



**FUSION
FOR
ENERGY**

FINAL ANNUAL ACCOUNTS

Financial statements & Budget implementation

Tenth financial year – 2017

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

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These annual accounts have been drawn up by the Accounting Officer of Fusion for Energy (F4E).

The opinion of the Governing Board (GB) on the final accounts will be given on 5th- 6th July 2018.

The final accounts, together with the opinion of the GB, will be sent to the Commission's Accounting Officer, the European Court of Auditors, the European Parliament and the Council.

The final accounts are published on F4E's website:

<http://www.fusionforenergy.europa.eu/aboutfusion/keydocs.aspx>

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1. Certification letter from F4E Accounting officer

The annual accounts of Fusion for Energy (F4E) for the year 2017 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union¹ 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 IX of the Financial Regulation of F4E².

I acknowledge my responsibility for the preparation and presentation of the annual accounts of F4E in accordance with article 50 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, 17 May 2018

¹ Financial Regulation (EC, Euratom) n° 966/2012 of the European Parliament and of the Council of 25 October 2012, last amended on 28/10/2015 (EU, Euratom) n° 2015/1929.

² F4E Financial Regulation (adopted by F4E Governing Board on 22/10/2007 – F4E(07)-GB03-11, last amended on 02/12/2015 – F4E(15)-GB34-12.9) and its implementing rules (adopted by F4E Governing Board on 22/10/2007 – F4E(07)-GB03-12, last amended on 02/12/2015 – F4E(15)-GB34-12.9).

2. Introduction

F4E is a Joint Undertaking created under the Euratom Treaty by a decision of the Council of the European Union (EU)³.

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

Main changes in 2017

During the period covered by this report the F4E Action Plan originally prepared has evolved with the closure of some actions and the introduction of new ones. The progress has been regularly reported to the Governing Board (GB). The Plan is based on a close collaboration with the IO Director General to carry out further improvements to the ITER project as a whole.

Some adjustments have been made to the F4E organisational structure and the latest Organization Breakdown Structure is now effective as of 1st January 2018. The new Head of the Commercial Department has joined F4E in February 2017 and the new Head of the ITER Delivery Department in January 2018.

The schedule resulting from the F4E Straight Road to First Plasma (SR2FP) exercise merged with the IO Staged Approach plan and further evolved during the year. The overall ITER project cost and the associated estimate of resources for the overall period 2016-2035, approved "ad referendum" (i.e. subject to domestic processes of obtaining approval including approval of budgetary authorities and/or parliament if required) in 2016 was still the basis of the work on the baseline during 2017, aiming at a final approval in 2018.

In May 2017, the Commission released a communication outlining the cost involved with the completion of the ITER project until 2035, when the Deuterium-Tritium (D-T) operations will start.

³ Council decision 2015/224/Euratom of 10 February 2015 Amending Decision 2007/198/Euratom establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it.

In November F4E celebrated its 10th Anniversary with a ceremony that involved staff, stakeholders and representatives from both industry and EU laboratories.

Main achievements during 2017

During 2017 F4E has further progressed in the work according to the guidelines provided by the result of both the SR2FP and the Staged Approach exercises.

This work has consolidated the plans for the activities critical to the achievement of First Plasma at the end of 2025 and further improved the confidence of remaining within the EUR 6.6 billion (2008 value) budget still allowing for a reserve.

In the second half of 2017, F4E also received from IO an update of the required delivery dates for most of the EU components and such input triggered some further adjustments to the schedule.

Both design and manufacturing activities have progressed in Europe in laboratories and industry.

In November 2017 the ITER Project reached a significant milestone: the completion of 50 percent of the total construction work scope (including design, component manufacturing, building construction, shipping and delivery, assembly and installation) through First Plasma, the first stage of operation of the ITER machine, currently scheduled for December 2025.

Among the main achievements during the year 2017 the following ones should be highlighted.

- **Site building and power supplies**

Two important milestones were achieved in 2017. The Ready-for-Equipment (RFE) Stage 1 was achieved for the Assembly building and access was granted to IO on time. The energization of the 400 kV switchyard was achieved at the end of March 2017, also according to the agreed date.

Following agreement with IO on the SR2FP, some activities have been delayed to beyond 2020. The procurement procedures for some Electrical Distribution Buildings will start through the Tender Batches (TB) TB13, TB12. The TB11 contract for the completion of works was awarded. Tasks orders for services in support to the main activities (e.g. Facility management, Site Security and Reception Services), and for Engineering and contract management consultancy services were signed in 2017. The Final Design of the Tokamak Complex building services (TB04) was completed and the TB04 Final Design Review for the Tokamak Complex was approved. A new contractual approach for TB04 was defined, paving the way to a novation due to be discussed and negotiated early 2018. Amendments of existing contracts were signed to cover new scope, claims and increase of contingency.

- **Magnets**

The production of the Toroidal Field Coils Winding Pack (WP) is in progress. The first one was shipped to the site where the final assembly into the Japanese cases will be carried out. The cryogenic facility for the WP cold tests is ready and the Site Acceptance Tests were successfully passed.

The production of the PF coils is in progress both at Cadarache (for PF2, PF3, PF4, PF5) and in China (for PF6). The core of the work has been the follow-up of manufacturing.

As for the Pre-Compression Rings, work is in progress on both manufacturing alternatives (A and B). The ring manufactured through Plan B passed the first test successfully proving to be a valid alternative.

- **Vacuum Vessel**

F4E continued to drive the optimization of processes, management structures and competencies in the supplier organization as well as the addition of capacity to recover the operational deficiencies of the past. This was possible with the involvement of a major engineering consultancy firm, amendments to the contract as well as the further increase of own personnel on site and tight management attention. All five EU-VV sectors have fully entered the manufacturing phase. Design activities for sector 4, in addition to sector 5, were completed as well as the design activities for the regular poloidal segments for the sectors 2 and 3. Specific contracts were signed for inspectors, design analysis in support of design changes generated by non-conformities and Deviation Requests and other support activities, including the follow up of the manufacturing.

- **In Vessel**

Blanket First Wall: the Procurement Arrangement was signed in September 2017. Significant progress has been made with the manufacturing of the full-scale prototypes by the three supplier candidates. In addition, several contracts were implemented to improve design and investigate fabrication activities, including automation, to achieve cost reduction.

The construction of the Test Facility for High Heat Flux testing is now completed and commissioning tests started.

Divertor: further progress was made in the manufacturing of the cassette bodies full-scale prototypes. The preparation for the reopening of competition for the series production has progressed with a target date in February 2018. A Project Change Request was approved, resulting in giving back to IO the assembly of the Divertor Cassettes.

While the manufacture of the Divertor Inner Vertical Target is in progress with integration testing and the fabrication of the steel support structure, documentation is under review for the signature of contracts for the qualification of additional suppliers for the procurement of this component.

- **Remote Handling**

In line with the SR2FP, only design activities have proceeded through the framework contracts already in place for the four RH systems. The divertor remote handling (RH) system evolved in its preliminary design and it is in an early start of the preparatory activities for the final design. As for the Cask and Plug RH system, the main bulk of activities for the preliminary design for one cask typology started. For the NB RH system the preliminary design phase 1 was completed and phase 2 started. The In-Vessel Viewing system started the main preliminary design effort by placing specific contracts under on-going framework contracts.

- **Cryoplant and Fuel Cycle**

Vacuum Pumping and Fuelling: the manufacturing of the Pre-Production Cryopump and warm regeneration lines were completed. The Procurement Arrangement for the Front-End Cryopump Distribution System was signed. The call for procurement of the cryostat and torus cryopump front end cryodistribution and the call for expression of interest for final design, manufacturing and delivery of Johnston Coupling and cryojumpers were launched.

Tritium Plant: the manufacturing of the four water de-tritiation system holding and feeding tanks started. The preliminary design review of Radiological and Environmental Monitoring systems for Tokamak was held, and activities for final design of Beryllium monitors started.

Cryoplant: the on-site installation and test phase of the ITER LN2 cryoplant started. For the MITICA Cryoplant contract, the preliminary design, final design and launch of the long lead items were carried out.

- **Test Blanket Modules (TBM)**

The publication of a framework contract to study the acceptability of radwaste was launched. A grant agreement in the area of tritium modelling was signed as well as other purchase order(s) related to EUROFER plates and mock-ups transportation. Preparatory work was carried out for three framework contracts carrying on the Preliminary Design of the TBM sets and of the Ancillary Systems and to perform safety and (if needed) accidental analysis. Negotiations with EUROfusion were carried out on an integrated TBM/Breeding Blanket program.

- **Neutral Beam**

Activities at the Test Facility in Padua proceeded with the integration amongst the SPIDER sub-systems. The 1 MV High Voltage Deck and bushing, two important components for the MITICA experiment, have been delivered, assembled and partially tested at the site. The factory acceptance tests of the Accelerator and Ground Power Supplies were completed and the site installation started. The MITICA SF6 plant was successfully tested at the site. The contract for the MITICA Beam Line Components was signed. F4E also committed the cash contribution in support of the 2018 NBTF Work Programme.

- **Diagnostics**

Manufacturing of several Diagnostic components and systems essential for First Plasma were launched and/or signed during 2017, including manufacturing of in-vessel magnetics sensors. A specific contract was signed covering preliminary design of the vacuum vessel feedthroughs, as well as advancing the design of the upper and equatorial port structures and associated integration of diagnostics from Europe, IO and five other Domestic Agencies. Design of the visible/IR camera system, plasma position reflectometer, bolometer diagnostic and other systems with deliveries for First Plasma, continued during 2017, as well as design activities on the remaining diagnostic systems needed after First Plasma.

- **RF Heating & Current Drive**

Ion Cyclotron Heating and Current Drive: the delay in the PA signature was used as an opportunity to implement staged R&D for the reduction of technical and cost risks, especially for the development of the safety-important vacuum windows. The design work was complemented by specific contracts for the finalization of the Faraday Screen design and for the design of the connection between the US pre-matching system and the antenna.

Electron Cyclotron Power Supplies: factory acceptance tests on the first set were successfully completed and the first order was issued for the second set.

Electron Cyclotron Launchers: a number of specific contracts have been signed for mm-wave testing of Window, Valve and WG prototypes. Prototyping activities on the Isolation Valve (safety-important) have also continued with the signature of the prototype procurement contract. In addition, the mechanical mock-ups programme has started, with a framework contract for support and testing and a procurement contract for mock-ups manufacturing.

As for the Electron Cyclotron Control System, the main activities focussed on design and prototyping.

- **BROADER APPROACH (BA)**

Overall progress on the BA projects is good as indicated by the ratio of credit awarded under the BA to credit planned at that date which is above 89% on average. Concerning the specific BA projects:

- For the JT-60SA project, Europe is providing critical components such as the 18 large (8 m height 4 m width) superconducting Toroidal Field coils for which production and full-current cold tests are close to completion. Thirteen out of the 18 TF coils were delivered to the Naka site in 2017; In 2017 moreover several other EU contributions were completed, tested and shipped to the JT-60SA Site of Naka, including the High Temperature Superconducting Current Leads, the Cryostat Vessel Body, the Superconducting Magnet Power Supplies (for which F4E also provided the on-site assembly and final commissioning).
- For the IFMIF/EVEDA project, the activities were fully oriented to the remaining installation and commissioning tasks for the LIPAc facility which is to validate the accelerator design of the IFMIF (-DONES) fusion neutron source. The first phase of the LIPAc installation and commissioning was completed in July 2017 during which the deuteron source was shown capable of generating the beam with characteristics suitable for injecting it into the first accelerating stage, the Radiofrequency Quadrupole. All components required to start the intermediate phase, during which the beam will be accelerated to 5 MeV, were installed and conditioned. Also key elements to operate the second accelerated stage, the Superconducting RF Linac, were installed and commissioned, i.e. the required RF Power systems and the Cryoplant. This accelerator stage is planned to be put into operation starting in the first months of 2020, thus achieving the current accelerator validation task.
- For the IFERC programme, the Helios supercomputer, provided by France, completed its scheduled five years in operation in December 2016, and was successfully dismantled in the first three months of 2017. In addition, in 2017 the activities in materials for future DEMO breeding blankets were completed, and a final report on DEMO R&D produced. Some activities continue on analysis of JET tiles and dust, and the compilation of materials databases continue under the DEMO Design Activities. Joint work on pre-conceptual DEMO design continued. In 2017, installation of the ITER Remote Experimentation Centre (REC) in Rokkasho was completed, and a large part of the software developed for REC successfully tested in May 2017.

2017 Accounts

The 2017 financial statements of F4E and its reports on budget implementation for 2017 have been prepared in conformity with:

- The Council Decision establishing F4E,
- The Financial Regulation (FR) to the general budget of the European Union,
- The F4E FR and its implementing rules,
- The « Inventory directive » (EC n° 643/2005),
- The European Commission's consolidation manual for the 2017 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 FR 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).

F4E has implemented the ABAC system (Accrual Based Accounting) owned by the EC and used by many EU bodies. The accounting and budgetary information is integrated in one system which has SAP as a back-end for the accounting part. The workflow system in ABAC allows the Authorising Officer to ensure that the “four eyes” principle has been observed for each transaction.

The representation letter related to the accounts 2017 has been transmitted to the President of the European Court of Auditors (ECA) in a separate note. It includes no reservation from the F4E Accounting Officer.

In line with Article 208.4 of the FR applicable to the general budget of the EU, Moore Stephens LLP has been appointed as independent external auditor in order to verify that the 2017 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. When 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.

The European Parliament is the discharge authority within the EU. This means that, following the audit and finalisation of the annual accounts, it falls under the responsibility of the Council to recommend and then to the European Parliament to give a discharge to F4E.

In line with the EU Accounting Rule 14 (Accounting policies, change in accounting estimates and errors), a prior year adjustment has been included in view to recognise a Provision in respect of F4E's share of total decommissioning costs. This non-current provision amounts to EUR 73.25 million as at 31.12.2016 (see note 7.2.7. below : non-current provision for decommissioning).

Section I. 2017 Financial Statements

3. Balance sheet

3.1. Assets

Consolidation account	ASSETS	Note n°	31.12.2017 (1)	31.12.2016 (2)	Variation (3)=(1)-(2)
	A. NON-CURRENT ASSETS				
210000	Intangible assets	7.2.1.	617 830.00	519 600.00	98 230.00
	Tangible fixed assets		36 021 587.00	38 272 748.00	-2 251 161.00
220000	Land and buildings	7.2.1.	32 830 678.00	34 535 281.00	-1 704 603.00
230000	Plant and equipment		2 103 151.00	2 644 425.00	-541 274.00
240000	Furniture and vehicles		210 863.00	261 931.00	-51 068.00
241000	Computer hardware		818 126.00	740 045.00	78 081.00
242000	Other fixtures and fittings		58 769.00	91 066.00	-32 297.00
244000	Tangible assets under construction		0.00	0.00	0.00
	TOTAL NON-CURRENT ASSETS		36 639 417.00	38 792 348.00	-2 152 931.00
	B. CURRENT ASSETS				
310000	Inventories	7.2.2.	231 865 650.73	90 034 730.40	141 830 920.33
	Current pre-financing		194 959 105.21	173 276 982.27	21 682 122.94
406141	Current pre-financing (gross amount)	7.2.3.	257 098 034.81	252 543 223.63	4 554 811.18
406142	Current pre-financing (cut off)		-62 138 929.60	-79 266 241.36	17 127 311.76
	Current receivables		205 811 625.97	188 092 671.05	17 718 954.92
401200	Current receivables - Member States	7.2.4.	29 934 310.67	133 921.95	29 800 388.72
410000	Sundry receivables		72 402.33	127 480.07	-55 077.74
490002	Deferrals/Accruals with consolidated EU entities		175 804 351.24	187 831 235.91	-12 026 884.67
490013	Accrued income		561.73	33.12	528.61
500000	Cash and cash equivalents	7.2.5.	3 903 822.88	14 602 708.53	-10 698 885.65
	TOTAL CURRENT ASSETS		636 540 204.79	466 007 092.25	170 533 112.54
	TOTAL		673 179 621.79	504 799 440.25	168 380 181.54

3.2. Liabilities

Consolidation account	LIABILITIES	Note n°	31.12.2017 (1)	31.12.2016 (Restated) (2)	Variation (3)=(1)-(2)
	A. NET ASSETS/LIABILITIES		308 797 358.24	88 832 021.63	219 965 336.61
100000	Reserves	7.2.6.	0.00	0.00	0.00
140000	Accumulated surplus/deficit		88 832 021.63	159 427 462.69	-70 595 441.06
141000	Economic result of the year - Profit (+)/Loss (-)		219 965 336.61	-70 595 441.06	290 560 777.67
	B. NON-CURRENT LIABILITIES		171 351 246.52	157 394 185.78	13 957 060.74
163000	Non-current provisions	7.2.7.	171 351 246.52	157 394 185.78	13 957 060.74
170000	Other non current financial liabilities		0.00	0.00	0.00
	TOTAL A+B		480 148 604.76	246 226 207.41	233 922 397.35
	C. CURRENT LIABILITIES				
483000	Current provisions	7.2.7.	31 147.55	0.00	31 147.55
440000	Accounts payable		136 863 318.44	184 720 690.21	-47 857 371.77
441000	Current payables vendors	7.2.8.	268 412.37	1 282 219.81	-1 013 807.44
443000	Sundry payables		204 202.20	102 317.97	101 884.23
440019	Pre-financing received from consolidated EU entities		17 586 352.63	6 231 580.51	11 354 772.12
441009	Current payables with consolidated EU entities		118 804 351.24	177 104 571.92	-58 300 220.68
491000	Accrued charges and deferred income		56 136 551.04	73 852 542.63	-17 715 991.59
491010	Accrued charges	7.2.9.	54 742 576.06	72 261 726.41	-17 519 150.35
491090	Deferrals/accruals with consolidated EU entities		1 393 974.98	1 590 816.22	-196 841.24
	TOTAL C. CURRENT LIABILITIES		193 031 017.03	258 573 232.84	-65 542 215.81
	TOTAL		673 179 621.79	504 799 440.25	168 380 181.54

4. Statement of financial performance

Consolidation account		Note n°	2017 (1)	2016 (Restated) (2)	Variation (3)=(1)-(2)
	A. NON-EXCHANGE REVENUES		831 492 724.03	714 174 546.16	117 318 177.87
745919	Revenue from Euratom	7.3.1	700 448 515.11	589 447 133.30	111 001 381.81
	Revenue from other contributors (Member States)		129 860 000.00	124 600 000.00	5 260 000.00
745911	Other non exchange revenue		1 184 208.92	127 412.86	1 056 796.06
	B. EXCHANGE REVENUES		1 156 565.07	15 181 592.89	-14 025 027.82
744100	Reserve Fund		714 815.39	14 533 791.90	-13 818 976.51
74*/75*	Other revenues		441 749.68	647 800.99	-206 051.31
TOTAL REVENUE			832 649 289.10	729 356 139.05	103 293 150.05
	A. OPERATIONAL EXPENSES		555 673 252.66	748 155 419.82	-192 482 167.16
600140	Expenses with third parties	7.3.2.	383 232 648.78	507 500 486.05	-124 267 837.27
600149	Expenses with consolidated EU entities		172 440 603.88	240 654 933.77	-68 214 329.89
	B. OTHER EXPENSES		57 010 699.83	51 796 160.29	5 214 539.54
620100	Staff costs	7.3.3.	42 220 210.75	38 287 489.98	3 932 720.77
630199	Property, plant and equipment related expenses		3 332 761.79	4 338 166.00	-1 005 404.21
64*/65*	Other expenses		11 457 727.29	9 170 504.31	2 287 222.98
TOTAL EXPENSES			612 683 952.49	799 951 580.11	-187 267 627.62
SURPLUS (+) / DEFICIT (-) OF THE YEAR			219 965 336.61	-70 595 441.06	290 560 777.67

5. Cash flow statement (indirect method)

		2017	2016 (Restated)
Cash Flows from ordinary activities			
Surplus/(deficit) from ordinary activities		219 965 336.61	-70 595 441.06
Operating activities	Amortization (intangible fixed assets) +	274 961.99	289 070.98
<u>Adjustments</u>	Depreciation (tangible fixed assets) +	3 150 919.56	2 532 778.91
	Increase/(decrease) in Provisions for risks and liabilities	13 988 208.29	71 907 781.34
	Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
	(Increase)/decrease in Stock	-141 830 920.33	-28 755 210.23
	(Increase)/decrease in Long term Pre-financing	0.00	0.00
	(Increase)/decrease in Short term Pre-financing	-21 682 122.94	27 328 329.87
	(Increase)/decrease in Long term Receivables	0.00	0.00
	(Increase)/decrease in Short term Receivables	-17 718 954.92	-61 653 746.36
	(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	-18 431 073.56	-15 841 210.07
	Increase/(decrease) in Liabilities related to consolidated EU entities	-47 142 289.80	89 653 774.08
Net cash Flow from operating activities		-9 425 935.10	14 866 127.46
Cash Flows from investing activities			
	Increase of tangible and intangible fixed assets (-)	-1 272 950.55	-3 471 198.89
	Proceeds from tangible and intangible fixed assets (+)	0.00	0.00
Net cash flow from investing activities		-1 272 950.55	-3 471 198.89
Net increase/(decrease) in cash and cash equivalents		-10 698 885.65	11 394 928.57
Cash and cash equivalents at the beginning of the period		14 602 708.53	3 207 779.96
Cash and cash equivalents at the end of the period		3 903 822.88	14 602 708.53

6. Statement of Changes in Net assets

Net assets	Accumulated Surplus (+) / Deficit (-)	Economic result of the year	Net assets (total)
Balance as of 31 December 2016 (Restated)	159 427 462.69	-70 595 441.06	88 832 021.63
Balance as of 1 January 2017	159 427 462.69	-70 595 441.06	88 832 021.63
Fair value movements	0.00	0.00	0.00
Allocation of the Economic Result of Previous Year	-70 595 441.06	70 595 441.06	0.00
Economic result of the year	0.00	219 965 336.61	219 965 336.61
Balance as of 31 December 2017	88 832 021.63	219 965 336.61	308 797 358.24
Account	140000	141000	

7. Notes to the Financial statements

7.1. 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 95 of F4E FR sets out the accounting principles to be applied in drawing up the financial statements.

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.

7.2. Notes to the balance sheet

7.2.1. 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 5 000.00. 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. All assets are stated at cost less accumulated depreciation and impairment losses.

Regarding the EU contribution to IO (consisting mainly in buildings, magnets, vessels and other engineering components), the PA between F4E and IO define the F4E deliverables to 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 the industry. The industry delivers usually directly to 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 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
Intangible fixed assets	25%
Tangible fixed assets	
Buildings	4%
Plant and equipment	12,5%, 25%
Furniture and vehicles	
Office furniture	10%
Transport, electrical office, printing and mailing equipment	25%
Kitchen, Printshop and postroom equipment	12.5%
Computer hardware	25%
Other fixtures and fittings	
Audiovisual and Telecommunications equipment	25%
Computer, scientific and general books, documentation	25%, 33%
Health, safety, protective, security and medical equipment,	12.5%
Other	10%
Tangible fixed assets under construction	0%

Intangible fixed assets:

An intangible asset is an identifiable non-monetary asset without physical substance.

Regarding the internally developed intangible assets (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 asset 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 7.3.3. below) must be disclosed in the financial statements.

As of 31/12/2017, all projects identified were below the threshold of EUR 500 000.00 used by F4E for the capitalisation of internally generated intangible assets.

Tangible fixed assets:

A tangible asset is an identifiable non-monetary asset with physical substance.

The main tangible assets are:

Assets – PF Coils Building: EUR 32 830 678.00

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 was the design and construction of a PF 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 PA 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 IO after acceptance by the latter of the last PF Coil. This transfer will be accounted for at the residual value of the building.

Assets – Portal Machine: EUR 1 039 810.00

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 is used to manufacture 70 radial plates.

Assets: summary table

The total depreciation in 2017 amounts to **EUR 3 457 730.79**, resulting in a net book value of **EUR 36 639 417.00** as of 31.12.2017.

The variation of the fixed assets in 2017 is described in the following table:

ASSETS		Intangible fixed assets			Tangible fixed assets							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	Total fixed assets
2017												
Gross carrying amounts 01.01.2017	+	0.00	2 318 149.24	2 318 149.24	42 615 088.53	5 289 126.96	44 397 116.49	847 004.38	843 972.62	0.00	93 992 308.98	96 310 458.22
Additions	+		373 191.99	373 191.99		10 214.00	486 277.66	14 851.14			511 342.80	884 534.79
Disposals	-			0.00				-39 173.24	-1 931.00		-41 104.24	-41 104.24
Transfer between headings	+/-			0.00							0.00	0.00
Other changes : post capitalized assets	+/-			0.00		429 520.00					429 520.00	429 520.00
Gross carrying amounts 31.12.2017		0.00	2 691 341.23	2 691 341.23	42 615 088.53	5 728 860.96	44 883 394.15	822 682.28	842 041.62	0.00	94 892 067.54	97 583 408.77
Accumulated amortization and impairment 01.01.2017	-	0.00	-1 798 549.24	-1 798 549.24	-8 079 807.53	-2 644 701.96	-43 657 071.49	-585 073.38	-752 906.62	0.00	-55 719 560.98	-57 518 110.22
Depreciation	-		-274 961.99	-274 961.99	-1 704 603.00	-846 784.00	-408 196.66	-58 555.14	-30 406.00		-3 048 544.80	-3 323 506.79
Write-back of depreciation	+			0.00							0.00	0.00
Disposals	+			0.00				31 809.24	40.00		31 849.24	31 849.24
Impairment	-			0.00							0.00	0.00
Write-back of impairment	+			0.00							0.00	0.00
Transfer between headings	+/-			0.00							0.00	0.00
Other changes : depreciation on post capitalized assets	+/-			0.00		-134 224.00					-134 224.00	-134 224.00
Accumulated amortization and impairment 31.12.2017		0.00	-2 073 511.23	-2 073 511.23	-9 784 410.53	-3 625 709.96	-44 065 268.15	-611 819.28	-783 272.62	0.00	-58 870 480.54	-60 943 991.77
Net carrying amounts 31.12.2017		0.00	617 830.00	617 830.00	32 830 678.00	2 103 151.00	818 126.00	210 863.00	58 769.00	0.00	36 021 587.00	36 639 417.00
Accounts			210000		221000	230000	241000	240000	242000	244000	200000	

7.2.2. Inventories

The main part of the inventories is composed of items related to the magnet system that will be used for the assembly of components to be delivered by F4E to IO.

The ITER Tokamak requires a superconducting magnet system, which consists of four main sub-systems: the 18 Toroidal Field coils, the Central Solenoid, the 6 PF coils and the Correction Coils.

The stocks owned by F4E are as follows:

Contract reference	Quantity as of 01/01/2017	Value as of 01/01/2017	Quantity as of 31/12/2017 (1)	Unit price (2)	Value as of 31/12/2017 (3)=(1)x(2)
OPE-355. Radial Plates for the ITER Toroidal Field Coils	41.00 pcs	43 811 261.76	19.00 pcs	1 737 433.01	33 011 227.19
OPE-355. Radial Plates for Toroidal Field Coils - Raw material (steel)	0.00 t	0.00	72.54 t	27 706.66	2 009 841.12
OPE-053 Toroidal Fields Winding Packs - Double Pancakes	21.00 pcs	37 242 849.00	37.00 pcs	3 537 749.71	130 896 739.27
OPE-053 Toroidal Fields Winding Packs	0.00 pcs	0.00	2.00 pcs	28 537 116.96	57 074 233.92
OPE-005-01 (MS-MG) Supply of chromium plated NB3SN strand	4.71 t	3 190 357.97	4.71 t	677 358.38	3 190 357.97
OPE-005-02 (MS-MG) Supply of chromium plated NB3SN strand	3.95 t	2 601 345.14	3.95 t	658 568.39	2 601 345.14
OPE-01-01 (MS-MG) Supply of chromium plated copper strand	2.52 t	144 364.12	2.52 t	57 287.35	144 364.12
OPE-091 140 Kg of Herakles (Snecma) SEPCARB NB41	137.52 kg	1 045 152.00	137.52 kg	7 600.00	1 045 152.00
OPE-138 Lot 2 - Divertor Inner Vertical Target : other material	- pc	1 779 436.95	- pcs	-	173 669.00
OMF-444-02 - Fabrication of ITER Divertor cassette body prototype	- kg	198 377.04	- kg	-	18 670.00
OPE-594 CuCrZr-IG forged plates	0.00 kg	0.00	1 024.00 kg	41.25	42 240.00
OPE-635 - Tungsten monoblocks	100.00 pc	11 300.00	0.00 pcs	6.00	0.00
EUROFER-97 plates (thick. 1.2 - 45 mm) and bars	0.00 kg	0.00	29 190.00 kg	51.08	1 491 025.20
EUROFER-97 plates (16/32/35 mm)	310.00 kg	10 286.42	310.00 kg	33.18	10 285.80
Bare diamond disk	0.00 pc	0.00	1.00 pcs	156 500.00	156 500.00
Total		90 034 730.40			231 865 650.73

7.2.3. 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 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	31.12.2017	31.12.2016
405290	Pre-financing (PF) given to third parties (TP)	257 098 034.81	252 543 223.63
405297	Accrued charges on PF TP	-62 138 929.60	-79 266 241.36
405200	Total	194 959 105.21	173 276 982.27

It is estimated that EUR 107.43 million of the pre-financing open at 31/12/2017 will be cleared, with eligible amounts, within a period longer than one year (after 2018).

These pre-financings are related mainly to the following operational procurement contracts:

Contract Reference	Contractor	Amount
OPE-301_TB04_Buildings	AXIMA	60 313 907.33
OPE-286_TB03_Buildings	VINCI CONSTRUCTION	53 074 074.99
OPE-068-01_Supply VV Sectors	ANSALDO NUCLEARE	32 650 382.32
OPE-414_Cold test of 10 winding packs and insertion process of TF Coils	SIMIC	19 616 501.57
OPE-570_PF Coils manufacturing and cold test	CNIM	5 813 513.72
OPE-285_TB02_Tokamak cargo lift and crane	NKM NOELL SPECIAL CRANES	4 230 853.61
OPE-376_Test LN2 Plant & auxiliary systems	AIR LIQUIDE	3 830 965.77
OPE-081-01_Spider experiment	THALES ELECTRON DEVICES	1 894 500.00
OPE-454 HV Power supplies	AMPEGON	1 155 905.17
OPE-083_Supply of high voltage decks/bushings	SIEMENS	1 070 480.34

7.2.4. 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.

Current receivables: EUR 29 934 310.67 referring mainly to the recoverable VAT from France.

Sundry receivables: EUR 72 402.33 composed mainly of advances to staff (salaries and missions) and amounts due by other EU bodies.

Deferrals and accruals: EUR 175 804 351.24 corresponding to the deferred charges related to the 2018 cash contribution to IO.

7.2.5. Cash and cash equivalents

Account	Description	31.12.2017	31.12.2016
505000	<i>Unrestricted cash:</i>		
505300	Current accounts (bank accounts)	865 230.81	10 753.45
505600	Transfers (Cash in transit)	0.00	0.00
505500	Imprest accounts/Cash in hand	25 000.00	25 000.00
505700	Short-term deposits ("Euratom account")	3 013 391.87	14 566 827.85
505700	Short-term deposits ("ITER Host State account")	200.20	127.23
500000	Total	3 903 822.88	14 602 708.53

The cash position at the end of 2017 is composed of two current accounts, two short-term deposits (for the Euratom and ITER-Host State contribution) and two imprest accounts (petty cash).

The bank interests generated in 2017 amount to EUR 1 186.65.

7.2.6. Net assets

F4E net assets are increased by the positive financial performance of the year (EUR 219 965 336.61) totalling **EUR 308 797 358.24** as of 31 December 2017.

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 FR, 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 8.7. Budget outturn account).

7.2.7. 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 when 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. The EU Accounting rule 10 (Provision, contingent assets and liabilities) is applicable.

Non-current provision for additional financial contribution to Japan :

Regarding the arrangements signed between F4E, the JAEA and IO, the transfer of procurement responsibilities from Europe to Japan is implemented through annual cash contributions (Cf. point below 7.4.3.3. ITER Annexe to PAs).

In addition to the original agreements, in January 2014, Euratom and the Japanese Ministry of Science and Technology 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 aiming 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 86 151 425.07** has been booked as non-current provision taking into account an annual inflation rate of 2 % and no discount due to negative rates.

Non-current provision for the decommissioning fund :

When the construction of an asset requires removal after the end of its useful life and restoration of the site, then a present obligation arises at the time of its construction.

F4E shall contribute jointly through the Budget of the IO to the accumulation of the Decommissioning Fund from the date of First Plasma through the Operation Phase. This will be done by making regular payments through the IO budget.

Based on the Overall Project Cost approved by the ITER Council⁴, the Decommissioning cost is estimated to EUR 530.0 million in 2001 value (not including the Deactivation cost). The EU share of the estimated costs for Decommissioning is EUR 180.2 million (34 % of EUR 530.0 million).

Based on :

- the percentage of completion as of 31.12.2017 (29.7 % according to CAS Milestone achievement - see graph on page 32), this results in an applicable cost base of EUR 53.6 million in 2001 value (29.7 % of EUR 180.2 million),
- the assumption that the cost contributions will be done in equal annual instalments of EUR 15.0 million in 2001 value (180.2 divided by 12 years) during the Operation Phase 2026 to 2037,

⁴ Updated Overall Project Cost (OPC) – ITER_D_VG5MCL – ITER Council – 21st Meeting (15-16 November 2017)

- the assumption that the contributions relating to the applicable cost of EUR 53.6 million will be paid into the fund in the years 2026 to 2029 (3 times EUR 15.0 million and the remaining balance of EUR 8.6 million),
- an annual inflation rate of 2 % to reflect future prices,
- the contributions in future prices are discounted using annual discount rates ranging from 0.41 % for payments in 2026 to 0.71 % for payments in 2029 in line with the ECB zero coupon Euro bond yield curve,

the resulting provision is recognised at the reporting period for an amount of **EUR 85 199 821.45** (in 2017 value).

In line with the EU Accounting Rule 14 (Accounting policies, change in accounting estimates and errors), a prior year adjustment has been included in view to recognise this provision as at 31.12.2016 for an amount of **EUR 73 253 203.81**.

Current provision for Court case :

In relation to the Court case T-561/16, a provision of **EUR 31 147.55** is recognised in view of the annulment of the results of a staff selection procedure, including the appointment of the persons hired from the reserve list (judgement of the Court in January 2018).

7.2.8. Accounts payable

Current and sundry payables are **EUR 472 614.57** and are composed of suppliers' invoices received but not paid at year end and reimbursements to staff.

Pre-financing received from consolidated EU entities totalled **EUR 17 586 352.63**

- EUR 17 236 192.63 corresponding to the balance of the budget outturn account 2017, to be reimbursed to the EC in 2018 (Cf. point 8.7. Budget outturn account).
- EUR 350 160.00 corresponding to a long term pre-financing received from IO.

Current payables with consolidated EU entities totalling **EUR 118 804 351.24** include mainly the balance on the invoice for the 2018 cash contribution to be paid to IO.

7.2.9. Accrued charges and deferred income

In accordance with EU Accounting Rule n° 3, 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 56 136 551.04** which represents mainly invoices to be received in 2018 for services rendered in 2017, includes:

- EUR 52 268 894.46 for services rendered in 2017 on operational activities and not invoiced at 31/12/2017.

- EUR 2 762 785.79 for services rendered in 2017 on administrative expenditures and not invoiced at 31/12/2017.
- EUR 1 104 870.79 for F4E staff's untaken leave as at the end of December 2017. 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.

7.2.10. Post balance sheet events

No significant post balance sheet event occurred between 31st December 2017 and the final closing of the accounting year.

7.3. Notes to the statement of financial performance

7.3.1. Revenue

F4E's revenues consist mainly of contributions granted by Euratom as a participation in the financing of F4E, the ITER Host State, annual membership contributions from other members than Euratom, the ITER Reserve Fund, recoveries of expenses as well as revenue from the interest received on the bank accounts. A distinction is made in the Statement of financial performance between :

- revenue from **non-exchange transactions** (mainly from contributors) : the related receivables and revenue are recognized when the recovery orders are issued by F4E (in line with the payment needs and within the Budget approved by F4E's GB). At the end of each financial year, the surplus assessed for budget purposes on a modified cash basis is returned to Euratom (see point 8.7. Budget outturn account). The EU Accounting rule 17 – Revenue from non-exchange transactions is applicable.
- revenue from **exchange transactions** (mainly from the ITER Reserve Fund) : the revenue recognition criteria applied are those described in the EU Accounting rule n° 4.

The operating revenues, **EUR 832 649 289.10** (EUR 729 356 139.05 in 2016), include mainly the 2017:

- Euratom contribution: EUR 700 448 515.11
- ITER Host State contribution: EUR 125 000 000.00
- Membership contributions: EUR 4 860 000.00
- Revenue from the ITER Reserve Fund: EUR 714 815.39

7.3.2. Operational expenses – EUR 555 673 252.66 (EUR 748 155 419.82 in 2016)

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 IO after acceptance by the latter).

The operational expenses include mainly the following items:

Contract Reference	Contractor	2017 Expenses	% cumulative expenses as of 31/12/2017 (*)
2017 Cash contribution for ITER IO	ITER IO	157 837 498.86	100.00%
OPE-286_TB03_Building	VINCI CONSTRUCTION	141 122 743.96	61.76%
OPE-301_TB04_Buildings	AXIMA	43 613 574.90	27.54%
OPE-058_Civil engineering	ENGAGE	39 278 404.63	85.38%
OPE-068_Supply VV Sectors	ANSALDO NUCLEARE	28 455 487.76	33.19%
OPE-414_Cold test of 10 Winding packs and insertion process of 10 TF coils	SIMIC	26 236 722.91	39.71%
OPE-378_TB05_Buildings	FERROVIAL AGROMAN	17 239 966.24	76.87%
OPE-636_TB16_Site infrastructure works	SPE BATIGNOLLES	16 694 802.47	27.99%
Cash contributions to Japan	QST	15 873 838.08	94.33%
OPE-428_TB06_EPD_Buildings	FERROVIAL AGROMAN	14 693 386.63	46.61%
OPE-654_Supply of impregnation systems and additional toolings	ELYTT ENERGY	8 315 161.54	74.73%
OPE-090_Civil engineering & construction consultancy	ALTRAN TECHNOLOGIES	8 082 706.74	63.38%
NBTF AGREEMENT_F4E-RFX-PMS_A-WP2017	CONSORZIO RFX	5 657 000.00	100.00%
OPE-304 Transportation Contracts	DAHER	5 267 425.16	72.48%

(*) In relation to amounts financially committed as of 31/12/2017

The expenses related to experts with contracts amount to EUR 629 873.90 (EUR 845 281.86 in 2016).

7.3.3. Other expenses – EUR 57 010 699.83 (EUR 51 796 160.29 in 2016)

- Staff expenses: **EUR 42 220 210.75** (EUR 38 287 489.98 in 2016)
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. The above social contributions and taxes are transferred to and managed by the EU Paymaster Office (PMO).
- Property, plant and equipment related expenses: **EUR 3 332 761.79** (EUR 4 338 166.00 in 2016)
refers to the yearly depreciation of fixed assets.
- Other administrative expenses: the amount of **EUR 11 457 727.29** includes mainly the following items:

	2017	2016	Variation
IT costs – operational/support	3 274 802.64	2 782 772.28	492 030.36
IT costs - development	466 279.51	342 250.72	124 028.79
Missions	2 975 030.18	2 259 365.75	715 664.43
Maintenance & security for the building	1 235 782.08	987 879.19	247 902.89
Interim staff	693 070.06	478 684.16	214 385.90
Communications & publications	547 313.55	767 567.11	-220 253.56
Training	484 375.99	680 698.17	-196 322.18
Experts and related expenditure	466 087.75	309 027.89	157 059.86
Office supplies & maintenance	384 548.18	332 130.29	52 417.89
Recruitment	116 023.57	77 493.54	38 530.03
Legal expenses	68 587.02	113 266.23	-44 679.21
Interest expense on late payment	5 866.98	16 019.29	-10 152.31
Total	10 717 767.51	9 147 154.62	1 570 612.89

7.4. Off balance sheet items and notes

7.4.1. Contingent liabilities

A contingent liability is:

- A possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of F4E; or
- A present obligation that arises from past events but is not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - The amount of the obligation cannot be measured with sufficient reliability

No case is reported as at 31.12.2017.

7.4.2. 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	31.12.2017	31.12.2016
901120	Guarantees for pre-financing (nominal-on going)	223 577 755.33	179 716 361.22
901180	Performance guarantees	196 157 063.76	191 025 887.03
901100	Total - Guarantees received	419 734 819.09	370 742 248.25

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.

7.4.3. Other significant disclosures

7.4.3.1. 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	31.12.2017	31.12.2016
902500	Commitments against appropriations not yet consumed*	1 356 826 635.01	1 606 170 252.76
903200	Operating lease	0.00	0.00
903300	Contractual commitment/obligations to deliver (open PAs/ITA's)**	2 852 764 639.92	3 496 852 206.93
903100	Other	0.00	0.00

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

** see below points 7.4.3.2, 7.4.3.3, 7.4.3.4 and 7.4.3.5. 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 about 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. 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 will provide components to ITER on behalf of the EU.

The contractual commitments for which budgetary commitments have not yet been placed refers to the PAs which establish a detailed common understanding of each Party on the in-kind contribution to be provided to 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 2017 exchange rate euro/IUA amounts to 1 693.50.

In addition to the in-kind procurements F4E has also an obligation to finance the transportation of the non-EU components from the entry site in France (i.e. either Fos-sur-Mer or the Marignane airport) to Cadarache. This commitment is part of the ITER site agreement and not compensated by any ITER credit. As far as the Test Blanket System is concerned, in 2014 F4E has signed two TBM Arrangements for the delivery of two systems to the ITER site. This programme is fully funded by the EU and is not compensated by any ITER credit.

7.4.3.2. ITER PA (with IO)

(kIUA)

PA-EU in Kind Systems*	Current Value⁵ (1)	Signed value	Earned Credit (2)	Balance⁶ (3)=(1)-(2)
Buildings and Power Supplies	516.84	423.30	106.03	410.81
Magnet	185.82	183.39	73.02	112.80
Vacuum vessel	93.99	99.36	28.60	65.39
Neutral Beam Heating and Current Drive	84.98	23.75	15.58	69.40
Blanket system	40.33	0.00	0.00	40.33
Remote Handling Equipment	39.73	26.20	0.80	38.93
Divertor	27.99	31.40	1.66	26.33
Electron Cyclotron Heating & Current Drive	32.27	17.49	2.33	29.94
Diagnostics	32.05	1.14	0.02	32.03
Cryoplant & Distribution	26.37	31.50	21.69	4.68
Tritium Plant	16.72	2.55	2.58	14.14
Ion Cyclotron Heating & Current Drive	14.73	0.00	0.00	14.73
Vacuum Pumping & Fuelling	13.85	9.86	0.02	13.83
Waste Management	10.06	0.00	0.00	10.06
Radiological Protection	4.20	0.60	0.00	4.20
Total in Kind	1 139.93	850.54	252.33	887.60

*Each system may group one or more PAs

The amount of 1 139.93 kIUA (EU Current 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. This is the total value for EU included into the Update to the OPC document presented at the ITER Council in November 2017. This value changes frequently due to the credit adjustments through the Project Change Request (PCR) mechanism. Since the IUA value 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 PA value has to be fully earned, independently of the actual cost incurred for executing the scope of work of each PA. For each PA key milestone an ITER credit is associated and this is released to the specific Party whenever the milestone has been achieved and the related documentation verified by IO.

⁵ Values from the “Update of the Overall Project Cost (OPC)” ITER_D_VG5MCL v1.1 presented to IC-21

⁶ Credit still to be earned according to the current value of in-kind components

Therefore 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 earned by F4E depending on the achievement of project milestones laid down in each PA (see PA credited column in the table above).

The complete execution of each scope of work for a PA would imply an earned credit matching the PA current value, hence with a balance that is zero with all EU PA signed, scope of work completed and credited.

The amount of 850.54 kIUA (PA Signed Value) in the table corresponds to the original value of the EU PA when it was signed between IO and the EU Domestic Agency. The difference between this value and the current one is due to the fact that some PAs still need to be signed (for about 15% in value) or to the value refinements approved by the ITER Council in order to take into account changes to the initial scope of work.

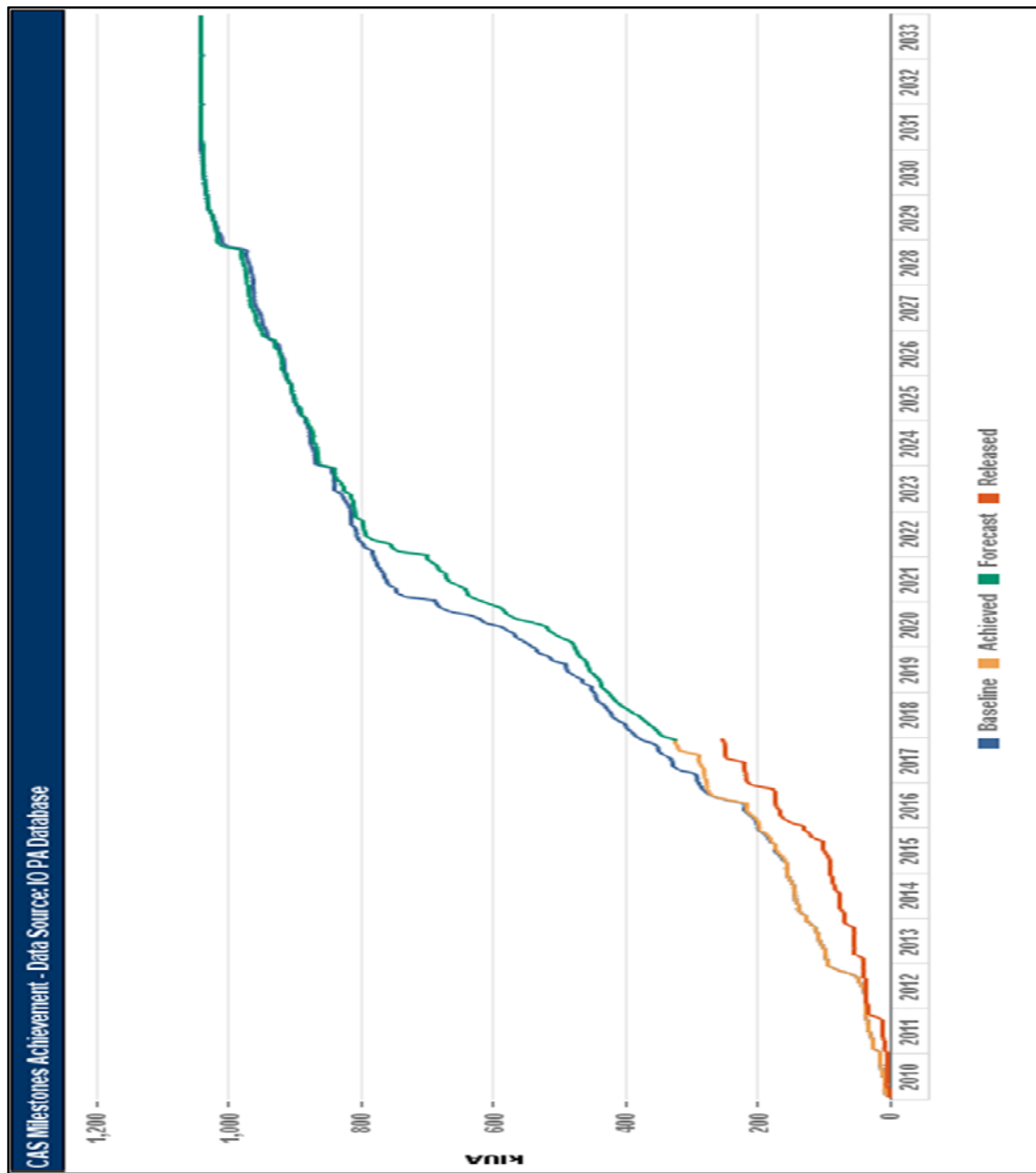
As far as the earned ITER credit is concerned (252.33 kIUA as of 31/12/2017 – representing about 22 % of the current total PAs value), F4E and IO have completed, with the exception of the vacuum vessel and the Architect Engineer PAs, a modification of the credit distribution along the life of the PAs in a way that reflects more accurately the progress achieved by each Domestic Agency during the procurement life cycle of that component. Once the change is fully finalised, the value of the achieved credit will be more in line with the real progress in the procurement of the in-kind contribution. The graph on the following page shows the actual values of the achieved (but not yet released by IO) and earned credit (released by IO) vs the forecast value.

The chart shows the credit value that F4E should have earned up to end 2017 (Baseline) against the credit that was actually achieved (Achieved) and that IO should have already released as acknowledgement of the achieved milestones and the earned (Released) one. The difference between the achieved and the released (earned) credits is explained by the fact that once F4E achieves a credit milestone, all necessary data, reports and other information has to be collected and provided to IO. This information is linked to the delivery by the supplier of all the necessary documents and to the F4E approval of these deliverables. Furthermore, IO has to revise and validate the whole set of documents provided in order to confirm such achievement. For this reason, the process can last some months and hence the difference.

In terms of progress of work, it is the achieved credit that should be considered and this was 324.19 kIUA at the end of 2017, corresponding to 29 % of the current total PAs value.

As for the PAs signed with 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 2017.



CAS milestone achievement for signed PAs. The actuals and forecast are those in the latest integrated Detailed Working Schedule (end December 2017). Milestones are achieved when marked as completed in the schedule and credit is earned when the credit note for the milestone is released by IO.

7.4.3.3. ITER Annexe to PAs (JAEA)

Transfers of Procurement to Japan	(kIUA)		(EUR)
	Value of Cash Contribution (1)	Cumulative Payments (2)	Indicative balance (3)=(1)-(2) x 1 693.50 x 1 000
Magnet	168.60	162.49	10 347 285.00
Tritium Plant	15.10 (not signed)	0.00	0.00
Neutral Beam H&CD	44.99 (20.29 not yet signed)	24.70	0.00
Total to Japan	228.69	187.19	10 347 285.00

Regarding the arrangements signed between F4E, JAEA and IO, the transfer of procurement responsibilities from Europe to Japan is implemented through annual cash contributions or, in a limited number of cases, according to the credit released by IO upon the achievement of the milestones. In the former case, the cash contributions are based on an adequate evidence of the payments performed by QST (i.e. the Japanese Domestic Agency) to its suppliers and on a progress report on their work. As from 2012, the corresponding budgetary commitments cover the full amount of the PAs signed.

7.4.3.4. ITER Task Agreement

Number ITAs open as of 31/12/2017	Amount	Currency	2017 Exchange rate to Euro	Amount (EUR)
2	4 645.00	IUA	1 693.50	7 866 307.50
14	17 074 001.85	EUR		17 074 001.85
3	Voluntary	n/a		
19				24 940 309.35

One ITA was signed during 2017 for a total value of EUR 900 000.00.

F4E supports the 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).

As for the PA signed with 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.

7.4.3.5. Broader Approach Agreement

(kBAUA)

BA Projects	EU Share	PA signed	PA credit awarded	Of which F4E Contribution	PA signed (1)	PA credit awarded (2)	Balance (3)=(1)-(2)
JT-60SA	236.41	236.41	186.07	44.06	44.06	28.01	16.05
IFMIF/EVE DA	147.34	147.34	120.66	20.79	20.79	16.57	4.22
IFERC	116.25	116.25	113.05	3.07	3.07	1.81	1.26
BA_Total	500.00	500.00	419.78	67.92	67.92	46.39	21.53

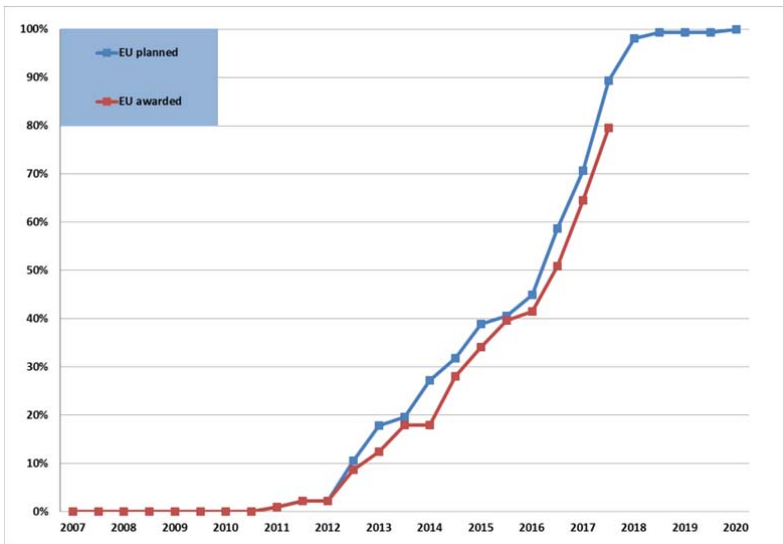
The Broader Approach Agreement between Euratom and the Government of Japan envisages two Implementing Agencies, F4E and JAEA, who are responsible for providing the Parties individual contributions. F4E's contribution is mostly provided by Voluntary Contributors agreed at the time of the ITER site decision. Their contribution is formalised by Agreements of Collaboration which match the obligations entered into by F4E with JAEA in each PA. The Agreements of Collaboration signed between the respective Voluntary Contributors and F4E result in contracts being placed and managed by a Voluntary Contributors Designated Institution. 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 Voluntary Contributors Designated Institution. This is coordinated by a Project Team of experts proposed by each Implementing Agency.

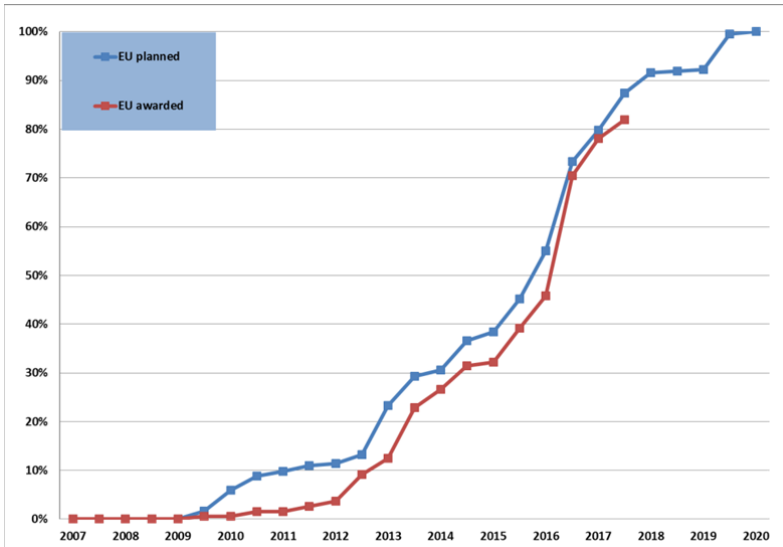
The contribution of each Party to the BA Activities is evaluated by a system of credits similar to the approach followed in the ITER project. The complete scope of work covered by the BA Agreement is assessed with a value of 1 000 000.00 BA Units of Account (BAUA), 500 000.00 of which are provided by 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.

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

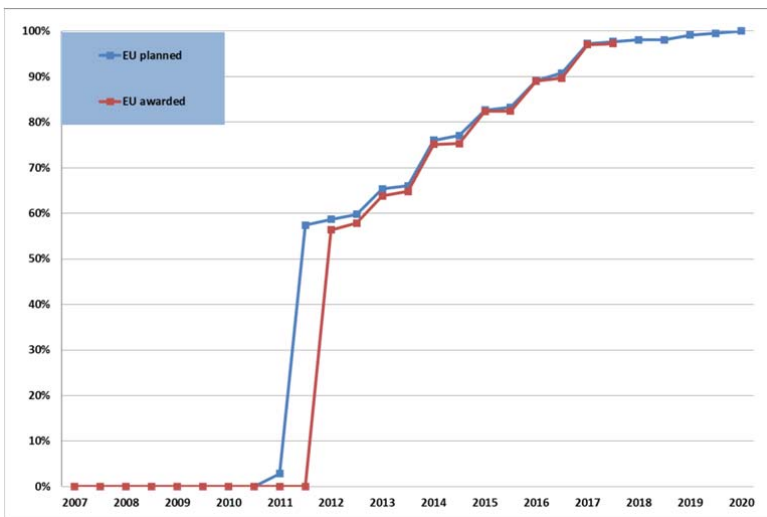
The graphs below show the % of total EU credits by semester up to the end of 2017 by project.



JT-60SA



IFMIF



IFERC

7.4.3.6. Reserve fund

The terms of reference of the ITER Reserve Fund were approved in 2015 in order to compensate the Domestic Agencies for cost increases incurred due to changes which are driven by the IO and have cost impacts. The Executive Project Board (EPB) has approved the eligibility to finance from the Reserve Fund Project Change Requests (PCRs) amounting to EUR 99 328 339.04.

F4E recognises the revenue in the year of approval of the legal commitment/contract amendment by the IO DG (EUR 714 815.39 for 2017).

7.4.3.7. Services in-kind

Under the Host agreement with Spain, the office building used by F4E is free of charge. For the year 2017, this service in-kind amounts to EUR 2 330 322.04.

7.5. 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:

Financial assets	2017	2016
Current receivables	29 934 310.67	133 921.95
Other receivables	72 402.33	127 480.07
Cash and deposits	3 903 822.88	14 602 708.53
TOTAL	33 910 535.88	14 864 110.55

Financial liabilities	2017	2016
Current payables	268 412.37	1 282 219.81
Other payables	204 202.20	102 317.97
Accounts payable with EU entities	118 804 351.24	177 104 571.92
TOTAL	119 276 965.81	178 489 109.70

7.5.1. 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 the 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 FR, 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:

31 December 2017	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	472 614.57	0.00	0.00	472 614.57
Payables with consolidated entities	118 804 351.24	0.00	0.00	118 804 351.24
Total liabilities	119 276 965.81	0.00	0.00	119 276 965.81

7.5.2. 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 EC are accompanied by cash forecasts. The overall treasury balances fluctuated between approximately EUR 0.30 million and EUR 270.00 million taking into account payment time limits for the recovery of contributions and the total of payments executed in 2017.

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.

Name of the bank	Credit quality/rating	Balance at 31/12/2017
ING Belgium	Upper medium grade	3 890 558.24
BNP Paribas Fortis		2 511.19
BBVA		10 753.45

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	29 855 310.67
Upper medium grade	0.00
Lower medium grade	0.00
Non-investment grade	79 000.00

7.5.3. 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 bank 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 fluctuation of this rate (interests negotiated with the commercial banks may not be negative). As a result no risk exists that F4E earns interest at rates lower than market rates or negative.

7.6. 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 2017 consist only of the payment of their remuneration, allowances and other entitlements in accordance with the Staff Regulations of the European Communities.

Section II. 2017 Budget Implementation

8. Budgetary implementation

8.1. Main Facts on the implementation of the 2017 budget of F4E

Revenue	<ul style="list-style-type: none"> • 100.0% of the revenue was collected
Commitments	<ul style="list-style-type: none"> • 99.9% of Implementation in Commitment • 104.8% compared to the original budget • of which 96.5% in individual commitments
Payments	<ul style="list-style-type: none"> • 96.3% of implementation in Payment • 151.8% compared to the original budget

8.2. 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.

8.3. Provisional Twelfths

The 2017 budget submitted to the GB in its GB(36) meeting was not adopted, as recorded in the summary of decision⁷; “*The GB deferred the approval of the 2017 Budget until its final approval of the amended Multiannual Programming Document 2017-2021*”.

F4E entered into the provisional twelfths regime according to article 18 of the F4E FR from the 01/01/2017 until the 21/02/2017.

8.3.1. Impact on revenue

The article 18 FR defines the limitation due to the provisional twelfths on expenditure only, nevertheless F4E was authorised for monthly calls for funds covering the payment appropriations for one twelfth only.

The calls for funds for operational expenditure were addressed to Euratom and France accordingly. It was not possible to call for administrative expenditure during this period due to the absence of financing decision for the ITER budget line in the EU General budget, not yet approved.

8.3.2. Determination of the twelfth amounts

According to article 18 FR, “*Commitments may be made per chapter up to a maximum of one quarter of the total appropriations authorised in the relevant chapter of the previous financial year plus one twelfth for each month which has elapsed.*

The limit of the appropriations provided for in the statement of estimates of revenue and expenditure shall not be exceeded.

Payments may be made monthly per chapter up to a maximum of one twelfth of the appropriations authorised in the relevant chapter of the preceding financial year. That sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter in the statement of estimates of revenue and expenditure.”

The references for F4E were the final 2016 budget and the proposed 2017 statement of expenditure, giving the following result:

⁷ F4E(16)-GB36-Summary - F4E_D_2863Y7 (meeting on first and second December 2016)

Title Chapt.	Heading	Commitments			Payments		
		Final 2016 Budget	2017 statement of estimates of expenditure	3 Provisional Twelfths	Final 2016 Budget	2017 statement of estimates of expenditure	1 Provisional Twelfth
1	STAFF EXPENDITURE						
1 1	STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	26 763 755.71	26 900 000.00	6 690 938.93	26 763 755.71	26 900 000.00	2 230 312.98
1 2	EXTERNAL STAFF EXPENDITURE (CONTRACT AGENTS, INTERIM STAFF AND NATIONAL EXPERTS)	9 026 777.57	8 900 000.00	2 256 694.39	9 026 777.57	8 900 000.00	741 666.67
1 3	MISSIONS AND DUTY TRAVEL	2 245 000.00	2 000 000.00	561 250.00	2 245 000.00	2 000 000.00	166 666.67
1 4	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	1 167 237.28	720 000.00	291 809.32	1 167 237.28	720 000.00	60 000.00
1 5	REPRESENTATION	10 000.00	10 000.00	2 500.00	10 000.00	10 000.00	833.33
1 6	TRAINING	705 764.12	820 000.00	176 441.03	705 764.12	820 000.00	58 813.68
1 7	OTHER STAFF MANAGEMENT EXPENDITURE	1 972 500.00	1 850 000.00	493 125.00	1 972 500.00	1 850 000.00	154 166.67
1 8	TRAINEESHIPS	110 000.00	120 000.00	27 500.00	110 000.00	120 000.00	9 166.67
	Title 1 - Total	42 001 034.68	41 320 000.00	10 500 258.67	42 001 034.68	41 320 000.00	3 421 626.65
2	BUILDINGS, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE						
2 1	BUILDINGS AND ASSOCIATED COSTS	1 375 000.00	1 459 000.00	343 750.00	1 375 000.00	1 459 000.00	114 583.33
2 2	INFORMATION AND COMMUNICATION TECHNOLOGIES	2 825 000.00	2 859 000.00	706 250.00	2 825 000.00	2 859 000.00	235 416.67
2 3	MOVABLE PROPERTY AND ASSOCIATED COSTS	198 000.00	530 000.00	49 500.00	198 000.00	530 000.00	16 500.00
2 4	EVENTS and COMMUNICATION	247 000.00	395 000.00	61 750.00	247 000.00	395 000.00	20 583.33
2 5	OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 282 965.32	1 354 000.00	320 741.33	1 282 965.32	1 354 000.00	106 913.78
2 6	POSTAGE AND TELECOMMUNICATIONS	390 000.00	387 000.00	97 500.00	390 000.00	387 000.00	32 250.00
2 7	EXPENDITURE ON FORMAL AND OTHER MEETINGS	276 000.00	296 000.00	69 000.00	276 000.00	296 000.00	23 000.00
	Title 2 - Total	6 593 965.32	7 280 000.00	1 648 491.33	6 593 965.32	7 280 000.00	549 247.11
	Titles 1 & 2 : Administrative expenditure - Subtotal	48 595 000.00	48 600 000.00	12 148 750.00	48 595 000.00	48 600 000.00	3 970 873.76
3	OPERATIONAL EXPENDITURE						
3 1	ITER CONSTRUCTION INCLUDING THE ITER SITE PREPARATION	265 174 312.48	348 272 997.00	66 293 578.12	534 616 701.74	329 320 708.14	27 443 392.35
3 2	TECHNOLOGY FOR ITER	6 750 815.47	7 100 000.00	1 687 703.87	8 572 110.76	28 000 000.00	714 342.56
3 3	TECHNOLOGY FOR BROADER APPROACH AND DEMO	6 367 221.45	8 600 000.00	1 591 805.36	5 861 571.98	12 700 000.00	488 464.33
3 4	OTHER EXPENDITURE	2 031 274.06	3 400 000.00	507 818.52	2 304 004.78	5 000 000.00	192 000.40
3 5	ITER CONSTRUCTION - APPROPRIATION ACCRUING FROM THE ITER HOST STATE CONTRIBUTION	130 000 000.00	145 000 000.00	32 500 000.00	120 000 000.00	125 000 000.00	10 000 000.00
3 6	APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	P.M.	P.M.	P.M.	P.M.
	Title 3: Operational expenditure - Total	410 323 623.46	512 372 997.00	102 580 905.87	671 354 389.26	500 020 708.14	38 838 199.64
	TOTAL BUDGET	458 918 623.46	560 972 997.00	114 729 655.87	719 949 389.26	548 620 708.14	42 809 073.40

The January twelfth was made available in full in ABAC, while the under execution at the end of January was deducted from the February twelfth in payment appropriations

8.3.3. Record of exception for the payment of salaries

The record of an ex-ante exception to the article 18 FR was due to the combination of 2 elements:

- The limit imposed by the article 18 FR applies to the actual expenses, “*the amounts of commitments and payments made by chapter*”, so excluding any transfers of appropriations between chapters;
- While the total amount due for the January salaries exceeded the amount authorised in payment for the provisional twelfth on chapter 11.

The Director approved an exceptional transfer for the balance due, amounting to EUR 111 503.18 to Budget chapter 11, from other administrative chapters of the title one.

In order to avoid the repetition of the exception for the following payments of salaries, the authorisation for opening additional twelfth for the months of February and March was submitted to the GB, according to paragraph 5 of the article 18 FR. The corresponding written procedure⁸ was adopted on 31/01/2017.

8.3.4. Execution of the provisional twelfths

Execution of the January twelfth

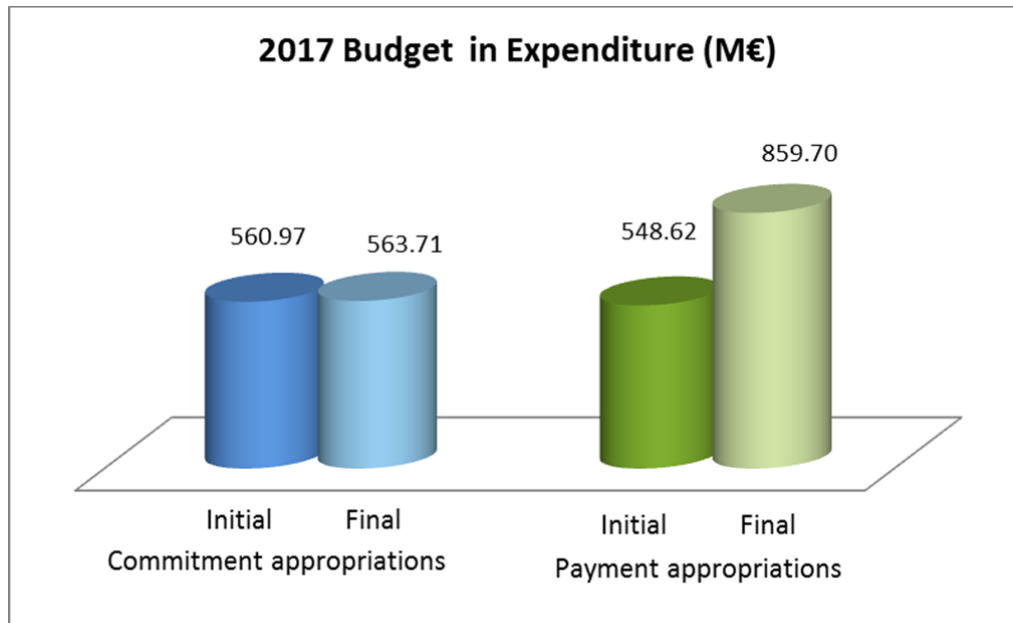
Title Chapter	Heading	Commitment		Payments (1)	
		3 Provisional Twelfths + carry over from 2016	Execution on 31/01/2017	1 Provisional Twelfth + carry over from 2016	Execution on 31/01/2017
1	STAFF EXPENDITURE				
1 1	STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	6 690 938.93	6 500 000.00	2 341 816.16	2 339 265.47
1 2	EXTERNAL STAFF EXPENDITURE (CONTRACT AGENTS, INTERIM STAFF AND NATIONAL EXPERTS)	2 256 694.39	2 170 000.00	741 666.67	724 612.64
1 3	MISSIONS AND DUTY TRAVEL	561 250.00	500 000.00	55 163.49	52 697.50
1 4	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	291 809.32	180 000.00	60 000.00	31 538.67
1 5	REPRESENTATION	2 500.00	2 500.00	833.33	0.00
1 6	TRAINING	176 441.03	176 441.03	58 813.68	0.00
1 7	OTHER STAFF MANAGEMENT EXPENDITURE	493 125.00	468 000.00	154 166.67	43 431.21
1 8	TRAINEESHIPS	27 500.00	15 000.00	9 166.67	8 699.12
	Title 1 - Total	10 500 258.67	10 011 941.03	3 421 626.65	3 200 244.61
2	BUILDINGS, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE				
2 1	BUILDINGS AND ASSOCIATED COSTS	343 750.00	310 000.00	114 583.33	41 284.39
2 2	INFORMATION AND COMMUNICATION TECHNOLOGIES	706 250.00	371 281.85	235 416.67	24 000.00
2 3	MOVABLE PROPERTY AND ASSOCIATED COSTS	49 500.00	49 500.00	16 500.00	0.00
2 4	EVENTS and COMMUNICATION	61 750.00	61 750.00	20 583.33	3 442.79
2 5	OUTSOURCING AND OTHER CURRENT EXPENDITURE	320 741.33	318 000.00	106 913.78	1 481.44
2 6	POSTAGE AND TELECOMMUNICATIONS	97 500.00	87 132.29	32 250.00	132.29
2 7	EXPENDITURE ON FORMAL AND OTHER MEETINGS	69 000.00	68 250.00	23 000.00	0.00
	Title 2 - Total	1 648 491.33	1 265 914.14	549 247.11	70 340.91
	Titles 1 & 2 : Administrative expenditure - Subtotal	12 148 750.00	11 277 855.17	3 970 873.76	3 270 585.52
3	OPERATIONAL EXPENDITURE				
3 1	ITER CONSTRUCTION INCLUDING THE ITER SITE PREPARATION	66 293 578.12	2 894 452.15	27 443 392.35	27 443 392.35
3 2	TECHNOLOGY FOR ITER	1 687 703.87	0.00	714 342.56	714 342.56
3 3	TECHNOLOGY FOR BROADER APPROACH AND DEMO	1 591 805.36	247 459.70	488 464.33	481 433.76
3 4	OTHER EXPENDITURE	507 818.52	109 785.61	192 000.40	57 450.14
3 5	ITER CONSTRUCTION - APPROPRIATION ACCRUING FROM THE ITER HOST STATE CONTRIBUTION	32 500 000.00	0.00	10 876 532.60	10 862 634.41
3 6	APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	735 418.45	0.00	4 120 733.99	0.00
	Title 3 : Operational expenditure - Total	103 316 324.32	3 251 697.46	43 835 466.23	39 559 253.22
	TOTAL BUDGET	115 465 074.32	14 529 552.63	47 806 340.01	42 829 838.74

(1) Execution from ABAC at authoring officer level

This regime of provisional twelfth ended with approval of the 2017 budget⁹ on 21/02/2017, without impact on the final implementation of the final budget, as established below.

⁸ Decision of the F4E GB by written procedure F4E(17)-GBWP-01 adopted on 31/01/2017

8.4. Evolution of the Budget



F4E 2017 budget was initially adopted by F4E's GB for the amount of EUR 560.97 million in commitment appropriations and EUR 548.62 million in payment appropriations.

It was successively amended:

- In the June GB meeting¹⁰;
- By the Bureau in October¹¹ on a special delegation from the GB¹²;
- And in the December GB meeting¹³.

The final available budget was EUR 563.71 million in commitment appropriations and EUR 859.70 million in payment appropriations.

⁹ Decision of the F4E GBd F4E(17)-GB37-5.1 adopted on 21/02/2017

¹⁰ Decision of the F4E GB F4E(17)-GB38-14.4 adopted on 04/07/2017

¹¹ Decision of the Bureau F4E(17)-BU36-6 adopted on 10/10/2017

¹² Summary of decisions F4E(17)-GB38 Summary approved on 04/07/2017

¹³ Decision of the F4E GB F4E(17)-GB39-5.5 adopted on 01/12/2017

8.5. Statement of Revenue

8.5.1. Evolution of the Statement of Revenue

8.5.1.1. Evolution of the Statement of Revenue in Commitment Appropriations

Commitment Appropriations (EUR)

Heading of the 2017 Budget	Initial budget 21 February 2017 (1)	Amending budget 04 July 2017 (2)	Amending budget 10 October 2017 (3)	Amending budget 01 December 2017 (4)	Final Budget (5)=(1)+(2)+(3)+(4)	Additional 2017 revenue (6)	Final Revenue (7)=(5)+(6)
I - 1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	266 512 997.00				266 512 997.00		266 512 997.00
I - 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	96 000 000.00				96 000 000.00		96 000 000.00
I - 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	47 547 440.40	-0.40		1 124 000.00	48 671 440.00		48 671 440.00
I - 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	1 052 559.60				1 052 559.60		1 052 559.60
I - 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 860 000.00				4 860 000.00		4 860 000.00
I - 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	145 000 000.00				145 000 000.00		145 000 000.00
I - 4 10 MISCELLANEOUS REVENUE	p.m.			658.04	658.04	868 553.73	869 211.77
I - 5 10 OTHER ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.				p.m.	0.00	0.00
I - 5 20 OTHER ASSIGNED REVENUE FROM THE IO RESERVE FUND	p.m.				p.m.	714 815.39	714 815.39
Total Revenue	560 972 997.00	-0.40	0.00	1 124 658.04	562 097 654.64	1 583 369.12	563 681 023.76

The changes to the statement of revenue in commitment appropriations are:

- - **EUR 0.40**, a minor adjustment of the Euratom contribution for administrative Expenditure;
- + **EUR 1 124 000.00** of additional Euratom contribution for administrative expenditure, introduced with the third amendment to the budget in December;
- + **EUR 658.04** of bank interests collected on the current and F4E's bank accounts from the fourth quarter 2016 to the third quarter 2017;
- + **EUR 868 553.73** of re-imburement (repayment), automatically assigned to the corresponding heading of expenditure according to article 23 FR. It corresponds to various recoveries of payments made in excess, all on operational contracts. Those recoveries generally happen following the implementation of audit recommendations or are due to changes in the scope of contracts;
- + **EUR 714 815.39** of assigned revenue for the ITER Reserve Fund. According to the Terms of reference of the ITER Reserve fund¹⁴ and to the ITER Reserve Fund Management Plan¹⁵, the requests for changes introduced by IO shall be financed from the ITER Reserve Fund, subject to:
 - The authorisation for financing from the Reserve Fund given by the IO DG (implemented with the decisions of the EPB);
 - The approval of the related contractual amendment by the IO DG.

¹⁴ Approved by ITER Council on 17 July 2015

¹⁵ ICS/2015/OUT/0071(RML3XE)

The following revenue in commitment appropriations are opened according to the procedure above for the Reserve fund:

Reserve fund					(EUR)
Procedure	2015	2016	2017	Total	
EPB DECISION					
Future IO obligation for RF	47 103 414.76	12 943 863.30	39 281 060.98	99 328 339.04	
CONTRACT AMENDMENT APPROVAL					
Opening in commitment on budget chapter 36	1 301 314.76	14 983 791.90	714 815.39	16 999 922.05	
Reduction due to non approval of one PCR		-450 000.00		-450 000.00	

It should be noted that PCR-670 is not yet approved by EPB. The corresponding appropriations amounting to EUR 0.45 million is not implemented in expenditure.

8.5.1.2. Evolution of the Statement of Revenue in Payment Appropriations

Payment appropriations (EUR)

Heading of the 2017 Budget	Initial budget 21 February 2017 (1)	Amending budget 04 July 2017 (2)	Amending budget 10 October 2017 (3)	Amending budget 01 December 2017 (4)	Final Budget (5)=(1)+(2)+(3)+(4)	Additional 2017 revenue (6)	Final Revenue (7)=(5)+(6)
I - 1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	370 140 000.00		267 000 000.00	30 800 000.00	667 940 000.00		667 940 000.00
I - 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	20 708.14				20 708.14		20 708.14
I - 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	47 547 440.40	-0.40		1 124 000.00	48 671 440.00		48 671 440.00
I - 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	1 052 559.60				1 052 559.60		1 052 559.60
I - 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 860 000.00	77 000.00			4 937 000.00		4 937 000.00
I - 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	125 000 000.00				125 000 000.00		125 000 000.00
I - 4 10 MISCELLANEOUS REVENUE	p.m.			658.04	658.04	868 553.73	869 211.77
I - 5 10 OTHER ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.				p.m.	0.00	0.00
I - 5 20 OTHER ASSIGNED REVENUE FROM THE IO RESERVE FUND	p.m.				p.m.	11 184 575.01	11 184 575.01
Total Revenue	548 620 708.14	76 999.60	267 000 000.00	31 924 658.04	847 622 365.78	12 053 128.74	859 675 494.52

The changes to the statement of revenue in payment appropriations are:

- **+ EUR 297 800 000.00** of the Euratom operational contribution. The initial request for the 2017 budget, established at the end of 2015, was lowered due to past underperformances in the implementation of the payments, while the actual advancement of the execution of the contracts made an important reinforcement necessary.
 - The GB was informed in its GB(38) Meeting in July 2017 on the lack of payment appropriations, and its potential consequences on treasury;
 - F4E has been able to respect all its financial obligations related to contracts without delays, thanks to the full support from Euratom, who managed to make additional funds available on time from the EU General Budget. ITER Organization also helped by accepting delays in payment of the in-cash contribution;
 - 2 amending budgets increased the budget payment appropriations by EUR 267.00 million and EUR 31.92 million in October and December 2017 respectively.
- **+ EUR 1 124 000.00** of additional Euratom contribution for administrative expenditure, together with the revenue in commitment mentioned at chapter 8.5.1.1.

- **+ EUR 11 184 575.01** requested to IO for the ITER Reserve Fund, corresponding to the full amounts of the PCR's with fixed amount, and 30% of advance payment for all PCR's with ceiling amount or real cost, except one.
- **+ EUR 868 553.73** of miscellaneous and additional revenue as described above under chapter 8.5.1.1.

8.5.2. Implementation of the Statement of Revenue

8.5.2.1. Implementation of the Statement of Revenue in Commitment Appropriations

A full implementation of the revenue is achieved. This is by virtue of the fact that the commitment appropriations are 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 contributions.

8.5.2.2. Implementation of the Statement of Revenue in Payment Appropriations

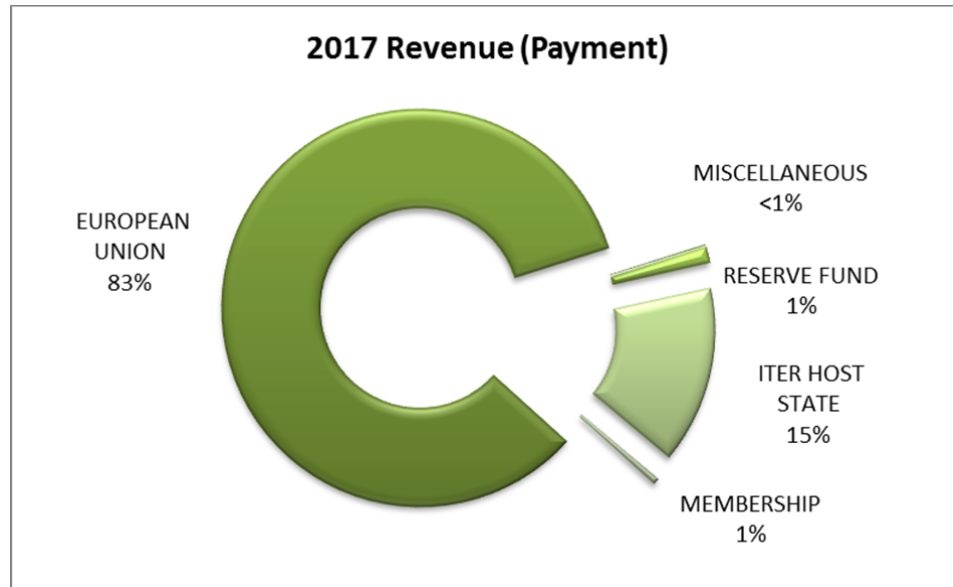
Payment appropriations (EUR)

Heading of the 2017 Budget	Final Revenue from B2017 (1)	Outstanding revenue from previous years (2)	Final actual revenue (Debit note cashed) (3)	Outstanding Revenue at the year end (4) = (1)+(2)-(3)
I - 1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	667 940 000.00	-	667 940 000.00	-
I - 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	20 708.14	-	20 708.14	-
I - 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	48 671 440.00	-	48 671 440.00	-
I - 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	1 052 559.60	-	1 052 559.60	-
I - 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 937 000.00	47 500.00	4 905 500.00	79 000.00
I - 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	125 000 000.00	-	125 000 000.00	-
I - 4 10 MISCELLANEOUS REVENUE	869 211.77	24 378.00	893 589.77	-
I - 5 10 OTHER ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	0.00	-	0.00	-
I - 5 20 OTHER ASSIGNED REVENUE FROM THE IO RESERVE FUND	11 184 575.01	-	11 184 575.01	-
Total Revenue	859 675 494.52	71 878.00	859 668 372.52	79 000.00

The final statement of revenue was almost entirely cashed, except the membership contribution from Portugal.

It should be noted that all outstanding revenue from 2016 have been cashed in 2017 and that the 2016 membership contribution from Finland has been re-introduced in the 2017 budget.

The breakdown of revenue by contributor in 2017 in payment appropriations is as follows :



8.5.2.3. Reconciliation cashed revenue / payment available

			(EUR)
Total cashed revenue			860 132 786.99
GREECE 2016 MEMBERSHIP CONTRIBUTION	Cashed, Not budgeted		-47 500.00
GREECE 2016 MEMBERSHIP CONTRIBUTION LATE PAYMENT INTEREST	Cashed, Not budgeted		-415.63
LIQUIDATED DAMAGES ON F4E CONTRACTS	Cashed, Not budgeted		-463 998.84
2017 MEMBERSHIP CONTRIBUTION -REPUBLIC OF PORTUGAL	Budgeted, Not cashed		79 000.00
Total budgeted revenue			859 699 872.52
CARRY OVER OF PAYMENT APPROPRIATIONS FROM 2016 TO 2017			5 214 390.36
Total Expenditure in payment appropriations			864 914 262.88

The revenue from Euratom, France and Membership contributions is budgeted in full for the year of the budget. Delays in cashing introduce discrepancies between the actual total amount received by F4E and the amount adopted with the budget. Also some miscellaneous revenue cannot be budgeted, usually due to incompatibility between the cashing date of the revenue and the deadline for the preparation of the last amendment to the budget.

8.6. Statement of Expenditure

8.6.1. Evolution of the Statement of Expenditure

In line with the F4E budgetary procedure, the statement of expenditure adopted with the initial 2017 budget was established with the 2015 edition of the Resource Estimates Plan and adjusted to the final contributions from Euratom and France.

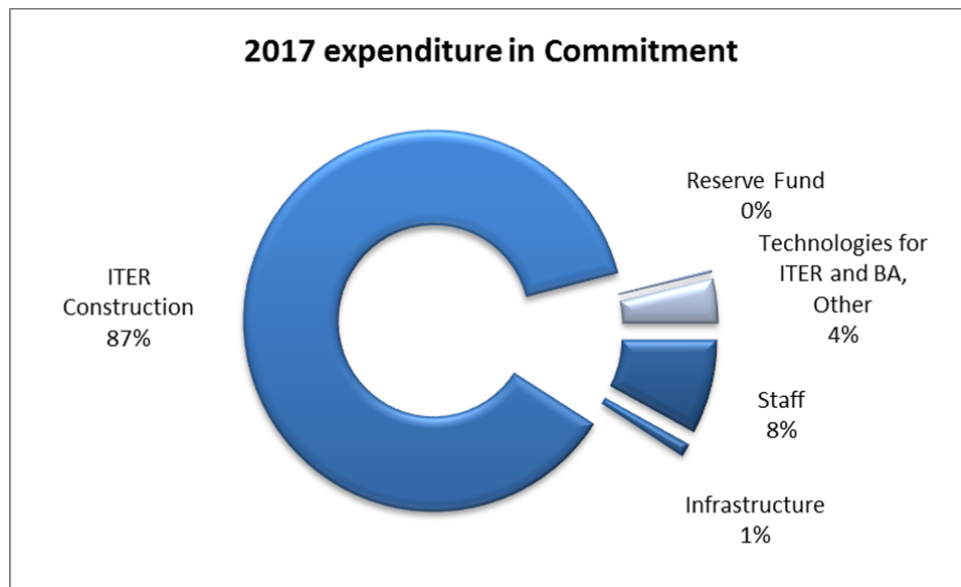
The details of the statement of expenditure were also adjusted to the budget summary of the 2017 Work Programme (WP) in commitment appropriations and to the last available forecasts of execution in payment appropriations.

The statement of expenditure is further adjusted in the course of its implementation in accordance with the successive changes in the statement of revenue and with the amendments to the WP.

These adjustments were implemented with the three amending budgets and through the transfers approved by the Director within the limits foreseen in article 27 FR. The GB is duly informed about the transfers at each GB meetings with the update of the “status of commitments and payments” document.

The appropriations accruing from assigned revenue and not used at the end of 2016 were automatically carried over to 2017.

The final breakdown of the statement of expenditure in commitment appropriations is as follows:



8.6.1.1. Evolution of the Administrative Expenditure

Commitment and Payment appropriation (Non Differentiated Appropriation)

(EUR)

Heading of the 2017 Budget	Initial budget 21 February 17 (1)	Amending Budget 04 July 17 01 December 17 (2)	Transfers adopted by F4E Director (3)	Additional revenue (4)	Final budget (5)=Σ(1 to 4)	Carried over from 2016 (6)	Final budget for implementation (7)=(5)+(6)
CH 11 STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	26 900 000.00	1 123 999.60	1 749 636.67		29 773 636.27		29 773 636.27
CH 12 EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	8 900 000.00		1 088 681.47		9 988 681.47		9 988 681.47
CH 13 MISSIONS AND DUTY TRAVEL	2 000 000.00		1 000 000.00		3 000 000.00		3 000 000.00
CH 14 MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	720 000.00		170 529.91	300.00	890 829.91		890 829.91
CH 15 REPRESENTATION	10 000.00		0.00		10 000.00		10 000.00
CH 16 TRAINING	820 000.00		-179 196.97		640 803.03		640 803.03
CH 17 OTHER STAFF MANAGEMENT EXPENDITURE	1 850 000.00		425 000.00		2 275 000.00		2 275 000.00
CH 18 TRAINEESHIPS	120 000.00		23 000.00		143 000.00		143 000.00
TITLE 1 - Commitment and Payment	41 320 000.00	1 123 999.60	4 277 651.08	300.00	46 721 950.68	0.00	46 721 950.68
CH 21 BUILDINGS AND ASSOCIATED COSTS	1 459 000.00		-119 000.00		1 340 000.00		1 340 000.00
CH 22 INFORMATION AND COMMUNICATION TECHNOLOGIES	2 859 000.00		-18 521.89		2 840 478.11		2 840 478.11
CH 23 MOVABLE PROPERTY AND ASSOCIATED COSTS	530 000.00		-261 250.00		268 750.00		268 750.00
CH 24 EVENTS AND COMMUNICATION	395 000.00		18 763.90		413 763.90		413 763.90
CH 25 OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 354 000.00		-249 878.40		1 104 121.60		1 104 121.60
CH 26 POSTAGE AND TELECOMMUNICATIONS	387 000.00		-10 000.00		377 000.00		377 000.00
CH 27 EXPENDITURE ON FORMAL AND OTHER MEETINGS	296 000.00		69 000.00		365 000.00		365 000.00
TITLE 2 - Commitment and Payment	7 280 000.00	0.00	-570 886.39	0.00	6 709 113.61	0.00	6 709 113.61
Total TITLE 1 & 2 - Commitment & Payment	48 600 000.00	1 123 999.60	3 706 764.69	300.00	53 431 064.29	0.00	53 431 064.29

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

The additional revenue amounting to EUR 1 123 999.60 from the first and third amendments of the budget, adopted in July and December respectively, was allocated to chapter 11 – Staff expenditure in the establishment plan.

The transfers approved by the Director increased the administrative budget from the operational budget by EUR 3 706 764.69 and modified the detailed allocation of the administrative expenditure according to the final needs.

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

For the Title 1 – Staff expenditure (+13%):

- **Chapter 11** - Salaries of officials and temporary agents (+11%): Compared to the initial budget, established in the 2015 edition of the Resource Estimate Plan, the additional needs are mainly due to the new trend of positive adjustments of salaries for 2016 (+0.9%) and 2017 (+1.9%), while the vacancy rate was maintained at low level all along the year 2017.

- **Chapter 12** - Salaries of external staff (+12%): The rationale is the same as for chapter 11.

For the 2 chapters together, the additional needs for salaries for all F4E staff represents about 80% of the reinforcement of the administrative budget.

- **Chapter 13** – Missions (+50%): The number of missions in the frame of the follow-up the manufacturing contracts has been maintained, in order to take into account the recommendations of F4E's Management Assessors, as endorsed by the GB (i.e. F4E staff should be more present at the manufacturing sites). Those fees are of operational nature.
- **Chapter 14** – Miscellaneous expenditure on staff recruitment and transfer (+24%): In addition to the recruitment cost normally charged on this budget, the increase is due to the transfer of staff to Cadarache for daily and installation allowances.
- **Chapter 16** - Training (- 22%): The decrease confirms the effect of the revised training policy adopted last year, in particular with a strict budget allocation by unit and team.
- **Chapter 17** – Other staff expenditure (+23%): The increase is linked to the cost of International Schooling and medical services.
- **Chapter 18** - Trainee-ships (+ 19%): the original budget has been aligned to the more ambitious traineeship policy endorsed in April 2016.

For the Title 2 – Building and associated cost (-8%):

- **Chapter 23** – Movable properties (-49%): The delay in the refurbishment of the building has also postponed the procurement of office furniture and so allowed the decrease of the budget.
- **Chapter 25** – Outsourcing and other expenditure (-18%): The decrease is due to the non-utilisation of a reserve made for potential court cases and mediation.
- **Chapter 27** – Expenditure on formal and other meetings (+ 23%): The increase is due to a higher number of meetings than forecasted.

8.6.1.2. Evolution of the Operational Expenditure

The statement of operational expenditure, detailed in the next table, was modified with the three amending budgets to reflect the changes in the statement of revenue and to align the operational budget in commitment appropriations with the successive amendments to the 2017 WP in June and December 2017.

In commitment appropriations:

To be noted, the figures for the budget chapters 35 and 36 refer to the available appropriations for the 2017 budget only, whereas the details of the 2017 implementation by funds source provided in annex 8.8.3 refers to the appropriations of the year plus the amounts left over on the commitments carried over from the previous years, respectively EUR 444.43 million for B035 and EUR 17.00 million for B036. This is due to the specific management of assigned revenue in the accounting system.

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

- **Chapter 33** – Broader Approach (+28%): The increase was mainly due to implementation of additional activities, for example the commitment for the Coil transportation by air freight (JT60-SA Unit), within the frame of the acceleration measures.
- **Chapter 34** – Other Expenditure (+35%): The increase is mainly due to additional specific contracts implemented for interim managers.

In payment appropriations:

As detailed in chapter 8.5.1.2 above, the needs in operational payment were much higher than the budget originally available, in particular for the chapter 31 – ITER construction.

Indeed the additional revenue obtained from the second and third amendments to the budget adopted in October and December 2017 respectively was assigned to this chapter 31.

The adjustments between budgetary chapters according to actual needs are implemented through transfers authorised by the Director at the end of the year, to reach the highest possible rate of budget implementation and honour all contractual obligations toward suppliers.

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

Heading of the 2017 Budget	Initial budget 21 February 17 (1)	Amending Budget 04 July 17 10 October 17 01 December 17 (2)	Transfers adopted by F4E Director (3)	Additional revenue (4)	Final budget (5)=Σ(1 to 4)	Carried over from 2016 (6)	Final budget for implementation (7)=(5)+(6)
CH 31 ITER CONSTRUCTION - INCLUDING SITE PREPARATION	348 272 997.00	-3 716 341.96	-3 075 541.34	743 547.56	342 224 661.26	10 747.53	342 235 408.79
CH 32 TECHNOLOGY FOR ITER	7 100 000.00	-1 603 000.00	1 085 279.88		6 582 279.88		6 582 279.88
CH 33 TECHNOLOGY FOR BROADER APPROACH AND DEMO	8 600 000.00	3 860 000.00	-1 462 149.75		10 997 850.25		10 997 850.25
CH 34 OTHER EXPENDITURE	3 400 000.00	1 460 000.00	-254 353.48		4 605 646.52	994.49	4 606 641.01
CH 35 ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	145 000 000.00			149 084.17	145 149 084.17	23 905 348.96	169 054 433.13
CH 36 APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.			714 815.39	714 815.39	1 293 565.23	2 008 380.62
TITLE 3 - Commitment	512 372 997.00	658.04	-3 706 764.69	1 607 447.12	510 274 337.47	25 210 656.21	535 484 993.68
CH 31 ITER CONSTRUCTION - INCLUDING SITE PREPARATION	329 320 708.14	297 877 658.04	23 271 158.40	743 547.56	651 213 072.14	216 129.28	651 429 201.42
CH 32 TECHNOLOGY FOR ITER	28 000 000.00		-17 562 283.34		10 437 716.66		10 437 716.66
CH 33 TECHNOLOGY FOR BROADER APPROACH AND DEMO	12 700 000.00		-7 310 242.21		5 389 757.79		5 389 757.79
CH 34 OTHER EXPENDITURE	5 000 000.00		-2 105 397.54		2 894 602.46	994.49	2 895 596.95
CH 35 ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	125 000 000.00			149 084.17	125 149 084.17	876 532.60	126 025 616.77
CH 36 APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.			11 184 575.01	11 184 575.01	4 120 733.99	15 305 309.00
TITLE 3 - Payment	500 020 708.14	297 877 658.04	-3 706 764.69	12 077 206.74	806 268 808.23	5 214 390.36	811 483 198.59
Total TITLE 1 & 2 - Commitment & Payment	48 600 000.00	1 123 999.60	3 706 764.69	300.00	53 431 064.29	0.00	53 431 064.29
Total BUDGET in Commitment Appropriation	560 972 997.00	1 124 657.64	0.00	1 607 747.12	563 705 401.76	25 210 656.21	588 916 057.97
Total BUDGET in Payment Appropriation	548 620 708.14	299 001 657.64	0.00	12 077 506.74	859 699 872.52	5 214 390.36	864 914 262.88

8.6.2. Implementation of the Statement of Expenditure

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

8.6.2.1. Implementation of the Budget in Commitment Appropriations

A full implementation of the 2017 budget shall be considered.

There are no specific observations regarding the implementation of the administrative budget for which the permanent monitoring allows reaching a fair balance between actual needs and budget.

Regarding the operational expenditure 99.9% of the final budget is implemented, of which 96.5% through direct individual commitment.

The non-implementation of EUR 558 147.00 on the chapter 36 – Reserve Fund is mainly due to the carry-over of appropriations from 2016 for PCR 670. The corresponding amendment is still not ready to be signed considering the PCR is formally not yet approved by the EPB.

EUR 187 101.00 were not implemented on chapter 31, corresponding to additional miscellaneous revenue received very late in December.

Both amounts are carried over to the 2018 budget.

A **new ‘flexibility’ clause** has been introduced in the WP 2017 in order to limit the changes in the implementation of the budget compared to the substance of the WP adopted by the GB, and last defined in the article 2 of the GB decision approving the second amendment to the WP 2017¹⁶:

The Governing Board hereby delegates to the Director of Fusion for Energy the power to make non substantial amendments to the annual Work Programme approved by the Governing Board. Amendments are considered to be “non-substantial” if

(a) they do not lead to an increase of:

i. more than 10% of the Financial Resources allocated to the corresponding Action in the Annex V of the annual Work Programme for the year, or more than EUR 0.2 million for Actions with allocation of below EUR 2 million for the year; and

ii. more than 3% of the total operational expenditure in Title 3 of the annual Budget for the given year and if :

(b) any related changes to the scope of the annual Work Programme do not have significant impact on the nature of the Actions or on the achievement of objectives of the multiannual Project Plan.

Non-substantial amendments shall not lead to any increase in the total operational expenditure for Title 3 of the annual Budget approved by the Governing Board.”

The Budget 2017 has been implemented in full respect of this flexibility clause but about EUR 0.05 million in excess for the action 7, due to multiple deviations finalised at the same time at the end of the year.

¹⁶ F4E(17)-GB39-5.4_2nd Amendment of the 2017 Work Programme

Implementation of the Statement Expenditure in Commitment Appropriations (EUR)

Heading of the 2017 Budget	Commitment Appropriation		
	Final budget for implementation (1)	Final implementation (2)	% implementation (3)= (2)/(1)
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	29 773 636.27	29 773 636.27	100.0%
CH 12 - EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	9 988 681.47	9 988 681.47	100.0%
CH 13 - MISSIONS AND DUTY TRAVEL	3 000 000.00	3 000 000.00	100.0%
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRAFER	890 829.91	890 829.91	100.0%
CH 15 - REPRESENTATION	10 000.00	10 000.00	100.0%
CH 16 -TRAINING	640 803.03	640 803.03	100.0%
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	2 275 000.00	2 275 000.00	100.0%
CH 18 - TRAINEESHIPS	143 000.00	143 000.00	100.0%
TITLE 1 Staff expenditure	46 721 950.68	46 721 950.68	100.0%
CH 21 - BUILDINGS AND ASSOCIATED COSTS	1 340 000.00	1 340 000.00	100.0%
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	2 840 478.11	2 840 478.11	100.0%
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	268 750.00	268 750.00	100.0%
CH 24 - EVENTS AND COMMUNICATION	413 763.90	413 763.90	100.0%
CH 25 - OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 104 121.60	1 104 121.60	100.0%
CH 26 - POSTAGE AND TELECOMMUNICATIONS	377 000.00	377 000.00	100.0%
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	365 000.00	365 000.00	100.0%
TITLE 2 -	6 709 113.61	6 709 113.61	100.0%
Total TITLE 1 & 2	53 431 064.29	53 431 064.29	100.0%
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	342 235 408.79	342 048 307.63	99.9%
CH 32 - TECHNOLOGY FOR ITER	6 582 279.88	6 582 279.88	100.0%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	10 997 850.25	10 997 850.25	100.0%
CH 34 - OTHER EXPENDITURE	4 606 641.01	4 606 641.01	100.0%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	169 054 433.13	169 054 433.13	100.0%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	2 008 380.62	1 450 233.84	72.2%
TITLE 3	535 484 993.68	534 739 745.74	99.9%
Total implementation	588 916 057.97	588 170 810.03	99.9%

Implementation of the Work Programme (EUR)

Actions of the 2017 Work Programme	Commitment Appropriation				
	Original WP	First Amending WP	Second Amending WP (Final)	Final Implementation	% implementation
Action 1: Magnets	11 300 000.00	8 900 000.00	9 208 000.00	8 838 103.06	-4.0%
Actions 2,3,4,10: Main Vessel systems	20 500 000.00	80 000 000.00	74 769 000.00	75 103 295.82	0.4%
Action 5: Remote Handling	11 000 000.00	15 500 000.00	16 436 000.00	15 958 920.50	-2.9%
Action 6: Cryoplant & Fuel Cycle	17 500 000.00	23 000 000.00	15 785 000.00	15 801 645.63	0.1%
Action 7: RF Heating & Current Drive	4 500 000.00	5 500 000.00	3 358 000.00	3 746 079.91	11.6%
Action 8: Neutral Beam Heating & Current Drive	22 000 000.00	32 000 000.00	26 916 000.00	12 174 730.42	-54.8%
Action 9: Diagnostics	17 300 000.00	25 000 000.00	27 309 000.00	27 342 490.11	0.1%
Action 11: Buildings, Infrastructures & Power Supplies	200 000 000.00	250 000 000.00	164 141 000.00	175 540 229.15	6.9%
Action 12: Cash Contributions	186 854 580.00	101 021 490.00	187 457 968.00	175 804 351.24	-6.2%
Action 13: Supporting Activities	12 818 417.00	21 000 000.00	15 196 000.00	13 412 049.65	-11.7%
Action 14: Broader Approach	8 600 000.00	12 485 000.00	12 479 000.00	11 017 850.25	-11.7%
TOTAL	512 372 997.00	574 406 490.00	553 054 968.00	534 739 745.74	-3.3%

8.6.2.2. Implementation of the Budget in Payment Appropriations

The implementation rate of the 2017 final available budget is **96.3%** in payment appropriations.

The execution has been limited by the available treasury, considering the recoverable VAT, which amounted to EUR 29.80 million at the end of 2017 (mainly related to works contracts at Cadarache).

- **92.3%** of implementation of the administrative expenditure, representing an equivalent performance compared to the previous year. The unused appropriations are automatically carried over to 2018.
- **96.5%** of implementation of the total operational expenditure, representing EUR 28.20 million of non-execution.

Implementation of the Statement of Expenditure in Payment Appropriations(EUR)

Heading of the 2017 Budget	Payment Appropriation		
	Final budget for implementation (1)	Final implementation (2)	% implementation (3)= (2)/(1)
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	29 773 636.27	29 773 636.27	100.0%
CH 12 - EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	9 988 681.47	9 749 890.17	97.6%
CH 13 - MISSIONS AND DUTY TRAVEL	3 000 000.00	2 276 362.09	75.9%
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	890 829.91	772 291.90	86.7%
CH 15 - REPRESENTATION	10 000.00	7 908.23	79.1%
CH 16 - TRAINING	640 803.03	386 822.59	60.4%
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	2 275 000.00	2 069 325.79	91.0%
CH 18 - TRAINEESHIPS	143 000.00	121 072.27	84.7%
TITLE 1 Staff expenditure	46 721 950.68	45 157 309.31	96.7%
CH 21 - BUILDINGS AND ASSOCIATED COSTS	1 340 000.00	720 745.20	53.8%
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	2 840 478.11	2 085 463.64	73.4%
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	268 750.00	99 022.14	36.8%
CH 24 - EVENTS AND COMMUNICATION	413 763.90	298 663.23	72.2%
CH 25 - OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 104 121.60	654 622.67	59.3%
CH 26 - POSTAGE AND TELECOMMUNICATIONS	377 000.00	126 633.74	33.6%
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	365 000.00	189 545.17	51.9%
TITLE 2 -	6 709 113.61	4 174 695.79	62.2%
Total TITLE 1 & 2	53 431 064.29	49 332 005.10	92.3%
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	651 429 201.42	635 401 538.87	97.5%
CH 32 - TECHNOLOGY FOR ITER	10 437 716.66	10 437 716.66	100.0%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	5 389 757.79	5 389 757.79	100.0%
CH 34 - OTHER EXPENDITURE	2 895 596.95	2 895 596.95	100.0%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	126 025 616.77	124 509 013.91	98.8%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	15 305 309.00	4 670 979.73	30.5%
TITLE 3	811 483 198.59	783 304 603.91	96.5%
Total implementation	864 914 262.88	832 636 609.01	96.3%

8.6.2.3. Additional information on the final implementation of the 2016 Budget

Final implementation of the Administrative expenditure 2016

The payment appropriations linked to open administrative commitments at the end of 2016, corresponding to legal obligations not yet paid, were automatically carried over to 2017 according to the rules for non-differentiated appropriations for an amount of EUR 3.63 million.

74% of the appropriations, EUR 2.69 million, were paid in 2017. The balance is cancelled and enters in the budgetary outturn as shown in the table at the chapter 8.6.2.6 below.

Final implementation of the Global commitments 2016

The level of global commitments at the end of 2016 was low and those global commitments have been entirely transformed into individual commitments during 2017.

Final implementation of the 2016 Global Commitments (EUR)	Appropriation available on 01/01/17	Implementation	%
individual Commitments placed in 2017	1 403 705.04	1 403 705.04	100.0%

8.6.2.4. Open commitments at 31 December 2017

The F4E obligations amount to EUR 1 552.64 million at the closure of the 2017 budget.

The total amount of open commitments is decreased by EUR 310.42 million compared to the situation at the end of 2016¹⁷ (EUR 1 863.06 million).

The total amount left over on open budgetary commitments is detailed as follows:

¹⁷ F4E(17)-GB38-16.1 2016 Final Annual Accounts

2017 budget Heading	Open Commitments				
	from previous year (1)	from 2017 budget (2)	Total (3)=(1)+(2)	To be de-committed (4)	Net Total (5)=(3)-(4)
TITLE 1 - STAFF EXPENDITURE	0.00	1 564 641.37	1 564 641.37	0.00	1 564 641.37
TITLE 2 - OTHER OPERATING EXPEND.	0.00	2 534 417.82	2 534 417.82	0.00	2 534 417.82
Total TITLE 1 & 2	0.00	4 099 059.19	4 099 059.19	0.00	4 099 059.19
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	937 951 247.89	247 309 073.58	1 185 260 321.47	1 399 276.74	1 183 861 044.73
CH 32 - TECHNOLOGY FOR ITER	5 971 420.57	6 581 203.12	12 552 623.69	189 981.28	12 362 642.41
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	6 474 957.25	10 280 640.15	16 755 597.40	0.00	16 755 597.40
CH 34 - OTHER EXPENDITURE	1 352 683.84	2 528 670.04	3 881 353.88	0.00	3 881 353.88
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	172 337 169.73	147 579 433.13	319 916 602.86	6 421.87	319 910 180.99
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	10 320 561.70	1 450 233.84	11 770 795.54	0.00	11 770 795.54
Total TITLE 3	1 134 408 040.98	415 729 253.86	1 550 137 294.84	1 595 679.89	1 548 541 614.95
Total	1 134 408 040.98	419 828 313.05	1 554 236 354.03	1 595 679.89	1 552 640 674.14

Note :

- **Title 1:** There is no left over on the 2017 commitments related to direct staff cost, normally cancelled at the end of the current year. The balance as shown in the table above corresponds to other expenses linked to staff: missions, interim, schooling, training, etc. for which the commitments are carried over for one year.
- **Title 2:** The commitments are carried over and should be consumed at the latest by 31 December of the following year.
- **Title 3:** The open 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 2017 global commitments, amounting to EUR 20.60 million, are carried over for one year, to be implemented in individual commitments/contracts by the 31 of December 2018.

8.6.2.5. Status of non-budgeted commitment appropriation

According to the annuality principle of the F4E FR, the unused commitment appropriations 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 FR also foresees the possibility to make the cancelled appropriations available again in future budget.

The corresponding amounts are provided in the table below:

Commitment appropriation for operational expenditure (EUR)	CH 31-CH 34 Budgets	CH 35/CH 36 Assigned revenue	Total
Amount de-committed/not implemented as of 31/12/2017 (since 2008) +	636 085 258.10	162 002 876.12	798 088 134.22
Amount budgeted again or carried over (since 2008) -	105 759 760.00	162 002 876.12	267 762 636.12
Amount available for future budgets =	530 325 498.10	-	530 325 498.10

From 2008 to 2017, the total of de-commitments amounts to EUR 798.09 million, mainly due to partial implementation of global commitments in individual contracts.

From this amount:

- EUR 162.00 million have been automatically carried over following the external assigned revenue rules,
- EUR 105.76 million have been reintroduced in the 2011 and 2017 budgets on decision of the GB.

It results in a cumulative amount of unassigned commitment appropriations of EUR 530.33 million, to be entered in future F4E annual budgets.

8.6.2.6. Cancelled Payment appropriations

Cancelled Payment appropriations from the 2017 budget

2017 budget Heading	(EUR)		
	Unused Appropriations (1)	Appropriations carried over to 2018 (2)	Cancelled appropriation (3)=(1)-(2)
TITLE 1	1 564 641.37	1 564 641.37	0.00
TITLE 2	2 534 417.82	2 534 417.82	0.00
Total TITLE 1 & 2 Payment	4 099 059.19	4 099 059.19	0.00
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	16 027 662.55	187 101.16	15 840 561.39
CH 32 - TECHNOLOGY FOR ITER	0.00	0.00	0.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	0.00	0.00	0.00
CH 34 - OTHER EXPENDITURE	0.00	0.00	0.00
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	1 516 602.86	1 516 602.86	0.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	10 634 329.27	10 634 329.27	0.00
TITLE 3 - Payment	28 178 594.68	12 338 033.29	15 840 561.39
Total BUDGET in Payment	32 277 653.87	16 437 092.48	15 840 561.39

The almost full implementation of the 2017 budget and the automatic carry over make the level of cancelled appropriations low for 2017, representing 1.7% of the budget.

The Payment appropriations not used by the 31/12/2017 are cancelled except the amount automatically carried over for Non Differentiated appropriations (Title 1 and Title 2) and assigned revenue (B035 and B036), according to the respective rules in the F4E FR.

Cancelled Payment appropriations carried over from the 2016 budget

Administrative appropriation carried over from B 2016 to B 2017	(EUR)		
	Appropriation available (EUR) (1)	Implementation (EUR) (2)	Cancelled appropriation (3)=(1)-(2)
TITLE 1	836 869.93	591 281.10	245 588.83
TITLE 2	2 792 372.20	2 094 692.80	697 679.40
Total TITLE 1 & 2 Payment	3 629 242.13	2 685 973.90	943 268.23

The cancelled appropriations correspond to the amounts not paid in 2017 on open administrative commitments carried over from 2016.

8.7. Budget Outturn account 2017

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.

2017 Budget Outturn Account (EUR)

Budget Outturn Account		2017	2016
REVENUE			
Euratom contribution	+	717 684 707.74	595 328 553.81
ITER Host state and Membership contributions	+	129 905 500.00	124 485 292.66
Other revenue	+	12 078 164.78	4 580 239.82
Other non budgeted revenue	+	464 414.47	0.00
TOTAL REVENUE (a)		860 132 786.99	724 394 086.29
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	45 157 309.31	41 164 618.10
Appropriations carried over	-	1 564 641.37	836 869.93
<i>Title II: Infrastructure Expenditure</i>			
Payments	-	4 174 695.79	3 818 959.00
Appropriations carried over	-	2 534 417.82	2 792 372.20
<i>Title III: Operational Expenditure</i>			
Payments	-	783 304 603.91	665 885 921.52
Appropriations carried over	-	12 338 033.29	5 214 390.36
<i>Total Payments (b)</i>		<i>832 636 609.01</i>	<i>710 869 498.62</i>
<i>Total Appropriations carried over (c)</i>		<i>16 437 092.48</i>	<i>8 843 632.49</i>
TOTAL EXPENDITURE (d)=(b)+(c)		849 073 701.49	719 713 131.11
OUTTURN FOR THE FINANCIAL YEAR (a-d)		11 059 085.50	4 680 955.18
Cancellation of unused payment appropriations carried over from previous year	+	943 268.23	1 202 662.37
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	5 214 390.36	24 879.81
Exchange differences for the year (gain +/- loss -)	+/-	19 448.54	-27 076.85
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		17 236 192.63	5 881 420.51
Of which Administrative expenditure		963 132.40	1 183 099.32
Of which Operational expenditure		16 273 060.23	4 698 321.19

For the 2017 financial year, the balance of the budget outturn amounts to EUR 17.24 million.

8.8. Annexes

8.8.1. 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	Paid 2015	Paid 2016	Paid 2017	Outstanding amount
<= 2007	115 445 438.21	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	261 880.87	-	-	-
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	295 863 671.49	-	-	63 201 452.03	40 413 138.03	72 962 663.48	34 136 990.20	23 997 122.64	26 549 875.43	13 259 338.45	8 008 925.36	9 541 166.89	3 792 998.98
2010	391 858 327.30	-	-	-	102 542 780.43	60 943 579.59	58 266 404.13	52 784 759.28	34 717 587.59	39 227 964.72	9 607 653.62	15 107 792.58	18 659 805.36
2011	370 984 951.45	-	-	-	-	57 876 015.77	118 112 199.21	48 623 561.70	29 962 742.34	26 739 952.54	35 305 192.97	42 950 825.08	11 414 461.84
2012	1 100 687 120.40	-	-	-	-	-	83 739 910.79	144 231 319.33	128 364 796.05	164 239 683.64	189 718 067.75	152 829 836.45	237 563 506.39
2013	897 377 741.00	-	-	-	-	-	-	67 053 699.98	181 415 330.39	96 759 662.07	124 738 904.24	85 677 718.98	341 732 425.34
2014	581 893 869.44	-	-	-	-	-	-	-	52 626 681.58	93 676 757.92	116 670 110.66	78 631 340.28	240 288 979.00
2015	370 514 590.49	-	-	-	-	-	-	-	-	46 616 552.99	123 149 761.09	50 541 171.89	150 207 104.52
2016	416 706 885.54	-	-	-	-	-	-	-	-	-	58 687 305.83	229 014 259.88	129 005 319.83
2017	534 739 745.74	-	-	-	-	-	-	-	-	-	-	119 010 491.88	415 729 253.86
Total	5 238 577 821.07	44 786 869.53	84 018 369.37	111 037 211.15	162 015 078.80	219 638 355.67	321 859 238.80	352 982 468.72	463 726 295.43	480 781 793.20	665 885 921.52	783 304 603.91	1 548 541 614.97

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 2017 to be individually committed in 2018 are included in full in the 2017 commitments.
- For information 908 commitment positions are open in ABAC on the 31/12/17.

8.8.2. Reconciliation between budgetary and accrual based accounts

	sign +/-	Amount (EUR)
Economic result (+ for surplus and - for deficit)	+/-	219 965 336.61
<i>Adjustment 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)	+/-	34 712 485.04
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+/-	-57 529 371.83
Unpaid invoices at year end but booked in charges (class 6)	+	119 072 763.61
Depreciation of intangible and tangible assets	+	3 457 730.79
Provisions (impact of the year)	+/-	13 988 208.29
Recovery Orders issued in 2017 in class 7 and not yet cashed	-	-79 000.00
Pre-financing given in previous year and cleared in the year	+	47 061 022.17
Pre-financing received in previous year and cleared in the year	-	0.00
Payments made from carry over of payment appropriations	+	2 685 973.90
Other : Change in inventories (production material)	+/-	-162 213 185.93
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-	-688 273.36
New pre-financing paid in the year 2017 and remaining open as at 31.12.2016	-	-52 390 517.77
New pre-financing received in the year 2017 and remaining open as at. 31.12.2016	+	17 236 192.63
Budgetary recovery orders issued before 2017 and cashed in the year	+	148 878.00
Budgetary recovery orders issued in 2017 on balance sheet accounts (not 7 or 6 accounts) and cashed	+	0.00
Payment appropriations carried over to 2018	-	-16 437 092.48
Cancellation of unused carried over payment appropriations from previous year	+	943 268.23
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	5 214 390.36
Other : Invoices paid in 2017 but booked in charges in previous years	+/-	-157 912 708.34
total		17 236 099.92
Budgetary result (+ for surplus)	+/-	17 236 192.63
Including amount of exchange rate differences		19 448.54
Delta not explained		-92.71

8.8.3. 2017 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	29 773 636.27	29 773 636.27	100.00%	29 773 636.27	29 773 636.27	100.00%
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	9 988 681.47	9 988 681.47	100.00%	9 988 681.47	9 749 890.17	97.61%
A01300	MISSIONS AND DUTY TRAVEL	3 000 000.00	3 000 000.00	100.00%	3 000 000.00	2 276 362.09	75.88%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	890 529.91	890 529.91	100.00%	890 529.91	771 991.90	86.69%
A01500	REPRESENTATION	10 000.00	10 000.00	100.00%	10 000.00	7 908.23	79.08%
A01600	TRAINING	640 803.03	640 803.03	100.00%	640 803.03	386 822.59	60.37%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	2 275 000.00	2 275 000.00	100.00%	2 275 000.00	2 069 325.79	90.96%
A01800	TRAINEESHIPS	143 000.00	143 000.00	100.00%	143 000.00	121 072.27	84.67%
Total Title 1		46 721 650.68	46 721 650.68	100.00%	46 721 650.68	45 157 009.31	96.65%

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	1 340 000.00	1 340 000.00	100.00%	1 340 000.00	720 745.20	53.79%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	2 840 478.11	2 840 478.11	100.00%	2 840 478.11	2 085 463.64	73.42%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	268 750.00	268 750.00	100.00%	268 750.00	99 022.14	36.85%
A02400	EVENTS and COMMUNICATION	413 763.90	413 763.90	100.00%	413 763.90	298 663.23	72.18%
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 104 121.60	1 104 121.60	100.00%	1 104 121.60	654 622.67	59.29%
A02600	POSTAGE AND TELECOMMUNICATIONS	377 000.00	377 000.00	100.00%	377 000.00	126 633.74	33.59%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	365 000.00	365 000.00	100.00%	365 000.00	189 545.17	51.93%
Total Title 2		6 709 113.61	6 709 113.61	100.00%	6 709 113.61	4 174 695.79	62.22%

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	341 481 113.70	341 481 113.70	100.00%	650 469 524.58	634 628 963.19	97.56%
B03200	TECHNOLOGY FOR ITER	6 582 279.88	6 582 279.88	100.00%	10 437 716.66	10 437 716.66	100.00%
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	10 997 850.25	10 997 850.25	100.00%	5 389 757.79	5 389 757.79	100.00%
B03400	OTHER EXPENDITURE	4 605 646.52	4 605 646.52	100.00%	2 894 602.46	2 894 602.46	100.00%
Total Title 3		363 666 890.35	363 666 890.35	100.00%	669 191 601.49	653 351 040.10	97.63%
Total C1		417 097 654.64	417 097 654.64	100.00%	722 622 365.78	702 682 745.20	97.24%

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)
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	300.00	300.00	100.00%	300.00	300.00	100.00%
Total Title 1		300.00	300.00	100.00%	300.00	300.00	100.00%

Fund Source: C4 - Internal assigned revenues (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	743 547.56	556 446.40	74.84%	743 547.56	556 446.40	74.84%
Total Title 3		743 547.56	556 446.40	74.84%	743 547.56	556 446.40	74.84%
Total C4		743 847.56	556 746.40	74.85%	743 847.56	556 746.40	74.85%

Fund Source: C5 - Carried-over 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)
B03100	ITER CONSTRUCTION - INCL. SITE PREPARATION	10 747.53	10 747.53	100.00%	216 129.28	216 129.28	100.00%
B03400	OTHER EXPENDITURE	994.49	994.49	100.00%	994.49	994.49	100.00%
Total Title 3		11 742.02	11 742.02	100.00%	217 123.77	217 123.77	100.00%
Total C5		11 742.02	11 742.02	100.00%	217 123.77	217 123.77	100.00%

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)	115 541.68	115 541.68	100.00%	115 541.68	115 541.68	100.00%
A01300	MISSIONS AND DUTY TRAVEL	1 774.26	1 774.26	100.00%	1 774.26	1 774.26	100.00%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	115 924.90	84 769.63	73.12%	115 924.90	84 769.63	73.12%
A01500	REPRESENTATION	4 077.61	1 382.69	33.91%	4 077.61	1 382.69	33.91%
A01600	TRAINING	287 741.43	212 348.72	73.80%	287 741.43	212 348.72	73.80%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	298 832.48	174 376.74	58.35%	298 832.48	174 376.74	58.35%
A01800	TRAINEESHIPS	12 977.57	1 087.38	8.38%	12 977.57	1 087.38	8.38%
Total Title 1		836 869.93	591 281.10	70.65%	836 869.93	591 281.10	70.65%

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	533 330.91	432 646.14	81.12%	533 330.91	432 646.14	81.12%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	1 123 746.16	1 064 935.38	94.77%	1 123 746.16	1 064 935.38	94.77%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	108 557.59	54 697.55	50.39%	108 557.59	54 697.55	50.39%
A02400	EVENTS and COMMUNICATION	88 330.41	52 676.73	59.64%	88 330.41	52 676.73	59.64%
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	593 711.48	302 628.62	50.97%	593 711.48	302 628.62	50.97%
A02600	POSTAGE AND TELECOMMUNICATIONS	257 138.46	115 858.47	45.06%	257 138.46	115 858.47	45.06%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	87 557.19	71 249.91	81.38%	87 557.19	71 249.91	81.38%
Total Title 2		2 792 372.20	2 094 692.80	75.01%	2 792 372.20	2 094 692.80	75.01%

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	1 564 048 160.18	1 478 613 552.71	94.54%	Payment appropriations under C1 Fund source		
B03200	TECHNOLOGY FOR ITER	17 587 183.45	16 408 060.47	93.30%			
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	14 605 058.85	11 147 504.94	76.33%			
B03400	OTHER EXPENDITURE	2 765 281.28	2 170 309.82	78.48%			
Total Title 3		1 599 005 683.76	1 508 339 427.94	94.33%			
Total C8		1 602 634 925.89	1 511 025 401.84	94.28%	3 629 242.13	2 685 973.90	74.01%

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)
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	56 586.91		-			-
A01300	MISSIONS AND DUTY TRAVEL	162 557.24					
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	115 624.07		-			-
A01500	REPRESENTATION	2 139.74					
A01600	TRAINING	49 807.83		-			-
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	89 850.08					
A01800	TRAINEESHIPS	4 892.41		-			-
Total Title 1		481 458.28	-	-	-	-	-

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	164 207.50		-			-
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	81 400.92		-			-
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	87 489.06		-			-
A02400	EVENTS and COMMUNICATION	51 920.44		-			-
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	128 316.04		-			-
A02600	POSTAGE AND TELECOMMUNICATIONS	26 949.45		-			-
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	112 640.43		-			-
Total Title 2		652 923.84	-	-	-	-	-
Total C9		1 134 382.12	-	-	-	-	-

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 - APPROPRIATION ACCRUING FROM THE ITER HOST STATE CONTRIBUTION	444 425 616.77	444 425 616.77	100.00%	126 025 616.77	124 509 013.91	98.80%
B03600	APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	16 999 922.05	16 441 775.27	96.72%	15 305 309.00	4 670 979.73	30.52%
Total Title 3		461 425 538.82	460 867 392.04	99.88%	141 330 925.77	129 179 993.64	91.40%
Total R0		461 425 538.82	460 867 392.04	99.88%	141 330 925.77	129 179 993.64	91.40%

8.8.4. 2017 Establishment plan

Function group and grade	2017 Budget			
	Authorised under the EU Budget		Filled as 31/12/2017	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15		1		
AD 14	1			1
AD 13	13	6	8	6
AD 12	17	13	9	
AD 11	5	21	6	17
AD 10		25	2	21
AD 9		29	1	30
AD 8	1	40	9	57
AD 7		37	1	23
AD 6		33	1	39
AD 5	2			
AD total	39	205	37	194
AST 11	4			
AST 10	2		1	
AST 9	3		1	
AST 8	1		2	
AST 7	2	1	3	
AST 6		5	1	2
AST 5		14		12
AST 4		7	3	5
AST 3			2	12
AST 2			1	
AST 1				
AST total	12	27	14	31
AST/SC total	0	0	0	0
TOTAL	51	232	51	225
GRAND TOTAL	283		276	

9. Glossary and Abbreviations

ABAC	Accrual Based Accounting (accounting system used by F4E and managed by the EC)
Accounts payable	Organisation's current payables due within one year. Accounts payable are current liabilities
Accounts receivable	Organisation's current receivables due within one year. Accounts receivable are current assets
Accrual accounting	Accounting methodology that recognises income when it is earned and expenses when they occur, rather than when they are actually received or paid, as opposed to cash accounting.
Actual = Actual amounts	Budget outturn = Budget execution = Budget implementation
Assets	Assets are items owned by an individual or an organisation, which have commercial or exchange value. Assets may consist of specific property or claims against others.
BA	Broader Approach
Cash accounting	Accounting methodology based on cash flows, i.e. transactions are recognised when cash is received or paid, as opposed to accrual accounting.
Current asset	The group of assets considered to be liquid in that they can be turned into cash within one year
Current liability	Liabilities to be paid within one year of the balance sheet date
EC	European Commission
EPB	Executive Project Board
EU	European Union
External assigned revenues	Funds received from sources other than the European Commission for specific purpose
FR	Financial regulation
Financial statements	Written reports which quantitatively describe the financial health of an organisation. They comprise the Statement of Financial Performance, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Net Assets (capital) and the explanatory notes.
GB	Governing Board
Imprest account	Bank accounts and/or cash at hand used for the payment of low value expenses
Internal assigned revenues	Funds received for specific assigned operations and activities from amounts recovered
IO	ITER Organisation
Liability	A financial obligation, debt, claim, payable or potential loss
PA	Procurement Arrangement: the PA between F4E and IO define the F4E deliverables to IO as well as the credit allocation scheme for each deliverable under the ITER unit of account
PCR	Project Change Request
RAL	Commitments resulting in payment appropriations remaining to be paid
TB	Tender Batches
WP	Annual Work Programme