157 960.69	0.00	22 157 960.69
CH 32 - TECHNOLOGY FOR ITER	3 095 098.52	0.00	3 095 098.52
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	50 131.93	0.00	50 131.93
CH 34 - OTHER EXPENDITURE	1 988 154.73	0.00	1 988 154.73
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	33 000 000.00	33 000 000.00	0.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	p.m.
<b>TITLE 3 - Payment</b>	<b>60 291 345.87</b>	<b>33 000 000.00</b>	<b>27 291 345.87</b>
<b>Total BUDGET in Payment</b>	<b>64 996 328.52</b>	<b>37 684 370.53</b>	<b>27 311 957.99</b>

The Payment appropriation not used on the 31/12/2014 are cancelled except the amount automatically carried over for Non Dissociated Appropriation (Title 1 and Title 2) and assigned revenue (B035), according to the respective rules in F4E Financial Regulation.

### 5.5.1.2. Cancelled Payment appropriation carried over from the 2013 budget

Administrative appropriation carried over from B 2013 (Title 1 & 2)	Appropriation available (EUR)	Implementation (EUR)	Cancelled appropriation (3)=(1)-(2)
<b>TITLE 1</b>	<b>1 598 023.16</b>	<b>1 138 444.14</b>	<b>459 579.02</b>
<b>TITLE 2</b>	<b>3 975 095.98</b>	<b>3 409 957.52</b>	<b>565 138.46</b>
<b>Total TITLE 1 &amp; 2 Payment</b>	<b>5 573 119.14</b>	<b>4 548 401.66</b>	<b>1 024 717.48</b>

The cancelled appropriation corresponds to the administrative open commitments carried over from 2013 to 2014, for the amount not paid in 2014.

## 6. Budget Outturn account 2014

The outturn for the financial year is calculated according to the total revenue actually cashed minus the total payment incurred during the year, minus the appropriation carried over to the following year.

Budget Outturn Account (EUR)		2014	2013
<b>REVENUE</b>			
Euratom contribution	+	422 982 076.93	297 135 757.26
ITER Host state and Membership contributions	+	127 369 500.00	134 300 000.00
Other revenue	+	218 247.16	173 229.20
<b>TOTAL REVENUE (a)</b>		<b>550 569 824.09</b>	<b>431 608 986.46</b>
<b>EXPENDITURE</b>			
<i>Title I: Staff</i>			
Payments	-	35 581 978.94	32 453 733.64
Appropriations carried over	-	911 943.64	1 598 023.16
<i>Title II: Infrastructure Expenditure</i>			
Payments	-	3 312 548.42	2 929 522.49
Appropriations carried over	-	3 772 426.89	3 975 095.98
<i>Title III: Operational Expenditure</i>			
Payments	-	463 726 295.43	352 982 468.72
Appropriations carried over	-	33 000 000.00	17 021 674.33
<i>Total Payments (b)</i>		<i>502 620 822.79</i>	<i>388 365 724.85</i>
<i>Total Appropriations carried over (c)</i>		<i>37 684 370.53</i>	<i>22 594 793.47</i>
<b>TOTAL EXPENDITURE (d)=(b)+(c)</b>		<b>540 305 193.32</b>	<b>410 960 518.32</b>
<b>OUTTURN FOR THE FINANCIAL YEAR (a-d)</b>			
		<b>10 264 630.77</b>	<b>20 648 468.14</b>
Cancellation of unused payment appropriations carried over from previous year	+	1 024 717.48	1 328 467.16
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	17 021 674.33	836 014.97
Exchange differences for the year (gain +/-)	+/-	-22 130.70	-2 650.45
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>		<b>28 288 891.88</b>	<b>22 810 299.82</b>
<b>Of which Administrative expenditure</b>		<b>1 028 046.01</b>	<b>2 998 461.14</b>
<b>Of which Operational expenditure</b>		<b>27 260 845.87</b>	<b>19 811 838.68</b>

For the 2014 financial year, the balance of the budget outturn amounts to EUR 28.3 million.

Note that the non-budgeted revenue described at the chapter 4.3 and amounting to EUR 4 847.11 has been assigned to the administrative outturn, due to their nature.

## 7. Annexes

### 7.1. Establishment plan 2014

Function group and grade	2014 Budget			
	Authorised under the EU Budget		Occupied as 31/12/2014	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15		1		
AD 14				1
AD 13	11	3	7	2
AD 12	18	9	11	2
AD 11	3	12	2	
AD 10	7	28	5	28
AD 9	3	12	2	21
AD 8	2	18		10
AD 7		65	7	40
AD 6		24	2	66
AD 5		2	1	
<b>AD total</b>	<b>44</b>	<b>174</b>	<b>37</b>	<b>170</b>
AST 11	4			
AST 10	3		1	
AST 9	3		1	
AST 8			2	
AST 7			1	
AST 6	1		2	
AST 5	6	7	3	
AST 4		18	2	7
AST 3	1	1	2	18
AST 2			2	
AST 1			1	
<b>AST total</b>	<b>18</b>	<b>26</b>	<b>17</b>	<b>25</b>
<b>AST/SC total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>62</b>	<b>200</b>	<b>54</b>	<b>195</b>
<b>GRAND TOTAL</b>	<b>262</b>		<b>249</b>	

## 7.2. Budget implementation – Multi-annual payment schedule for the operational budget

Year	Commitments	Paid <=2007	Paid 2008	Paid 2009	Paid 2010	Paid 2011	Paid 2012	Paid 2013	Paid 2014	Outstanding amount
<= 2007	116 245 438.21	44 786 869.53	17 483 367.00	22 159 849.68	6 661 575.00	5 814 938.04	10 677 563.35	5 536 846.81	2 062 547.93	1 061 880.87
2008	162 505 480.01	-	66 535 002.37	25 675 909.44	12 397 585.34	22 041 158.79	16 926 171.12	10 755 158.98	8 026 734.12	147 759.85
2009	296 297 052.20	-	-	63 201 452.03	40 413 138.03	72 962 663.48	34 136 990.20	23 997 122.64	26 549 875.43	35 035 810.39
2010	392 852 694.01	-	-	-	102 542 780.43	60 943 579.59	58 266 404.13	52 784 759.28	34 717 587.59	83 597 582.99
2011	375 219 276.81	-	-	-	-	57 876 015.77	118 112 199.21	48 623 561.70	29 962 742.34	120 644 757.79
2012	1 131 142 252.75	-	-	-	-	-	83 739 910.79	144 231 319.33	128 364 796.05	774 806 226.58
2013	903 818 937.45	-	-	-	-	-	-	67 053 699.98	181 415 330.39	655 349 907.08
2014	874 904 789.95	-	-	-	-	-	-	-	52 626 681.58	822 278 108.37
<b>Total</b>	<b>4 252 985 921.39</b>	<b>44 786 869.53</b>	<b>84 018 369.37</b>	<b>111 037 211.15</b>	<b>162 015 078.80</b>	<b>219 638 355.67</b>	<b>321 859 238.80</b>	<b>352 982 468.72</b>	<b>463 726 295.43</b>	<b>2 492 922 033.92</b>

### Notes:

- The actions accounted to F4E projects and implemented by the EC and the CEA before F4E financial autonomy in 2008 are included.
- The global commitments from 2014 to be individually committed in 2015 are included in full in the 2014 commitments.

### 7.3. Reconciliation between budgetary and accrual based accounts

	sign +/-	Amount (EUR)
<b>Economic result (+ for surplus and - for deficit)</b>	<b>+/-</b>	<b>-69 354 377.88</b>
<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)	-	-87 875 830.30
Adjustments for Accrual Cut-off (cut- off 31.12.N )	+	15 447 796.03
Unpaid invoices at year end but booked in charges (class 6)	+	43 269 704.80
Depreciation of intangible and tangible assets	+	12 946 728.96
Provisions (impact of the year)	+	85 497 847.72
Recovery Orders issued in 2014 in class 7 and not yet cashed	-	-30 500.00
Prefinancing given in previous year and cleared in the year	+	72 394 615.61
Prefinancing received in previous year and cleared in the year	-	0.00
Payments made from carry over of payment appropriations	+	4 548 401.66
Other : Fixed asset related income	+/-	-634 846.00
<i>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-	-1 556 814.73
New pre-financing paid in the year 2014 and remaining open as at 31.12.2014	-	-58 467 298.35
New pre-financing received in the year 2014 and remaining open as at. 31.12.2014	+	28 288 891.88
Budgetary recovery orders issued before 2014 and cashed in the year	+	0.00
Budgetary recovery orders issued in 2014 on balance sheet accounts (not 7 or 6 accounts) and cashed	+	0.00
Payment appropriations carried over to 2015	-	-37 684 370.53
Cancellation of unused carried over payment appropriations from previous year	+	1 024 717.48
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	17 021 674.33
Other : Change in inventories (production material)	+/-	3 452 541.88
<b>total</b>		<b>28 288 882.56</b>
<b>Budgetary result (+ for surplus)</b>	<b>+/-</b>	<b>28 288 891.88</b>
Including amount of exchange rate differences		-22 130.70
Delta not explained		-9.32

#### 7.4. 2014 Budget implementation – Details by fund source

##### Fund Source: C1 - Credits of the year (EUR)

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A01100	STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	24 115 982.01	24 115 982.01	100.00%	24 115 982.01	24 114 377.20	99.99%
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	7 714 500.00	7 714 500.00	100.00%	7 714 500.00	7 523 804.09	97.53%
A01300	MISSIONS AND DUTY TRAVEL	1 800 000.00	1 800 000.00	100.00%	1 800 000.00	1 683 121.92	93.51%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	547 000.00	547 000.00	100.00%	547 000.00	480 252.28	87.80%
A01500	REPRESENTATION	12 000.00	12 000.00	100.00%	12 000.00	4 586.12	38.22%
A01600	TRAINING	690 000.00	690 000.00	100.00%	690 000.00	427 107.41	61.90%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	1 560 000.00	1 560 000.00	100.00%	1 560 000.00	1 291 114.72	82.76%
A01800	TRAINEESHIPS	59 500.00	59 500.00	100.00%	59 500.00	54 087.20	90.90%
<b>Total Title 1</b>		<b>36 498 982.01</b>	<b>36 498 982.01</b>	<b>100.00%</b>	<b>36 498 982.01</b>	<b>35 578 450.94</b>	<b>97.48%</b>

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A02100	BUILDINGS AND ASSOCIATED COSTS	1 240 000.00	1 240 000.00	100.00%	1 240 000.00	251 680.50	20.30%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	3 080 000.00	3 074 433.31	99.82%	3 080 000.00	2 068 990.18	67.18%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	425 000.00	425 000.00	100.00%	425 000.00	19 011.73	4.47%
A02400	EVENTS and COMMUNICATION	380 000.00	380 000.00	100.00%	380 000.00	196 244.41	51.64%
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 195 000.00	1 188 542.00	99.46%	1 195 000.00	572 211.31	47.88%
A02600	POSTAGE AND TELECOMMUNICATIONS	382 000.00	382 000.00	100.00%	382 000.00	14 896.31	3.90%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	395 000.00	395 000.00	100.00%	395 000.00	189 513.98	47.98%
<b>Total Title 2</b>		<b>7 097 000.00</b>	<b>7 084 975.31</b>	<b>99.83%</b>	<b>7 097 000.00</b>	<b>3 312 548.42</b>	<b>46.68%</b>

**Fund Source: C1 - Credits of the year (EUR)**

(cont'd)

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03100	ITER CONSTRUCTION - INCL. SITE PREPARATION	660 273 286.92	660 273 286.92	100.00%	366 552 077.01	344 394 116.32	93.96%
B03200	TECHNOLOGY FOR ITER	10 104 235.02	10 104 235.02	100.00%	9 000 000.00	5 904 901.48	65.61%
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	11 112 407.65	11 112 407.65	100.00%	5 495 000.00	5 444 868.07	99.09%
B03400	OTHER EXPENDITURE	2 265 453.09	2 257 013.09	99.63%	2 900 000.00	911 845.27	31.44%
<b>Total Title 3</b>		<b>683 755 382.68</b>	<b>683 746 942.68</b>	<b>100.00%</b>	<b>383 947 077.01</b>	<b>356 655 731.14</b>	<b>92.89%</b>
<b>Total C1</b>		<b>727 351 364.69</b>	<b>727 330 900.00</b>	<b>100.00%</b>	<b>427 543 059.02</b>	<b>395 546 730.50</b>	<b>92.52%</b>

**Fund Source: C4 - Internal assigned revenues (EUR)**

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	3 528.00	3 528.00	100.00%	3 528.00	3 528.00	100.00%
<b>Total Title 1</b>		<b>3 528.00</b>	<b>3 528.00</b>	<b>100.00%</b>	<b>3 528.00</b>	<b>3 528.00</b>	<b>100.00%</b>
<b>Total C4</b>		<b>3 528.00</b>	<b>3 528.00</b>	<b>100.00%</b>	<b>3 528.00</b>	<b>3 528.00</b>	<b>100.00%</b>

**Fund Source: C8 - Carried over credits from previous years (EUR)**

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	344 126.31	344 126.31	100.00%	344 126.31	229 578.40	66.71%
A01300	MISSIONS AND DUTY TRAVEL	524 433.77	524 433.77	100.00%	524 433.77	518 414.64	98.85%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	103 526.17	103 526.17	100.00%	103 526.17	30 684.52	29.64%
A01500	REPRESENTATION	8 258.39	8 258.39	100.00%	8 258.39	4 598.47	55.68%
A01600	TRAINING	419 420.53	419 420.53	100.00%	419 420.53	237 331.79	56.59%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	191 929.47	175 328.22	91.35%	191 929.47	116 205.22	60.55%
A01800	TRAINEESHIPS	6 328.52	6 328.52	100.00%	6 328.52	1 631.10	25.77%
<b>Total Title 1</b>		<b>1 598 023.16</b>	<b>1 581 421.91</b>	<b>98.96%</b>	<b>1 598 023.16</b>	<b>1 138 444.14</b>	<b>71.24%</b>

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A02100	BUILDINGS AND ASSOCIATED COSTS	778 060.16	773 302.34	99.39%	778 060.16	732 916.89	94.20%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	1 554 394.23	1 534 213.42	98.70%	1 554 394.23	1 474 350.40	94.85%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	465 434.20	435 122.33	93.49%	465 434.20	387 757.80	83.31%
A02400	EVENTS and COMMUNICATION	101 669.51	66 894.31	65.80%	101 669.51	51 636.69	50.79%
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	492 275.13	451 433.11	91.70%	492 275.13	329 755.98	66.99%
A02600	POSTAGE AND TELECOMMUNICATIONS	376 024.30	365 045.36	97.08%	376 024.30	306 837.39	81.60%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	207 238.45	173 080.47	83.52%	207 238.45	126 702.37	61.14%
<b>Total Title 2</b>		<b>3 975 095.98</b>	<b>3 799 091.34</b>	<b>95.57%</b>	<b>3 975 095.98</b>	<b>3 409 957.52</b>	<b>85.78%</b>



**Fund Source: C8 - Carried over credits from previous years (EUR)**

(cont'd)

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03100	ITER CONSTRUCTION - INCL. SITE PREPARATION	2 013 310 966.00	1 904 065 470.00	94.57%	Payment appropriations under C1 Fund source		
B03200	TECHNOLOGY FOR ITER	14 185 767.44	13 928 351.50	98.19%			
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	7 721 311.24	7 718 504.40	99.96%			
B03400	OTHER EXPENDITURE	1 942 188.64	1 244 051.45	64.05%			
<b>Total Title 3</b>		<b>2 037 160 233.32</b>	<b>1 926 956 377.35</b>	<b>94.59%</b>			
<b>Total C8</b>		<b>2 042 733 352.46</b>	<b>1 932 336 890.60</b>	<b>94.60%</b>	<b>5 573 119.14</b>	<b>4 548 401.66</b>	<b>81.61%</b>

**Fund Source: C9 - Carried over credits from previous years (EUR)**

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A01100	STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	1 194 823.54		-			-
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	376 486.67		-			-
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	20 823.67		-			-
A01600	TRAINING	81 427.08		-			-
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	176 474.61		-			-
<b>Total Title 1</b>		<b>1 850 035.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Fund Source: C9 - Carried over credits from previous years (EUR)**

(cont'd)

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A02100	BUILDINGS AND ASSOCIATED COSTS	47 952.52		-			-
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	0.01		-			-
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	48 499.22		-			-
A02400	EVENTS and COMMUNICATION	21 843.10		-			-
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	214 127.57		-			-
A02600	POSTAGE AND TELECOMMUNICATIONS	41 795.24		-			-
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	20 014.59		-			-
<b>Total Title 2</b>		<b>394 232.25</b>	-	-	-	-	-
<b>Total C9</b>		<b>2 244 267.82</b>	-	-	-	-	-

**Fund Source: R0 - Assigned revenues (EUR)**

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03500	ITER CONSTRUCTION - APPROP. ACCR. ITER HOST STATE	441 470 564.29	441 470 564.29	100.00%	140 070 564.29	107 070 564.29	76.44%
<b>Total Title 3</b>		<b>441 470 564.29</b>	<b>441 470 564.29</b>	<b>100.00%</b>	<b>140 070 564.29</b>	<b>107 070 564.29</b>	<b>76.44%</b>
<b>Total R0</b>		<b>441 470 564.29</b>	<b>441 470 564.29</b>	<b>100.00%</b>	<b>140 070 564.29</b>	<b>107 070 564.29</b>	<b>76.44%</b>

## REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2014

### VII. Legal Framework – Accrual accounting standards in F4E

F4E being fully consolidated in the EU accounts, the 2014 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 2014 has been transmitted to the President of the European Court of Auditors (ECA) in a separate note. It includes no reservation from F4E Accounting Officer.

In line with Article 208 of the Financial Regulation applicable to the general budget of the EU, Moore Stephens has been appointed as independent external auditor in order to verify that the 2014 annual accounts properly present the income, expenditure and financial position of F4E.

ECA shall prepare a specific Annual Report in line with the requirement of Article 287 (1) TFEU. In preparing this report, ECA shall consider the audit work performed by the independent external auditor and the action taken in response to the auditor's findings.

### VIII. Financial Information System

#### 1. The different financial actors

The **Director** assumes the responsibility of the budget 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 (2014 ABAC contribution to the EC has been EUR 165 000). 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.

2014, as the sixth 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) and following years (ABAC Contract).

The complete use of ABAC Assets to register all purchases was critical to establish the 2014 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 positive 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 Contract, 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, ineditibility 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 completed in 2013, the validation of the Accounting systems with the assistance of Deloitte expertise. He has reasonable assurance with regard the adequacy of the accounting systems and of the financial management systems established by the Authorising Officer to supply or justify accounting information.