



**FUSION  
FOR  
ENERGY**

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

**FINAL ANNUAL ACCOUNTS**

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**FINANCIAL STATEMENTS  
&  
BUDGET IMPLEMENTATION**

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**REPORT ON BUDGETARY AND  
FINANCIAL MANAGEMENT**

**Third financial year – 2010**

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### **REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2010**

*Art 111 Fusion for Energy Financial Regulation*

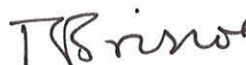
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## STATEMENT OF THE DIRECTOR & CERTIFICATION

### Statement of the Director

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

- Declare that the information contained in this report gives a true and fair view;
- State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management. This reasonable assurance is based on my own judgment and on the information at my disposal since taking up my duties on 16th February 2010 including my predecessor's hand-over note;
- Based on the lessons learnt from the annual reports of the Court of Auditors for the two years prior to this declaration, the preliminary observations of the Court of Auditors for 2010, the work of Fusion for Energy Internal Auditor, in particular the internal audit report on Fusion for Energy financial circuits (completed in May 2010) and the reports by Fusion for Energy's authorising officers by delegation on the building blocks to the declaration of assurance, make the following reservation: although, by the end of 2010, an action plan was developed in response to the aforementioned internal audit report and its implementation started, the Internal Control Systems in place at Fusion for Energy were not yet fully implemented and thus did not as yet provide reasonable assurance regarding the achievement of the objectives assigned to financial circuits.
- Confirm that I am not aware of anything not reported here which could harm the interests of Fusion for Energy and the European institutions in general.



**Mr Frank Briscoe**  
Director

### Certification

The annual accounts of Fusion for Energy for the year 2010 have been prepared in accordance with its Financial Regulation and its Implementing Rules<sup>1</sup> and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

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

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



**Mr Roberto Abad Villanueva**  
Accounting Officer

Barcelona, 22 June 2011

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<sup>1</sup> Fusion for Energy Financial Regulation (adopted by F4E Energy Governing Board on 22/10/2007 – F4E(07)-GB03-11, amended on 18/12/2007 – F4E(07)-GB04-06) and its implementing rules (adopted by F4E Governing Board on 22/10/2007 – F4E(07)-GB03-12, amended on 08/07/2008 – F4E(08)-GB06-06a)

## INTRODUCTION

Fusion for Energy is a Joint Undertaking created under the Euratom Treaty by a decision of the Council of Ministers of the European Union<sup>2</sup>.

Fusion for Energy is established for a period of 35 years from 19th April 2007 and is located in Barcelona, Spain.

The main tasks of the Joint Undertaking are as follows:

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

The 2010 financial statements of Fusion for Energy and its reports on budget implementation for 2010 were prepared in conformity with :

- Council Decision establishing Fusion for Energy<sup>2</sup>,
- Fusion for Energy Financial Regulation and its implementing rules
- « Inventory directive » (CE n° 643/2005),
- Financial Regulation applicable to the general budget of the European Communities<sup>3</sup>,
- The European Commission's consolidation manual version 7.0 for the 2010 closure.

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

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

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

Article 133 of the general financial regulation states that the Accounting Officer of the Commission adopts the accounting rules and methods to be applied by all EU bodies and institutions. These rules were adopted on 28 December 2004 and last updated on 6th January 2010. They are accrual based accounting policies derived from International Public Sector Accounting Standard (IPSAS) or by default, International Financial Reporting Standards (IFRS).

## FINANCIAL STATEMENTS 2010

### I. Balance sheet 2010 - Assets

Consolidation account		Note n°	31.12.2010	31.12.2009	Variation
	<b>ASSETS</b>				
	<b>A. NON CURRENT ASSETS</b>	<b>2.1.</b>			
210000	Intangible fixed assets	2.1.1.	363 106.00	0.00	363 106.00
200000	Tangible fixed assets	2.1.2.	21 622 226.00	1 469 592.00	20 152 634.00
230000	Plant and equipment		1 194.00	1 412.00	-218.00
241000	Computer hardware		1 067 149.00	938 193.00	128 956.00
240000	Furniture and vehicles		370 299.00	423 560.00	-53 261.00
242000	Other fixtures and fittings		222 089.00	106 427.00	115 662.00
244000	Tangible fixed assets under construction		19 961 495.00	0.00	19 961 495.00
	<b>TOTAL NON CURRENT ASSETS</b>		<b>21 985 332.00</b>	<b>1 469 592.00</b>	<b>20 515 740.00</b>
	<b>B. CURRENT ASSETS</b>				
310000	Stocks	2.2.	7 774 028.40	0.00	7 774 028.40
405000	Short-term pre-financing	2.3.	74 574 433.70	45 581 310.23	28 993 123.47
	Short-term pre-financing		74 574 433.70	45 581 310.23	28 993 123.47
400000	Short-term receivables	2.4.	104 844 880.42	78 769 196.84	26 075 683.58
401000	Current receivables		44 019 139.31	30 884 333.92	13 134 805.39
410900	Sundry receivables		31 337.88	23 691.38	7 646.50
490000	Other		60 792 387.06	47 859 173.77	12 933 213.29
490010	Accrued income		21 466.45	21 850.82	-384.37
490011	Deferred charges		76 227.61	11 561.95	64 665.66
490090	Deferrals/Accruals with consolidated EU entities		60 694 693.00	47 825 761.00	12 868 932.00
400009	Short-term receivables with consolidated EU entities		2 016.17	1 997.77	18.40
500000	Cash and cash equivalents	2.5.	78 787 485.58	42 006 329.34	36 781 156.24
	<b>TOTAL CURRENT ASSETS</b>		<b>265 980 828.10</b>	<b>166 356 836.41</b>	<b>99 623 991.69</b>
	<b>TOTAL</b>		<b>287 966 160.10</b>	<b>167 826 428.41</b>	<b>120 139 731.69</b>

## Balance sheet 2010 – Liabilities

Consolidation account		Note n°	31.12.2010	31.12.2009	Variation
	<b>LIABILITIES</b>				
	<b>A. NET ASSETS</b>	<b>2.6.</b>	<b>208 135 170.65</b>	<b>141 334 701.94</b>	<b>66 800 468.71</b>
100000	Reserves		0.00	0.00	0.00
140000	Accumulated surplus/deficit		141 334 701.94	66 534 076.61	74 800 625.33
141000	Economic result of the year - profit+/loss-		66 800 468.71	74 800 625.33	-8 000 156.62
	<b>B. NON CURRENT LIABILITIES</b>		<b>0.00</b>	<b>59 141.81</b>	<b>-59 141.81</b>
162000	Provisions for risks and charges	<b>2.7.</b>	<b>0.00</b>	<b>59 141.81</b>	<b>-59 141.81</b>
172000	Other long-term liabilities		0.00	0.00	0.00
	<b>TOTAL A+B</b>		<b>208 135 170.65</b>	<b>141 393 843.75</b>	<b>66 741 326.90</b>
	<b>C. CURRENT LIABILITIES</b>	<b>2.8.</b>	<b>79 830 989.45</b>	<b>26 432 584.66</b>	<b>53 398 404.79</b>
482000	Provisions for risks and charges		0.00	0.00	0.00
440000	Accounts payable		79 830 989.45	26 432 584.66	53 398 404.79
441000	Current payables	<b>2.8.1.</b>	338 413.55	22 013.68	316 399.87
443000	Sundry payables		172 660.00	117 798.19	54 861.81
491000	Other	<b>2.8.2.</b>	23 687 946.92	15 737 971.04	7 949 975.88
491010	Accrued charges		23 683 739.21	15 729 174.97	7 954 564.24
491090	Deferrals/accruals with consolidated EU entities		4 207.71	8 796.07	-4 588.36
440009	Accounts payable with consolidated EU entities		55 631 968.98	10 554 801.75	45 077 167.23
440019	Pre-financing received from consolidated EU entities	<b>2.8.3.</b>	30 921 660.99	977 500.00	29 944 160.99
440029	Other accounts payable against consolidated EU entities	<b>2.8.4.</b>	24 710 307.99	9 577 301.75	15 133 006.24
	<b>TOTAL C. CURRENT LIABILITIES</b>		<b>79 830 989.45</b>	<b>26 432 584.66</b>	<b>53 398 404.79</b>
	<b>TOTAL</b>		<b>287 966 160.10</b>	<b>167 826 428.41</b>	<b>120 139 731.69</b>

## II. Economic outturn account 2010

Consolidation account		Note n <sup>o</sup>	2010	2009	Variation
744000	Revenues from administrative operations	3.1.	210 388.00	127 753.25	82 634.75
745000	Other operating revenue	3.1.	211 764 208.16	173 051 744.81	38 712 463.35
777777	<b>TOTAL OPERATING REVENUE</b>		<b>211 974 596.16</b>	<b>173 179 498.06</b>	<b>38 795 098.10</b>
610000	Administrative expenses		-30 765 422.85	-23 269 644.09	-7 495 778.76
6201	All Staff expenses	3.2.	-21 154 764.94	-16 700 197.54	-4 454 567.40
630100	Fixed asset related expenses	2.1.	-749 443.63	-536 857.86	-212 585.77
611000	Other administrative expenses	3.3.	-8 861 214.28	-6 032 588.69	-2 828 625.59
600000	Operational expenses		-114 547 456.26	-75 368 074.02	-39 179 382.24
606000	Other operational expenses	3.4.	-114 547 456.26	-75 368 074.02	-39 179 382.24
666666	<b>TOTAL OPERATING EXPENSES</b>		<b>-145 312 879.11</b>	<b>-98 637 718.11</b>	<b>-46 675 161.00</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>			<b>66 661 717.05</b>	<b>74 541 779.95</b>	<b>-7 880 062.90</b>
750000	Financial revenues	2.5.	138 751.66	263 223.14	-124 471.48
650000	Financial expenses		0.00	-4 377.76	4 377.76
<b>SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES</b>			<b>138 751.66</b>	<b>258 845.38</b>	<b>-120 093.72</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>			<b>66 800 468.71</b>	<b>74 800 625.33</b>	<b>-8 000 156.62</b>
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>			<b>66 800 468.71</b>	<b>74 800 625.33</b>	<b>-8 000 156.62</b>



### III. Cash flow statement 2010 (indirect method)

		2010	2009
<b>Cash Flows from ordinary activities</b>			
<b>Surplus/(deficit) from ordinary activities</b>		<b>66 800 468.71</b>	<b>74 800 625.33</b>
<b>Operating activities</b>	Amortization (intangible fixed assets) +	11 166.76	0.00
<u>Adjustments</u>	Depreciation (tangible fixed assets) +	957 338.38	640 366.66
	Increase/(decrease) in Provisions for risks and liabilities	-59 141.81	59 141.81
	Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
	(Increase)/decrease in Stock	-7 774 028.40	0.00
	(Increase)/decrease in Long term Pre-financing	0.00	0.00
	(Increase)/decrease in Short term Pre-financing	-28 993 123.47	-39 068 150.63
	(Increase)/decrease in Long term Receivables	0.00	0.00
	(Increase)/decrease in Short term Receivables	-26 075 665.18	-37 168 129.62
	(Increase)/decrease in Receivables related to consolidated EU entities	-18.40	110 671.05
	Increase/(decrease) in Other Long term liabilities	0.00	0.00
	Increase/(decrease) in Accounts payable	8 321 237.56	2 601 174.14
	Increase/(decrease) in Liabilities related to consolidated EU entities	45 077 167.23	-17 323 877.25
<b>Net cash Flow from operating activities</b>		<b>58 265 401.38</b>	<b>-15 348 178.51</b>
<b>Cash Flows from investing activities</b>			
	Increase of tangible and intangible fixed assets (-)	-21 484 245.14	-1 630 463.66
	Proceeds from tangible and intangible fixed assets (+)	0.00	3 977.00
<b>Net cash flow from investing activities</b>		<b>-21 484 245.14</b>	<b>-1 626 486.66</b>
Net increase/(decrease) in cash and cash equivalents		36 781 156.24	-16 974 665.17
<b>Cash and cash equivalents at the beginning of the period</b>		<b>42 006 329.34</b>	<b>58 980 994.51</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>78 787 485.58</b>	<b>42 006 329.34</b>

#### IV. Statement of Changes in Net assets - 2010

Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
<b>Balance as of 31 December 2009</b>	66 534 076.61	74 800 625.33	141 334 701.94
<b>Balance as of 1 January 2010 (if restated)</b>	<b>66 534 076.61</b>	<b>74 800 625.33</b>	<b>141 334 701.94</b>
Fair value movements			0.00
Allocation of the Economic Result of Previous Year	74 800 625.33	-74 800 625.33	0.00
Economic result of the year		66 800 468.71	66 800 468.71
<b>Balance as of 31 December 2010</b>	<b>141 334 701.94</b>	<b>66 800 468.71</b>	<b>208 135 170.65</b>
Account	140000	141000	

## V. Notes to the Financial statements

### 1. Accounting principles

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

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

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

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

## **2. Notes to the Balance sheet**

### **2.1. Fixed assets**

An asset shall be recognised only if it is probable that the expected future economic benefits or service potential that are attributable to that asset will flow to Fusion for Energy 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 Fusion for Energy this comprises all assets that are used by Fusion for Energy to fulfil its objectives.

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

Fusion for Energy has introduced the module ABAC Assets in 2008. ABAC Assets has been developed to meet the requirements of the EC “Inventory Directive” (CE 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 :

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

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

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

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

As of 31/12/2010, all projects identified were below the threshold of EUR 500 000.00 used by Fusion for Energy for the capitalisation of internally generated intangible asset.

It is to be noted that Fusion for Energy is not the owner of any Intellectual Property asset so far (owned either by the European Commission, EFDA associations or the industry).

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

Under the Host agreement with Spain, the building used by Fusion for Energy is free of charge except some additional office space rented by Fusion for Energy (annual cost estimated to EUR 0.22 million).

### **Assets\_Building under construction : EUR 19 961 495.00**

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

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

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

In accordance with the Procurement arrangement 6.2.P2.EU.01, Fusion for Energy will be owner of this building (delivery foreseen for end 2011) and be in charge of the production of the PF Coils (the large dimensions of the PF Coils make it necessary to build a large factory for the manufacture of five of them at the Cadarache site).

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

The total depreciation in 2010 amounts to **EUR 968 505.14** (EUR 749 443.63 as depreciation for the year and EUR 219 061.51 as depreciation on post-capitalized assets), resulting in a net book value of **EUR 21 985 332.00** as of 31.12.2010.

The variation of the fixed assets in 2010 is composed of:

## Assets

2010		Intangible fixed assets			Tangible fixed assets					
		Intangible fixed assets internally generated	Computer Software	Total Intangible fixed assets	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Tangible Fixed Assets under Construction	Total Tangible fixed assets
<b>Gross carrying amounts 01.01.2010</b>	+	0.00	0.00	0.00	1 743.67	1 578 950.66	552 118.52	228 685.06	0.00	2 361 497.91
Additions	+		374 272.76	374 272.76		899 057.84	11 711.93	237 707.61	19 961 495.00	21 109 972.38
Disposals	-			0.00						0.00
Transfer between headings	+/-			0.00						0.00
Other changes	+/-			0.00						0.00
<b>Gross carrying amounts 31.12.2010</b>		0.00	374 272.76	374 272.76	1 743.67	2 478 008.50	563 830.45	466 392.67	19 961 495.00	23 471 470.29
										0.00
<b>Accumulated amortization and impairment 01.01.2010</b>	-			0.00	-331.67	-640 757.66	-128 558.52	-122 258.06	0.00	-891 905.91
Depreciation	-		-11 166.76	-11 166.76	-218.00	-559 677.28	-64 213.41	-114 168.18		-738 276.87
Write-back of depreciation	+			0.00						0.00
Disposals	+			0.00						0.00
Impairment	-			0.00						0.00
Write-back of impairment	+			0.00						0.00
Transfer between headings	+/-			0.00						0.00
Other changes : depreciation on post capitalized assets	+/-			0.00		-210 424.56	-759.52	-7 877.43		-219 061.51
<b>Accumulated amortization and impairment 31.12.2010</b>		0.00	-11 166.76	-11 166.76	-549.67	-1 410 859.50	-193 531.45	-244 303.67	0.00	-1 849 244.29
<b>Net carrying amounts 31.12.2010</b>		0.00	363 106.00	363 106.00	1 194.00	1 067 149.00	370 299.00	222 089.00	19 961 495.00	21 622 226.00
Accounts				210000	230000	241000	240000	242000	244000	200000

## 2.2. Stocks

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

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

The stocks of those strands owned by Fusion for Energy are as follows :

<i>Contract reference</i>	<i>Quantity as of 01/01/2010 (tons)</i>	<i>Quantity as of 31/01/2010 (tons)</i>	<i>Unit price</i>	<i>Value as of 31/12/2010</i>
F4E-2008-OPE-01-01 (MS-MG) SUPPLY OF CHROMIUM PLATED COPPER STRAND	-	62.00	57 287.35	3 551 816.00
F4E-2008-OPE-005-01 (MS-MG) SUPPLY OF CHROMIUM PLATED NB3SN STRAND	-	6.20	681 002.00	4 222 212.40
<b>Total</b>				<b>7 774 028.40</b>

Those strands will be used for the assembly of components to be delivered by Fusion for Energy to ITER Organisation.

## 2.3. Short-term pre-financing

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

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

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



Account	Pre-financing without interest for F4E <1 yr	31.12.2010	31.12.209
405290	Pre-financing (PF) given to third parties (TP)	98 003 578.92	50 397 691.51
405297	Accrued charges on PF TP	-23 429 145.22	-4 816 381.28
405200	<b>Total</b>	<b>74 574 433.70</b>	<b>45 581 310.23</b>

These pre-financings are related to two annexes to Procurement arrangements signed with the Japan Atomic Energy Agency (EUR 23.90 million - Cf. note 4.1.2.) and to operational contracts : mainly for the procurement contracts "AMW\_OPE-068-01\_1ST OPTION RELEASE\_SUPPLY OF 7 VV SECTORS\_ANSALDO" (EUR 22.17 million), "F4E-2009-OPE-005-01\_OXFORD INST." (EUR 10.63 million), "F4E-2008-OPE-005-02\_BRUKER EAS" (EUR 7.35 million) and "F4E-2009-OPE-053\_FULL SCALE DUMMY PANCAKE/PREP. OF TOOL.FOR THE TF COILS\_IBERDROLA" (EUR 6.40 million).

## 2.4. Short-term receivables

2.4.1. Current receivables : **EUR 44 019 139.31** referring to the following amounts due by Member states as of 31.12.2010 : ITER host state contribution (EUR 36.00 million), two Member States contributions (EUR 0.93 million) and recoverable V.A.T. (EUR 3.50 million).

2.4.2. Sundry receivables : **EUR 31 337.88** composed mainly of advances to staff (missions and salaries) and amounts due by other EC entities related to the transfer of staff.

2.4.3. Other – deferrals and accruals : **EUR 60 792 387.06** composed of:

- EUR 60 694 693.00 : deferred charges corresponding to the 2011 cash contribution to ITER Organisation
- EUR 21 466.45 : December 2010 bank interests to be received in 2011 from BBVA on current account and "ITER Host state" account (Cf. note 2.5.)
- EUR 76 227.61 : December 2010 bank interests to be received in 2011 from BBVA on "Euratom contribution" bank account (Cf. note 2.5.)

2.4.4. Short-term receivables with consolidated EC entities totalling **EUR 2 016.17** corresponding to amounts due by EC entities (in relation to transfer of staff).

## 2.5. Cash and cash equivalents

Account	Description	31.12.2010	31.12.2009
505000	<i>Unrestricted cash:</i>		
505300	Current accounts (bank accounts)	800 697.91	79 406.70
505600	Transfers (Cash in transit)	-705 338.43	0.00
505500	Cash in hand ("Caisses")	0.00	0.00
505700	Short-term deposits ("Euratom account")	66 065 779.45	21 138 919.91
505700	Short-term deposits ("ITER Host State account")	12 626 346.65	20 788 002.73
500000	<b>Total</b>	<b>78 787 485.58</b>	<b>42 006 329.34</b>

The important cash position at the end of 2010 is composed of one current account and two short-term deposits (for the Euratom and ITER-Host state contribution).

The bank interests generated by the current account (EUR 30 097.39) and the "ITER-Host state" account (EUR 108 654.27) amount to EUR 138 751.66 for 2010 (the interests for December 2010, EUR 21 466.45, are due in January 2011).

The bank interests generated by the Euratom contribution amounts to EUR 266 340.18 (the interests for December 2010, EUR 76 227.61, are due in January 2011).

Those interests generated on the Euratom contribution are to be reimbursed to the Commission in 2011.

## 2.6. Net assets

Fusion for Energy net assets are increased by the positive economic outturn of the year (EUR 66 800 468.71) totalling **EUR 208 135 170.65** as of 31 December 2010.

The resources of Fusion for Energy consist of a contribution from Euratom, annual membership contributions and voluntary contributions from the Members other than Euratom, contributions from the ITER host State and from additional resources.

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

## **2.7. Provisions for risks and charges**

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

Following the 2010 decision of the European Court of Justice, requiring the adjustment (+1.85%) of the 2009 salaries of officials and other servants of the European Union, the provision of **EUR 59 141.81**, booked in the 2009 accounts, has been reversed.

## **2.8. Short-term liabilities**

2.8.1. Current and sundry payables are **EUR 511 073.55** and are composed of supplier's invoices received but not paid at year end and reimbursements to staff (EUR 115 728.86).

2.8.2. Deferrals and accruals : **EUR 23 687 946.92** which represent mainly invoices to be received in 2011 for services rendered in 2010, including ;

- EUR 19 952 158.43 for services rendered in 2010 on operational activities and not invoiced at 31/12/2010 (mainly on arrangement with Agence ITER France, architect engineer and anti-seismic bearings contracts).
- EUR 3 728 213.58 for services rendered in 2010 on administrative expenditures and not invoiced at 31/12/2010.
- EUR 487 757.00 for Fusion for Energy staff's untaken leave as at the end of December 2010. In conformity with IAS 19, an entity shall recognize the cost of

holidays carried over to the following years during the year the services were rendered by the staff member.

### 2.8.3. Pre-financing received from consolidated EC entities reached **EUR 30 921 660.99**

- EUR 29 944 160.99 corresponding to the balance of the budget outturn account 2010, to be reimbursed to the Commission in 2011 (Cf. point VI.5. Budget outturn account).
- EUR 977 500.00 corresponding to 3 long term pre-financings received from ITER Organisation and falling due within the year (Cf. note 4.1.3.).

2.8.4. Other accounts payable against consolidated EC entities totalling **EUR 24 710 307.99** includes the balance on the invoice for the 2011 cash contribution to be paid to ITER Organisation (EUR 24 277 877.00), the bank interests generated by the Euratom contribution (EUR 266 340.18), to be paid back to the Commission in 2011 (Cf. note 2.5), and other debts towards the Commission and EU bodies.

## **2.9. Post balance sheet events**

No significant post balance sheet event occurred between 31<sup>st</sup> December 2010 and the final closing of the accounting year.

## **3. Notes to the Economic Outturn Account**

### **3.1. Revenue**

The revenues from administrative operations amount to **EUR 210 388.00**, related to fixed assets.

The operating revenues, **EUR 211 764 208.16**, include mainly :

- The Euratom contribution : EUR 194 751 663.01 requested and cashed in 2010 (totally booked as revenue under this heading)

- The 2010 Membership contributions : EUR 3 400 000.00.  
All members, except two, paid their contribution by 31.12.2010 (Cf. note 2.4.1.).
- The 2010 ITER Host state contribution : EUR 13 600 000.00 requested and not cashed as of 31.12.2010.

### 3.2. Staff expenses - EUR 21 154 764.94

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

### 3.3. Other administrative expenses

The amount of **EUR 8 861 214.28** includes mainly the following items :

• IT costs - development	EUR 1 591 801.14
• IT costs – operational/support	EUR 748 136.97
• Missions	EUR 1 837 207.40
• Experts with contracts	EUR 857 502.16
• Expenses with consolidated entities (mainly “service level agreements” with the EC)	EUR 629 370.87
• Training	EUR 354 786.39
• Communications & publications	EUR 344 030.71
• Rental of office space	EUR 290 063.29
• Maintenance & security for the building	EUR 268 374.99
• Legal expenses	EUR 252 337.37
• Office supplies & maintenance	EUR 235 459.37
• Experts and related expenditure	EUR 232 307.33
• Interim staff	EUR 132 743.36
• Selection	EUR 76 540.07

### 3.4. Operational expenses

The amount of **EUR 114 547 456.26** includes mainly the following items :

- 2010 Cash contribution to ITER Organisation EUR 55 717 019.80
- 2010 Cash contribution to JAEA (annex to PA's) EUR 9 057 941.29
- ITER Site preparation\_CEA\_ITER France EUR 7 349 855.00

The remaining expenditures are linked to procurement contracts (the main payments include EUR 12.90 million for "Architect engineer\_Engage", EUR 6.76 million for "Radial plate prototype\_SIMIC", EUR 4.41 million for "Anti-seismic bearings for Tokamak complex\_NUVIA" and EUR 3.70 million for "Experiment ELISE\_Max Planck") and grant agreements (EUR 3.00 million for "Neutral Beam Test Facility\_RFX" and EUR 1.40 million for "Magnetic diagnostics\_Create).

## 4. Off balance sheet items and notes

### 4.1. Contingent liabilities and Commitments for future fundings

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

Following the award of the contracts for the TF Winding Packs and for the Cabling and Jacketing of TF and PF Conductors, applications for interim measures were initiated by two unsuccessful tenderers. These were dismissed by the ECJ in both cases without hearings. The TF Winding Packs complaint has since been withdrawn.

Regarding the Cabling and Jacketing case (ECJ case T-415/10), the damages claimed amounts to EUR 50.00 million for a judgement not expected before 2012.

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

#### 4.1.2. Commitment for future funding

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

Account	Commitments for future fundings	31.12.2010	31.12.2009
902500	Commitments against appropriations not yet consumed*	<b>515 113 436.56</b>	<b>123 356 355.21</b>
903200	Operating lease	<b>0.00</b>	<b>0.00</b>
903300	Contractual commitment/obligations to deliver (for which budget commitments have not yet been made)**	<b>3 169 138 216.22</b>	<b>1 303 688 559.71</b>
903100	Other	<b>0.00</b>	<b>0.00</b>

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

\*\* see below points 4.1.2.1, 4.1.2.2. and 4.1.2.3. for details. The amount for 2009 as been reassessed applying the same methodology as 2010

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

ITER is being constructed at Cadarache in the South of France. In particular, Europe supports 45.46 % of the construction cost and 34.00 % 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. Fusion for Energy, as the European Domestic Agency, will provide components to ITER that amount to about one third of the overall value of the facility.

The contractual commitments for which budget commitments have not yet been place refers to the Procurement Arrangements (PA) which establish a detailed common understanding of each Party on the in-kind contribution to be provided to ITER Organisation 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 2010 exchange rate Euro/IUA amounts to 1 552.24.

#### 4.1.2.1. Procurement Arrangement (ITER Organisation)

(kIUA)

EU in Kind (Procurement Arrangements)	EU share	PA signed (1)	PA credited (2)	Balance (3)=(1)-(2)
Magnet	185.83	185.83	0.00	185.83
Vaccum vessel	98.00	92.06	0.00	92.06
Blanket system	42.10	0.00	0.00	0.00
Divertor	33.78	20.20	0.00	20.20
Remote Handling Equipment	42.22	0.00	0.00	0.00
Vacuum Pumping & Fuelling	14.23	0.00	0.00	0.00
Tritium Plant	18.22	0.00	0.00	0.00
Cryoplant & Distribution	30.68	0.00	0.00	0.00
Electrical power supply and Distribution System	31.00	7.00	0.00	7.00
IC H&CD Ion Cyclotron Heating & Current Drive	14.73	0.00	0.00	0.00
EC H&CD Electron Cyclotron Heating & Current Drive	37.25	0.00	0.00	0.00
NB H&CD Neutral beam Heating and Current Drive	83.40	58.38	0.00	58.38
Diagnostics	35.49	0.00	0.00	0.00
Building	454.67	440.27	4.29	435.98
Waste	10.10	0.00	0.00	0.00
Radiological Protection	4.20	0.00	0.00	0.00
<b>Total in Kind</b>	<b>1 135.88</b>	<b>803.74</b>	<b>4.29</b>	<b>799.45</b>

The amount of kIUA 799.45 corresponds to the remaining EU share on signed PAs. Since the PA IUA values were only virtual currency arrangements to organize the corresponding sharing between the seven parties, at the moment of the ITER agreement, the actual cost of the ITER project differs from original cost considered but the share agreement is always applicable (respective PAs assigned to each party). In order to consider each assigned PA obligation has been fulfilled by each party, the original PA IUA value has to be matched, independently of the actual cost incurred in the respective industrial contracts within that PA.

Indicatively and using the ITER project baseline<sup>4</sup>, the remaining obligations on PA's signed at the 31 December 2010 are estimated to EUR 2.98 billion based on :

- the estimated European contribution to the construction phase of ITER : EUR 6.60 billion (in 2008 value) of which EUR 4.07 billion for in kind contributions;
- a pro rata kIUA 799.45/1 135.88 on the EUR 4.23 billion (total in kind contribution in current value applying a 2% inflation rate on 2008 value).

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



It is to be noted that if the same methodology is applied for the 2009 figures, the open obligations on PA's signed (klUA 309.98) amounts to EUR 1.13 billion as of 31 December 2009.

For the Procurement Arrangements signed with ITER Organisation, Fusion for Energy only enters into a legal obligation which results in a budgetary commitment by signing contracts or grant agreements with third parties in accordance with its financing decision.

#### 4.1.2.2. Annex to Procurement Arrangement (JAEA)

Transfers of Procurement to Japan	EU Cost	PA signed (1)	PA credited (2)	(klUA)	(EUR)
				Balance (3)=(1)-(2)	Balance (4)=(3) x 1 552.24 x 1 000
Magnet	168.60	122.34	21.41	100.93	156 669 601.11
Tritium Plant	15.10	0.00	0.00	0.00	0.00
NB H &CD Neutral beam Heating and Current Drive	47.87	0.00	0.00	0.00	0.00
<b>Total to Japan</b>	<b>231.56</b>	<b>122.34</b>	<b>21.41</b>	<b>100.93</b>	<b>156 669 601.11</b>

Regarding the arrangements signed between Fusion for Energy, the Japan Atomic Energy Agency (JAEA) and ITER Organisation, the transfer of procurement responsibilities from Europe to Japan is implemented through annual cash contributions. The corresponding budgetary commitment is established at the reception of the annual call for funds. The exact amount of the contribution (in EUR) is decided annually (in year n-1) based on the updated Credit Allocation Scheme of the Procurement Arrangement agreed between JAEA and ITER Organisation and endorsed by Fusion for Energy.

#### 4.1.2.3. ITER Tasks Agreement

Number ITAs open as of 31/12/2010	Amount	Currency	2010 Exchange rate to Euro	Amount (EUR)
48	19 529.87	IUA	1 552.24	30 315 047.33
8	35.81	PPY	155 224.00	5 558 571.44
<b>TOTAL</b>	<b>56</b>			<b>35 873 618.77</b>

The main objective of Fusion for Energy to engage in the ITER Task Agreements (ITA's) is to support the ITER Organization in the preparation of the technical information to be included into the Procurement Arrangements for the components under the EU in-kind contribution.

Fusion for Energy only enters into a legal obligation which results in a budgetary commitment by signing contracts or grant agreements with third parties in accordance with its financing decision.

#### 4.2. Contingent assets

A contingent asset is a possible asset 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 Fusion for Energy. 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	31.12.2010	31.12.2009
901120	Guarantees for pre-financing (nominal-on going)	36 526 095.99	8 697 271.46
901180	Performance guarantees	30 050 642.85	7 021 737.11
901100	<b>TOTAL - Guarantees received</b>	<b>66 576 738.84</b>	<b>15 719 008.57</b>

Guarantees received in respect of pre-financing:

These are guarantees that Fusion for Energy 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 Fusion for Energy funding meet the obligations of their contracts with Fusion for Energy.

## 2010 BUDGET IMPLEMENTATION

### VI. Budgetary implementation

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

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

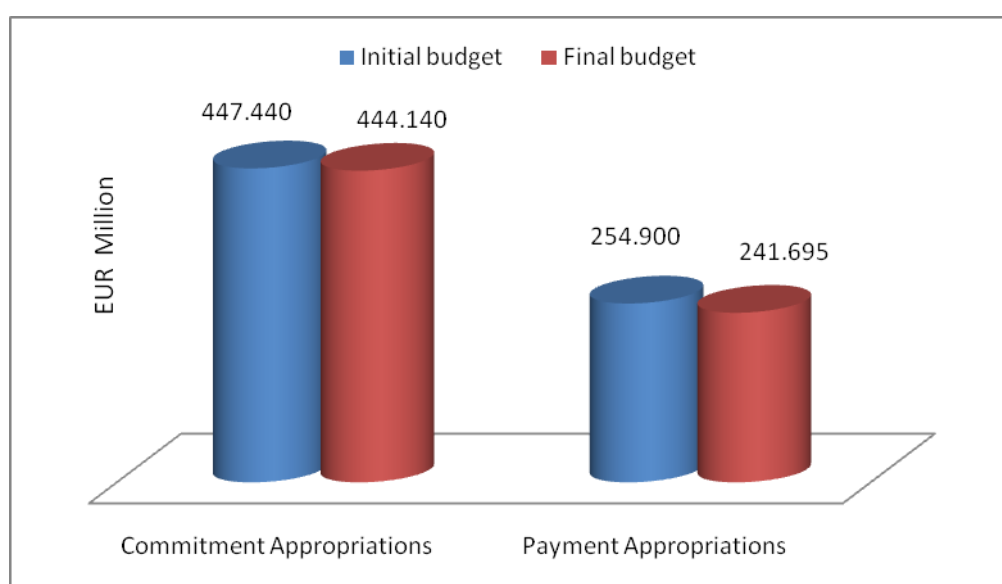
- **unity and budget accuracy:** all Fusion for Energy's expenditure and revenue must be incorporated in a single budget document, must be booked on a budget line and expenditure must not exceed authorised appropriations;
- **annuality:** the appropriations entered are authorised for a single year and must therefore be used during that year;
- **equilibrium:** the revenue and expenditure shown in the budget must be in balance (estimated revenue must equal payment appropriations);
- **unit of account:** the budget is drawn up and implemented in euro (EUR) and the accounts are presented in euro;
- **universality:** this principle comprises two rules: – the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure); – the gross budget rule, meaning that revenue and expenditure are entered in full in the budget without any adjustment against each other;
- **specification:** each appropriation is assigned to a specific purpose and a specific objective;
- **sound financial management:** budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;
- **transparency:** the budget is established and implemented and the accounts presented in compliance with the principle of transparency - the budget and amending budgets are published in the website of Fusion for Energy.

## 1. Initial budget and amending budgets

The Fusion for Energy budget for 2010<sup>5</sup> was initially adopted for the global amount of EUR 447.44 million in commitment appropriations and EUR 254.90 million in payment appropriations.

This budget was successively amended at the June meeting<sup>6</sup> and the December meeting<sup>7</sup> of the Governing Board. Some budgetary transfers within the administrative and operational titles of the budget were authorised by Fusion for Energy Director as well.

The final authorised Fusion for Energy budget for 2010 was made of EUR 444.14 million in commitment appropriations and EUR 241.70 million in payment appropriations.



## 2. Budget implementation

The results of the implementation of the second full year are as follow:

**Revenue:** 94.2 % of the revenues foreseen in the 2010 budget were collected

**Commitments:** 99.8 % implemented

- 99.0% of administrative expenditure
- 99.8% of operational budget: -> Individual commitment: 77 %  
-> Global commitment: 23 %

**Payments:** 63.4% implemented

- 77.0% of administrative expenditure
- 61.8% of operational budget

Unused Payment Appropriations: -> Automatic carry over: 52%  
-> Cancelled: 48%

<sup>5</sup> Decision of the F4E Governing Board F4E(09)-GB12-15 of the 27/11/2009

<sup>6</sup> Decision of the F4E Governing Board F4E(10)-GB16-15 of the 10/06/2010

<sup>7</sup> Decision of the F4E Governing Board F4E(10)-GB18-11 of the 02/12/2010

### 3. Statement of Revenue

#### 3.1. Evolution of the Statement of revenue

##### Commitment Appropriations (EUR)

Heading	Initial budget 2010 (1)	Amendments to the budget (2)	Final adopted Budget 2010 (3)=(1)+(2)
1: PARTICIPATION FROM EUROPEAN COMMUNITY	377 540 000.00	- 3 300 000.00	374 240 000.00
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 400 000.00	0.00	3 400 000.00
3: ASSIGNED REVENUE ACCRUING FROM THE ITER HOST STATE	66 500 000.00	0.00	66 500 000.00
4: REVENUE FROM FEES AND CHARGES	p.m.	p.m.	p.m.
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	p.m.
<b>Total Revenue 2010</b>	<b>447 440 000.00</b>	<b>-3 300 000.00</b>	<b>444 140 000.00</b>

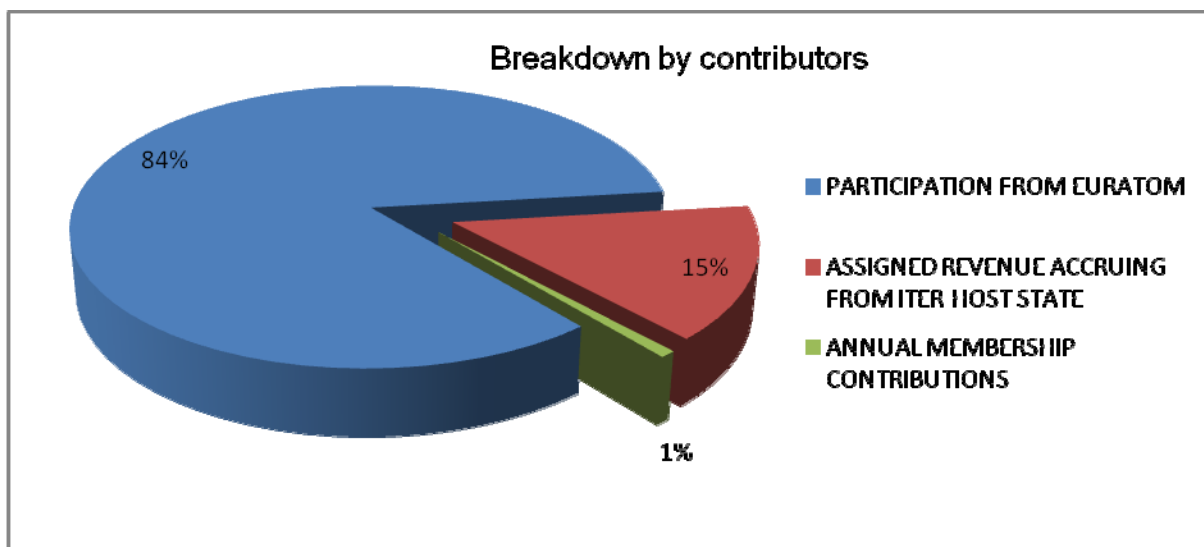
##### Payment appropriations (EUR)

Heading	Initial budget 2010 (1)	Amendments to the budget (2)	Final adopted Budget 2010 (3)=(1)+(2)
1: PARTICIPATION FROM EUROPEAN COMMUNITY	227 900 000.00	-3 204 176.00	224 695 824.00
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 400 000.00	0.00	3 400 000.00
3: ASSIGNED REVENUE ACCRUING FROM THE ITER HOST STATE	23 600 000.00	-10 000 000.00	13 600 000.00
4: REVENUE FROM FEES AND CHARGES	p.m.	p.m.	p.m.
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	p.m.
<b>Total Revenue 2010</b>	<b>254 900 000.00</b>	<b>-13 204 176.00</b>	<b>241 695 824 .00</b>

As already mentioned the Fusion for Energy budget for 2010 was amended 2 times in order to :

- decrease by EUR 3.30 million the Euratom administrative contribution in view to reach the full accordance between the initial Fusion for Energy budget and the EU general budget for 2010,

- increase by EUR 95 824.00 the Euratom administrative contribution due to the partial recovery of the 2008 outturn account, taking into account the modifications introduced during the budgetary procedure of the latter,
- decrease by EUR 10.00 million the ITER Host state contribution in payment appropriations, resulting of a comprehensive analysis of the needs for payments for 2010.



### 3.2. Implementation of the Statement of Revenue

#### Payment appropriations (EUR)

Heading	Final adopted Budget 2010 (1)	Outstanding amount from previous years (2)	Final actual revenue (Debit notes cashed) (3)	Outstanding amount at the end of the year (4) = (1)+(2)-(3)
1: PARTICIPATION FROM EUROPEAN COMMUNITY	224 695 824.00	0.00	224 695 824.00	0.00
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 400 000.00	477 601.45	2 945 880.00	931 721.45
3: ASSIGNED REVENUE ACCRUING FROM THE ITER HOST STATE	13 600 000.00	30 400 000.00	8 000 000.00	36 000 000.00
4: REVENUE FROM FEES AND CHARGES	p.m.	1 389.00	36 018.49	0.00
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.	0.00	104 506.54	0.00
<b>Total</b>	<b>241 695 824.00</b>	<b>30 878 990.45</b>	<b>235 782 229.03</b>	<b>36 931 721.45</b>

The following points should be noted:

- ITER Host State Contribution: A debit note for the full amount foreseen in the budget (EUR 13.6 million) was issued for the payment of the 2010 French contribution. On the basis of a real forecast in payment, EUR 8.00 million have been cashed in 2010.
- Membership contributions: Fusion for Energy received the complement to the 2009 membership contributions, but 2 members (Italy and Hungary) did not pay their contributions related to the 2010 budget, despite several reminders.
- Other additional revenues were made of bank interests on the French contribution (EUR 104 506.54), interests on the “current” bank account (EUR 34 629.49) and EUR 1 389.00 reimbursement from the Translation Center.

#### 4. Statement of expenditure

##### 4.1. Evolution of the Statement of Expenditure

The statement of Expenditure was adjusted in accordance with the regular forecasts for the implementation of the Budget and the amendments to the Work Programme.

The evolution of the statement of expenditure is detailed in the tables below:

##### 4.1.1. Amendments to the Budget (EUR)

Heading	F4E Initial budget 2010	F4E amended budget June 2010	Final F4E amended budget December 2010
<b>TITLE 1 - Commitment and Payment</b>	<b>28 398 000.00</b>	<b>24 865 000.00</b>	<b>25 805 000.00</b>
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	18 500 000.00	16 410 000.00	17 520 000.00
CH 12 - EXTERNAL STAFF EXPENDITURE ( CA, IS AND SNE)	6 383 000.00	4 610 000.00	4 560 000.00
CH 13 - MISSIONS AND DUTY TRAVEL	1 790 000.00	1 675 000.00	1 675 000.00
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	893 600.00	1 034 000.00	1 060 000.00
CH 15 - REPRESENTATION	25 000.00	25 000.00	15 000.00
CH 16 - TRAINING	430 000.00	597 000.00	447 000.00
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	149 400.00	467 000.00	513 000.00
CH 18 - TRAINEESHIPS	227 000.00	47 000.00	15 000.00

<b>TITLE 2 - Commitment and Payment</b>	<b>5 802 000.00</b>	<b>6 034 500.00</b>	<b>5 785 000.00</b>
CH 21 - BUILDINGS AND ASSOCIATED COSTS	848 000.00	925 000.00	768 000.00
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	3 094 000.00	3 168 000.00	2 815 000.00
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	227 000.00	209 000.00	225 000.00
CH 24 - EVENTS AND COMMUNICATION	300 000.00	350 000.00	147 000.00
CH 25 - CURRENT ADMINISTRATIVE EXPENDITURE	624 000.00	585 500.00	1 120 000.00
CH 26 - POSTAGE AND TELECOMMUNICATIONS	280 000.00	368 000.00	281 000.00
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	429 000.00	429 000.00	429 000.00
<b>Total TITLE 1 &amp; 2 - Commit &amp; Payment</b>	<b>34 200 000.00</b>	<b>30 899 500.00</b>	<b>31 590 000.00</b>

<b>TITLE 3 - Commitment</b>	<b>413 240 000.00</b>	<b>413 240 000.00</b>	<b>412 550 000.00</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	330 930 000.00	327 005 000.00	334 834 000.00
CH 32 - TECHNOLOGY FOR ITER	13 890 000.00	11 792 000.00	3 750 000.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	620 000.00	6 643 000.00	6 166 000.00
CH 34 - OTHER EXPENDITURE	1 300 000.00	1 300 000.00	1 300 000.00
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	66 500 000.00	66 500 000.00	66 500 000.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	p.m.
<b>Total BUDGET in Commitment</b>	<b>447 440 000.00</b>	<b>444 139 500.00</b>	<b>444 140 000.00</b>

<b>TITLE 3 - Payment</b>	<b>220 700 000.00</b>	<b>204 440 000.00</b>	<b>210 105 824.00</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	176 970 000.00	173 970 000.00	187 055 824.00
CH 32 - TECHNOLOGY FOR ITER	15 570 000.00	10 570 000.00	3 500 000.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	3 260 000.00	5 000 000.00	5 000 000.00
CH 34 - OTHER EXPENDITURE	1 300 000.00	1 300 000.00	950 000.00
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	23 600 000.00	13 600 000.00	13 600 000.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	p.m.
<b>Total BUDGET in Payment</b>	<b>254 900 000.00</b>	<b>235 339 500.00</b>	<b>241 695 824.00</b>



#### 4.1.2. Final budget for implementation

In addition to the amending budgets, some transfers have been approved by the Director within the limits foreseen in article 23 of the financial regulation.

The appropriations accruing from assigned revenue from previous years were automatically carried over to 2010.

The final statement of expenditure is as follow (EUR):

Heading	Final F4E amended budget December 2010 (1)	Transfers adopted by F4E Director or add. revenue (2)	F4E Final 2010 budget (3)=(1)+(2)	Carry over/forward from previous years (Assigned Revenue) (4)	F4E Final budget for implementation (5)=(4)+(3)
<b>TITLE 1 – Commitment and Payment</b>	<b>25 805 000.00</b>	<b>-438 000.00</b>	<b>25 367 000.00</b>		<b>25 367 000.00</b>
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	17 520 000.00	-525 000.00	16 995 000.00		16 995 000.00
CH 12 - EXTERNAL STAFF EXPENDITURE ( CA, IS AND SNE)	4 560 000.00	-88 000.00	4 472 000.00		4 472 000.00
CH 13 - MISSIONS AND DUTY TRAVEL	1 675 000.00	175 000.00	1 850 000.00		1 850 000.00
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	1 060 000.00		1 060 000.00		1 060 000.00
CH 15 - REPRESENTATION	15 000.00		15 000.00		15 000.00
CH 16 -TRAINING	447 000.00		447 000.00		447 000.00
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	513 000.00		513 000.00		513 000.00
CH 18 - TRAINEESHIPS	15 000.00		15 000.00		15 000.00
<b>TITLE 2 – Commitment and Payment</b>	<b>5 785 000.00</b>	<b>481 455.00</b>	<b>6 266 455.00</b>		<b>6 266 455.00</b>
CH 21 - BUILDINGS AND ASSOCIATED COSTS	768 000.00	18 000.00	786 000.00		786 000.00
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	2 815 000.00	380 000.00	3 195 000.00		3 195 000.00
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	225 000.00	40 000.00	265 000.00		265 000.00
CH 24 - EVENTS AND COMMUNICATION	147 000.00		147 000.00		147 000.00
CH 25 - CURRENT ADMINISTRATIVE EXPENDITURE	1 120 000.00	43 455.00	1 163 455.00		1 163 455.00
CH 26 - POSTAGE AND TELECOMMUNICATIONS	281 000.00		281 000.00		281 000.00
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	429 000.00		429 000.00		429 000.00
<b>Total TITLE 1 &amp; 2 – Commitment and Payment</b>	<b>31 590 000.00</b>	<b>43 455.00</b>	<b>31 633 455.00</b>		<b>31 633 455.00</b>

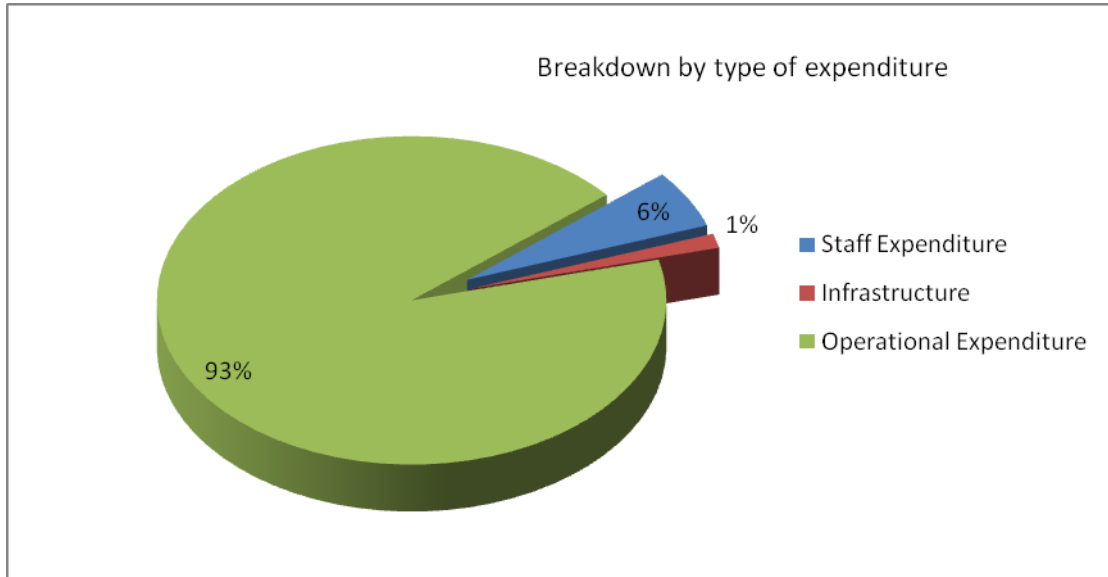
Heading	Final F4E amended budget December 2010 (1)	Transfers adopted by F4E Director or add. revenue (2)	F4E Final 2010 budget (3)=(1)+(2)	Carry over/forward from previous years (Assigned Revenue) (4)	F4E Final budget for implementation (5)=(4)+(3)
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<b>TITLE 3 - Commitment</b>	<b>412 550 000.00</b>	<b>61 051.54</b>	<b>412 611 051.54</b>	<b>106 765 502.73</b>	<b>519 376 554.27</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	334 834 000.00		334 834 000.00		334 834 000.00
CH 32 - TECHNOLOGY FOR ITER	3 750 000.00		3 750 000.00		3 750 000.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	6 166 000.00		6 166 000.00		6 166 000.00
CH 34 - OTHER EXPENDITURE	1 300 000.00	-43 455.00	1 256 545.00		1 256 545.00
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	66 500 000.00	104 506.54	66 604 506.54	105 788 002.73	172 392 509.27
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.		p.m.	977 500	977 500

<b>Total BUDGET in Commitment</b>	<b>444 140 000.00</b>	<b>104 506.54</b>	<b>444 244 506.54</b>	<b>106 765 502.73</b>	<b>551 010 009.27</b>
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<b>TITLE 3 - Payment</b>	<b>210 105 824.00</b>	<b>61 051.54</b>	<b>210 166 875.54</b>	<b>52 165 502.73</b>	<b>262 332 378.27</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	187 055 824.00		187 055 824.00		187 055 824.00
CH 32 - TECHNOLOGY FOR ITER	3 500 000.00	700 000.00	4 200 000.00		4 200 000.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	5 000 000.00	-700 000.00	4 300 000.00		4 300 000.00
CH 34 - OTHER EXPENDITURE	950 000.00	-43 455.00	906 545.00		906 545.00
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	13 600 000.00	104 506.54	13 704 506.54	51 188 002.73	64 892 509.27
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.		p.m.	977 500.00	977 500.00

<b>Total BUDGET in Payment</b>	<b>241 695 824.00</b>	<b>104 506.54</b>	<b>241 800 330.54</b>	<b>52 165 502.73</b>	<b>293 965 833.27</b>
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## 4.2. Implementation of the Statement of Expenditure

### 4.2.1. Implementation of the Budget in Commitment Appropriations (EUR)

Heading	F4E Final 2010 budget for implementation (1)	Final implementation 31/12/10 (2)	% implementation (3) = (2)/(1)%
<b>TITLE 1 - STAFF EXPENDITURE Commitment</b>	<b>25 367 000.00</b>	<b>25 246 409.75</b>	<b>99.5%</b>
<b>TITLE 2 - OTHER OPERATING EXPEND. Commitment</b>	<b>6 266 455.00</b>	<b>6 083 940.00</b>	<b>97.1%</b>
<b>Total TITLE 1 &amp; 2 Commitment</b>	<b>31 633 455.00</b>	<b>31 330 349.75</b>	<b>99.0%</b>
<b>TITLE 3 - OPERATIONAL EXPENDITURE Commitment</b>	<b>519 376 554.27</b>	<b>518 294 546.54</b>	<b>99.8%</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	334 834 000.00	334 833 999.57	100.0%
CH 32 - TECHNOLOGY FOR ITER	3 750 000.00	3 750 000.00	100.0%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	6 166 000.00	6 166 000.00	100.0%
CH 34 - OTHER EXPENDITURE	1 256 545.00	1 256 545.00	100.0%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	172 392 509.27	172 288 001.97	99.9%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	977 500.00	0.00	0.0%
<b>Total BUDGET in Commitment</b>	<b>551 010 009.27</b>	<b>549 624 896.29</b>	<b>99.8%</b>

#### 4.2.2. Implementation of the Budget in Payment Appropriations (EUR)

Heading	F4E Final 2010 budget for implementation (A)	Final implementation 31/12/10 (B)	% implementation (C) = (B)/(A)
<b>TITLE 1 - STAFF EXPENDITURE Payment</b>	<b>25 367 000.00</b>	<b>22 557 467.31</b>	<b>88.9%</b>
<b>TITLE 2 - OTHER OPERATING EXPEND. Payment</b>	<b>6 266 455.00</b>	<b>1 813 546.17</b>	<b>28.9%</b>
<b>Total TITLE 1 &amp; 2 Payment</b>	<b>31 633 455.00</b>	<b>24 371 013.48</b>	<b>77.0%</b>
<b>TITLE 3 - OPERATIONAL EXPENDITURE Payment</b>	<b>262 332 378.27</b>	<b>162 015 078.80</b>	<b>61.8%</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	187 055 824.00	140 810 909.84	75.3%
CH 32 - TECHNOLOGY FOR ITER	4 200 000.00	4 026 786.86	95.9%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	4 300 000.00	266 284.00	6.2%
CH 34 - OTHER EXPENDITURE	906 545.00	644 935.48	71.1%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	64 892 509.27	16 266 162.62	25.1%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	977 500.00	0.00	0.0%
<b>Total BUDGET in Payment</b>	<b>293 965 833.27</b>	<b>186 386 092.28</b>	<b>63.4%</b>

By 31<sup>st</sup> December 2010, EUR 162.02 million was paid by Fusion for Energy for operational expenditures, which represent an implementation rate of 61.8 % on the total operational budget. Compared only to the 2010 payment appropriations for operational expenditures (EUR 210.17 million of which EUR 13.60 million were from the ITER Host State) this represent an implementation rate of 77.1 %.

The difference between the budgeted and actual implementation of payments is mainly due to four payments which could not be executed as follows :

- a delay in the signature of the Cabling and Jacketing Contract for which the pre-financing payment could therefore not be made;
- delays in the completion of contractual deliverables for three contracts (Excavation, Architect Engineer, Winding Packs) for which the associated payments could not be made.

In the case of the administrative budget it is to be noted for Title 1 that due to the departure of the F4E Director in February 2010, recruitments at the beginning of the year were blocked in order to accommodate the modifications in place.

In addition, following the request of the European Council to move towards a more project oriented organisation, and foreseeing the new structure which had to be put in place on 1 January 2011 and its direct impact on the type of profiles required, others recruitments were blocked during the second half of 2010 (see also annex 6.3 Establishment Plan 2010).

#### 4.3. Open commitments from the 2010 budget, carried forward to 2011

At the closure of the 2010 budgetary year, the total open commitments amount to EUR 620.05 million as follow :

Heading	Open Commitments from previous years budget (1)	Open Commitments from 2010 budget (2)	Total open Commitments 31/12/2010 (3)=(1)+(2)
<b>TITLE 1 - STAFF EXPENDITURE Commitment</b>	675 737.89	2 688 942.44	3 364 680.33
<b>TITLE 2 - OTHER OPERATING EXPEND. Commitment</b>	1 472 579.68	4 270 393.83	5 742 973.51
<b>Total TITLE 1 &amp; 2 Commitment</b>	<b>2 148 317.57</b>	<b>6 959 336.27</b>	<b>9 107 653.84</b>
<b>TITLE 3 - OPERATIONAL EXPENDITURE Commitment</b>	<b>270 151 545.77</b>	<b>340 790 559.66</b>	<b>610 942 105.43</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	250 970 206.57	177 074 515.94	428 044 722.51
CH 32 - TECHNOLOGY FOR ITER	8 544 842.26	942 943.00	9 487 785.26
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	10 028 079.05	5 871 637.45	15 899 716.50
CH 34 - OTHER EXPENDITURE	608 417.89	879 623.92	1 488 041.81
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	-	156 021 839.35	156 021 839.35
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	-	-	0.00
<b>Total BUDGET in Commitment</b>	<b>272 299 863.34</b>	<b>347 749 895.93</b>	<b>620 049 759.27</b>

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

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

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

Therefore :

- the open commitments from the 2009 administrative budget are to be de-committed and entered in the Budget Outturn Account 2010 (EUR 2 148 317.57);
- for the open commitments on Title 1 of the 2010 Budget (EUR 2 688 942.44) :
  - a part of those commitments, strictly related to salaries and directly associated costs, are to be de-committed (EUR 787 445.48) and entered in the Budget Outturn Account;
  - the remaining amount on Title 1 (EUR 1 901 496.96) is carried over to 2011 (mainly to cover mission, interim staff, school, training and relocation expenses)
- the open commitments on Title 2 of the 2010 Budget (EUR 4 270 393.83) are carried over to 2011 (mainly to cover ICT, building and other current administrative expenses);
- the figures for the Chapters 35 and 36 (only made of assigned revenues) as detailed in the statement of expenditure are cumulative including amounts from 2008, 2009 and 2010.

#### 4.4. Cancelled Payment appropriations

Regarding the administrative expenditure, the cancelled commitment and payment appropriations amount to EUR 1 090 550.73.

Regarding the operational appropriations, there is no cancellation in commitment appropriation for the 2010 financial year and the cancellation of payment appropriations amount to EUR 50 713 452.82 (unused payment appropriations from Chapters 31 to 34).

It is to be noted that the bank interests on Fusion for Energy current bank account amounts to EUR 34 629.49. Those revenues are not included in the statement of expenditure and therefore cancelled.

##### Payment appropriations (EUR)

Heading	Unused Appropriations (1)(*)	Appropriations carried over to 2011 (2)	Cancelled appropriations (3)=(1)-(2)
<b>TITLE 1 - Payment</b>	<b>2 809 532.69</b>	<b>1 901 496.96</b>	<b>908 035.73</b>
<b>TITLE 2 - Payment</b>	<b>4 452 908.83</b>	<b>4 270 393.83</b>	<b>182 515.00</b>
<b>Total TITLE 1 &amp; 2 Payment</b>	<b>7 262 441.52</b>	<b>6 171 890.79</b>	<b>1 090 550.73</b>
<b>TITLE 3 - Payment</b>	<b>100 317 299.47</b>	<b>49 603 846.65</b>	<b>50 713 452.82</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	46 244 914.16	0.00	46 244 914.16
CH 32 - TECHNOLOGY FOR ITER	173 213.14	0.00	173 213.14
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	4 033 716.00	0.00	4 033 716.00
CH 34 - OTHER EXPENDITURE	261 609.52	0.00	261 609.52
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	48 626 346.65	48 626 346.65	0.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	977 500.00	977 500.00	0.00
<b>Total BUDGET in Payment</b>	<b>107 579 740.99</b>	<b>55 775 737.44</b>	<b>51 804 003.55</b>

(\*) (1) correspond to (A)-(B) from table 4.2.2.

## 5. Budget Outturn account 2010

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

For the 2010 financial year, the balance of the budget outturn amounts to EUR 47 935 465.87.

This corresponds to the Budget Outturn Account plus the unused payment appropriations carried over from 2009, adjustment for carry-over from 2009 of appropriations arising from assigned revenue and the exchange difference.

Budget Outturn Account		2010	2009
<b>REVENUE</b>			
Euratom contribution	+	224 695 824.00	139 758 000.00
ITER Host state and Membership contributions	+	10 945 880.00	2 797 298.55
Other revenue	+	140 525.03	421 494.27
<b>TOTAL REVENUE (a)</b>		<b>235 782 229.03</b>	<b>142 976 792.82</b>
<b>EXPENDITURE</b>			
<i>Title I: Staff</i>			
Payments	-	22 557 467.31	17 274 747.27
Appropriations carried over	-	1 901 496.96	1 843 396.63
<i>Title II: Infrastructure Expenditure</i>			
Payments	-	1 813 546.17	1 564 361.71
Appropriations carried over	-	4 270 393.83	5 724 180.02
<i>Title III: Operational Expenditure</i>			
Payments	-	162 015 078.8	111 037 211.15
Appropriations carried over	-	49 603 846.65	52 165 502.73
<i>Total Payments (b)</i>		<i>186 386 092.28</i>	<i>129 876 320.13</i>
<i>Total Appropriations carried over (c)</i>		<i>55 775 737.44</i>	<i>59 733 079.38</i>
<b>TOTAL EXPENDITURE (d)=(b)+(c)</b>		<b>242 161 829.72</b>	<b>189 609 399.51</b>
<b>OUTTURN FOR THE FINANCIAL YEAR (a-d)</b>		<b>-6 379 600.69</b>	<b>-46 632 606.69</b>
Cancellation of unused payment appropriations carried over from previous year	+	2 148 317.57	3 783 512.48
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	52 165 502.73	24 865 000.00
Exchange differences for the year (gain +/-loss -)	+/-	1 246.26	-7 210.67
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>		<b>47 935 465.87</b>	<b>-17 991 304.88</b>



## **5.1. Revenue**

The revenues actually cashed in 2010 amount to EUR 235 782 229.03.

Compared to the 2010 statement of revenue previously described, the ITER Host State contribution and two Membership contributions were not received, corresponding to a total amount not cashed of EUR 14 057 120.

## **5.2. Expenditure**

The payments actually made in 2010 amount to EUR 186 386 092.28 and the amount carried over to 2011 is EUR 55 775 737.44.

Regarding the carryover, it is to be noted that as exception to the principle of annuality foreseen in Fusion for Energy Financial Regulation, some unused appropriations from the 2010 budget are automatically carried over to the 2011 budget and assigned to the same activities as in the 2010 budget.

In this year's exercise, this concerns:

- the assigned revenue made of the contribution of the ITER Host State and the three ITER Task Agreements signed at the end of 2008.
  - On Title 3, Chapter 3.5: EUR 48 626 346.65 in payment appropriation,
  - On Title 3, Chapter 3.6: EUR 977 500 in payment appropriations.
- the payment appropriations necessary to cover the 2010 open administrative commitments to be paid until the end of 2011 (EUR 6 171 890.79).

## 6. Annexes

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

	<b>amount</b>
<b>Economic result (- for loss)</b>	<b>66 800 468.71</b>
<i>Ajustment for accrual items (items not in the budgetary result but included in the economic result)</i>	
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-27 305 616.79
Adjustments for Accrual Cut-off (cut- off 31.12.N )	13 606 381.78
Unpaid invoices at year end but booked in charges (class 6)	24 881 349.94
Depreciation of intangible and tangible fixed assets	749 443.63
Provisions (reversal)	-59 141.81
Recovery Orders issued in 2010 in class 7 and not yet cashed	-14 057 120.00
Prefinancing given in previous year and cleared in the year	1 537 164.51
Prefinancing received in previous year and cleared in the year	0.00
Payments made from carry over of payment appropriations	5 419 259.08
Exchange rate differences	-1 246.26
<i>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</i>	
Asset acquisitions (less unpaid amounts)	-10 981 211.54
New pre-financing paid in the year 2010 and remaining open as at 31.12.2010	-49 143 051.92
New pre-financing received in the year 2010 and remaining open as at 31.12.2010	29 944 160.99
Budgetary recovery orders issued before 2010 and cashed in the year	8 004 389.00
Payment appropriations carried over to 2011	-55 775 737.44
Cancellation of unused carried over payment appropriations from previous year	2 148 317.57
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	52 165 502.73
<b>total</b>	<b>47 933 312.18</b>
<b>Budgetary result (+ for surplus)</b>	<b>47 935 465.87</b>
Delta not explained	2 153.69

## 6.2. Budget implementation – Details by fund source

**Fund Source : C1 - Credits of the year**

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
A-1100	Staff expenditure in the establishment plan	16 995 000.00	16 995 000.00	100.00 %	16 995 000.00	16 534 068.48	97.29 %
A-1200	External staff expenditure (Contracts agents, interim staff and national experts)	4 472 000.00	4 442 124.87	99.33 %	4 472 000.00	3 560 030.05	79.61 %
A-1300	Missions and duty travel	1 850 000.00	1 850 000.00	100.00 %	1 850 000.00	1 060 030.55	57.30 %
A-1400	Miscellaneous expenditure on staff recruitment and transfer	1 060 000.00	980 000.00	92.45 %	1 060 000.00	767 175.00	72.38 %
A-1500	Representation	15 000.00	15 000.00	100.00 %	15 000.00	3 886.59	25.91 %
A-1600	Training	447 000.00	440 920.00	98.64 %	447 000.00	308 808.61	69.08 %
A-1700	Other staff management expenditure	513 000.00	508 364.88	99.10 %	513 000.00	311 955.06	60.81 %
A-1800	Traineeships	15 000.00	15 000.00	100.00 %	15 000.00	11 512.97	76.75 %
<b>Total Title 1</b>		<b>25 367 000.00</b>	<b>25 246 409.75</b>	<b>99.52 %</b>	<b>25 367 000.00</b>	<b>22 557 467.31</b>	<b>88.92 %</b>

**Fund Source : C1 - Credits of the year**

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
A-2100	Buildings and associated costs	786 000.00	786 000.00	100.00 %	786 000.00	1 809.55	0.23 %
A-2200	Information and communication technologies	3 195 000.00	3 156 935.70	98.81 %	3 195 000.00	1 219 243.70	38.16 %
A-2300	Movable property and associated costs	265 000.00	265 000.00	100.00 %	265 000.00	17 120.29	6.46 %
A-2400	Events and communication	147 000.00	147 000.00	100.00 %	147 000.00	38 675.87	26.31 %
A-2500	Current administrative expenditure	1 163 455.00	1 093 004.30	93.94 %	1 163 455.00	355 539.04	30.56 %
A-2600	Postage and Telecommunications	281 000.00	281 000.00	100.00 %	281 000.00	1 580.36	0.56 %
A-2700	Expenditure on Formal and other meetings	429 000.00	355 000.00	82.75 %	429 000.00	179 577.36	41.86 %
<b>Total Title 2</b>		<b>6 266 455.00</b>	<b>6 083 940.00</b>	<b>97.09 %</b>	<b>6 266 455.00</b>	<b>1 813 546.17</b>	<b>28.94 %</b>

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
B3-100	ITER Construction including the ITER site preparation	334 834 000.00	334 833 999.57	100.00 %	187 055 824.00	140 810 909.84	75.28 %
B3-200	Technology for ITER and DEMO	3 750 000.00	3 750 000.00	100.00 %	4 200 000.00	4 026 786.86	95.88 %
B3-300	Technology for Broader Approach and Demo	6 166 000.00	6 166 000.00	100.00 %	4 300 000.00	266 284.00	6.19 %
B3-400	Other expenditure	1 256 545.00	1 256 545.00	100.00 %	906 545.00	644 935.48	71.14 %
<b>Total Title 3</b>		<b>346 006 545.00</b>	<b>346 006 544.57</b>	<b>100.00 %</b>	<b>196 462 369.00</b>	<b>145 748 916.18</b>	<b>74.19 %</b>

<b>TOTAL C1</b>		<b>377 640 000.00</b>	<b>377 336 894.32</b>	<b>99.92 %</b>	<b>228 095 824.00</b>	<b>170 119 929.66</b>	<b>74.58 %</b>
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**Fund Source : C8 - Carried over credits from previous years**

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
A-1200	External staff expenditure	433 863.07	386 615.18	89.11 %	433 863.07	386 615.18	89.11 %
A-1300	Missions and duty travel	571 039.96	571 039.96	100.00 %	571 039.96	566 796.61	99.26 %
A-1400	Miscellaneous expenditure on staff recruitment and transfer	308 700.62	117 625.90	38.10 %	308 700.62	45 256.15	14.66 %
A-1500	Representation	8 370.82	2 461.16	29.40 %	8 370.82	2 461.16	29.40 %
A-1600	Training	200 661.07	70 599.31	35.18 %	200 661.07	70 599.31	35.18 %
A-1700	Other staff management expenditure	307 239.42	305 981.22	99.59 %	307 239.42	95 930.33	31.22 %
A-1800	Traineeships	13 521.67	0.00	0.00 %	13 521.67	0.00	0.00 %
<b>Total Title 1</b>		<b>1 829 874.96</b>	<b>1 454 322.73</b>	<b>79.48 %</b>	<b>1 829 874.96</b>	<b>1 167 658.74</b>	<b>63.81 %</b>

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
A-2100	Buildings and associated costs	718 825.01	711 000.00	98.91 %	718 825.01	412 871.88	57.44 %
A-2200	Information and communication technologies	3 761 200.02	3 736 640.02	99.35 %	3 761 200.02	3 085 128.68	82.03 %
A-2300	Movable property and associated costs	492 052.00	488 034.54	99.18 %	492 052.00	329 657.67	67.00 %
A-2400	Events and communication	99 279.58	99 113.67	99.83 %	99 279.58	70 804.67	71.32 %
A-2500	Current administrative expenditure	335 613.98	238 689.00	71.12 %	335 613.98	210 554.95	62.74 %
A-2600	Postage and Telecommunications	258 000.00	246 288.63	95.46 %	258 000.00	92 592.07	35.89 %
A-2700	Expend. Formal and other meetings	59 209.43	50 344.26	85.03 %	59 209.43	49 990.42	84.43 %
<b>Total Title 2</b>		<b>5 724 180.02</b>	<b>5 570 110.12</b>	<b>97.31 %</b>	<b>5 724 180.02</b>	<b>4 251 600.34</b>	<b>74.27 %</b>

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

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
B3-100	ITER Construction including the ITER site preparation	236 318 892.63	234 021 632.78	99.03 %	Payment appropriations under C1 Fund source		
B3-200	Technology for ITER and DEMO	18 484 208.01	9 764 572.12	52.83 %			
B3-300	Technology for Broader Approach and Demo	10 077 953.22	10 000 000.50	99.23 %			
B3-400	Other expenditure	876 432.29	876 432.29	100.00 %			
<b>Total Title 3</b>		<b>265 757 486.15</b>	<b>254 662 637.69</b>	<b>95.83 %</b>			
<b>TOTAL C8</b>		<b>273 325 062.80</b>	<b>261 687 070.54</b>	<b>95.74 %</b>	<b>7 567 576.65</b>	<b>5 419 259.08</b>	<b>71.61 %</b>

**Fund Source : R0 - Assigned revenues**

Budget Line Position	Budget Line Description	Commit. Approp. (1)	Commitment Amount Accepted (2)	% Committed (2/1)	Paym.Approp. Amount (4)	Payment Amnt. Accepted (5)	% Paid (5/4)
B3-500	ITER construction- Appropriation accruing from the ITER host state contribution	172 392 509.27	172 288 001.97	99.94 %	64 892 509.27	16 266 162.62	25.07 %
B3-600	Appropriation accruing from third parties to specific item of expenditure	977 500.00	0.00	0.00 %	977 500.00	0.00	0.00 %
<b>TOTAL R0</b>		<b>173 370 009.27</b>	<b>172 288 001.97</b>	<b>99.38 %</b>	<b>65 870 009.27</b>	<b>16 266 162.62</b>	<b>24.69 %</b>

### 6.3. Establishment plan 2010

Function group and grade	2010			
	Authorised under the EU Budget		Filled as of 31/12/2010 (including job offers done)	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15				
AD 14		1		1
AD 13	2	1		
AD 12	15	8	15	2
AD 11	7		8	
AD 10	4	20	1	
AD 9	10	28	4	35
AD 8	4		1	
AD 7		20	1	1
AD 6	2	67		82
AD 5		4	3	2
<b>AD total</b>	<b>44</b>	<b>149</b>	<b>33</b>	<b>123</b>
AST 11	2			
AST 10	2		1	
AST 9	4		2	
AST 8	1		1	
AST 7			1	
AST 6	1		3	
AST 5	3	2		
AST 4	2	3	1	
AST 3	3	18	2	17
AST 2				
AST 1			1	
<b>AST total</b>	<b>18</b>	<b>23</b>	<b>12</b>	<b>17</b>
<b>TOTAL</b>	<b>62</b>	<b>172</b>	<b>45</b>	<b>140</b>
	<b>234</b>		<b>185</b>	

# REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2010

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

Fusion for Energy being fully consolidated in the EU accounts, the 2010 Fusion for Energy financial statement has been established by using the consolidation package provided by the European Commission. The accounting rules and regulations used in this report are edicted by the European Commission, are on an accrual basis and are compliant with the International Public Sector Accounting Standards (IPSAS).

The representation letter related to the accounts 2010 has been transmitted to the President of the European Court of Auditors in a separate note. It includes no reservation from Fusion for Energy Accounting Officer.

## VIII. Financial Information System

### 1. The different financial actors

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

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

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



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

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

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

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

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

## **2. Accrual Based Accounting system**

Fusion for Energy has implemented the ABAC system (Accrual Based Accounting) owned by the European Commission and used by many EU bodies.

Thanks to the ABAC/SAP full outsourcing scheme, Fusion for Energy has benefited from a high standard financial system for a small fraction of its potential acquisition price (2010 ABAC contribution to the Commission has been EUR 125 000). With the exception of the maintenance of the Testa II router, Fusion for Energy IT department has been able to focus on its core business and avoid spending time on financial applications

maintenance. The ABAC Service Level Agreement between DG BUDG and Fusion for Energy has been signed in September 2007.

2010, as the second full year of financial autonomy, has been a year of consolidation in the use of the ABAC modules implemented in 2008 (ABAC-SAP, ABAC Workflow and ABAC Assets).

The complete use of ABAC Assets to register all purchases was critical to establish the 2010 Financial Statement.

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

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

### **3. Validation of accounting systems by the Accounting Officer**

The IT systems ABAC/SAP, owned by the Commission, has been validated by the Accounting Officer of the Commission.

While the financial system of Fusion for Energy is now close to the completion stage, it must be noted that the underlying business processes have not been fully formalised and therefore the accounting systems have not been formally validated by the Accounting Officer of Fusion for Energy.

This formalisation of business processes is in progress and piloted by a working group on Internal Control Standards.

Based on the financial circuits and controls in place, the experience and trainings of financial actors, the extensive use and checks made on SAP/ABAC and the execution by the Accounting Officer of most of the financial transactions having an impact on the accounts, the Accounting Officer has a reasonable assurance that Fusion for Energy current accounting systems are reliable and compliant with Fusion for Energy Financial Regulation, its implementing rules and the accounting rules adopted by the Accounting Officer of the Commission.