

FINAL ANNUAL ACCOUNTS



**FINANCIAL STATEMENTS
&
BUDGET IMPLEMENTATION**



**REPORT ON BUDGETARY AND
FINANCIAL MANAGEMENT**

Fifth financial year – 2012

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STATEMENT OF THE DIRECTOR & CERTIFICATION

Statement of the Director

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

- Declare that the information contained in this report gives a true and fair view;
- State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management. This reasonable assurance is based on my own judgment and on the information at my disposal;
- Based on the assurance analysis performed in F4E in the context of handover process, it may be observed that, although the Internal Control Environment of F4E has not reached full maturity yet, the organisation is continuing to build and expand its overall control Framework environment throughout 2012 and 2013;
- Confirm that I am not aware of anything not reported here which could harm the interests of F4E and the European institutions in general.



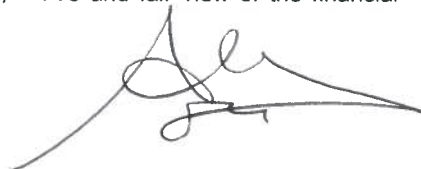
Mr Henrik Bindslev
Director

Certification

The annual accounts of F4E for the year 2012 have been prepared in accordance with its Financial Regulation and its Implementing Rules¹ and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

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

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



Mr Roberto Abad Villanueva
Accounting Officer

Barcelona, 23 September 2013

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

INTRODUCTION

Fusion for Energy (F4E) is a Joint Undertaking created under the Euratom Treaty by a decision of the Council of the European Union².

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

The main tasks of F4E are as follows:

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

Main achievements during 2012

Among the main achievements during the year 2012 it should be mentioned:

For ITER :

- The Tokamak Pit (excavation, retaining walls, lower basemat, and seismic plinths) was completed in April.
- The PF Coil Building, including the main crane, was completed in February.
- Under the management of Agence ITER France, the electric switchyard and the grid connection were completed early in the year.

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

- The new ITER International Organization (IO) Headquarters were completed in October.
- The contract for site infrastructure was signed in December.
- The large contract for the civil works and finishing of the main buildings, incl. both the tokamak and the cryoplant buildings, was also signed in December.
- The contract for the supply of the pre-compression rings in the magnets system was signed in October.
- The procurement for the supply of 70 TF coils Radial Plates (50 regular and 20 side ones) was signed in December.
- The work on the magnet conductors and on the TF coils winding packs has progressed as well as the contract for the manufacturing of the vacuum vessel sectors.
- The contracts for the procurement of components to be installed in the Neutral Beam Test Facility in Padova (Italy), such as gas injection plants, cooling plants and beam source and vessel have been signed in the last quarter.

For BA :

- JT-60SA :
 - Continued successful manufacture of TF coil strand and conductor (direct F4E procurements).
 - Coordination and cost control of procurements made by the Voluntary Contributors (VC).
 - Completion of manufacture of the cryostat base (by CIEMAT) and shipment to Japan (a direct F4E procurement).
 - Signature of the PA/AoC for the Cryogenic System.
- IFMIF :
 - Preparation, manufacture and testing of the LIPAc Injector (CEA) for shipment to Japan at the beginning of 2013 by F4E.
 - Agreement on scope and organisation of Joint Unit together with JAEA for LIPAc installation and commissioning in Rokkasho (F4E).

- IFERC :
 - Follow up of CEA operation contract for Helios super computer.
 - Establishment of an overall plan for remote experimentation and agreement to test on existing facilities.

2012 Accounts

The 2012 financial statements of F4E and its reports on budget implementation for 2012 have been prepared in conformity with :

- Council Decision establishing F4E,
- F4E Financial Regulation and its implementing rules
- « Inventory directive » (EC n° 643/2005),
- Financial Regulation applicable to the general budget of the EU³,
- The European Commission's consolidation manual for the 2012 closure.

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

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

Corrigendum

This version of the 2012 Final Accounts includes a corrigendum and replaces the version dated 10 June 2013 (adopted by the F4E Governing Board on 27 June 2013).

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

FINANCIAL STATEMENTS 2012

I. Balance sheet 2012 - Assets

Consolidation account	ASSETS	Note n°	31.12.2012 (1)	31.12.2011 (2)	Variation (3)=(1)-(2)
	A. NON CURRENT ASSETS	2.1.			
210000	Intangible assets	2.1.1.	669 821.00	606 833.00	62 988.00
200000	Tangible fixed assets	2.1.2.	70 560 155.50	80 014 648.36	-9 454 492.86
221000	Land and buildings		37 119 201.50	0.00	37 119 201.50
230000	Plant and equipment		3 440 131.00	976.00	3 439 155.00
241000	Computer hardware		29 523 483.00	39 444 173.00	-9 920 690.00
240000	Furniture and vehicles		374 786.00	370 114.00	4 672.00
242000	Other fixtures and fittings		102 554.00	288 679.00	-186 125.00
244000	Property, plant and equipment under construction		0.00	39 910 706.36	-39 910 706.36
	TOTAL NON CURRENT ASSETS		71 229 976.50	80 621 481.36	-9 391 504.86
	B. CURRENT ASSETS				
310000	Inventories	2.2.	52 710 825.65	10 141 095.93	42 569 729.72
405000	Short-term pre-financing	2.3.	148 165 615.09	66 252 314.24	81 913 300.85
	Short-term pre-financing		148 165 615.09	66 252 314.24	81 913 300.85
400000	Short-term receivables	2.4.	90 813 759.65	132 598 696.17	-41 784 936.52
401000	Current receivables		10 280 040.99	45 153 084.93	-34 873 043.94
410900	Sundry receivables		52 084.76	63 308.01	-11 223.25
490000	Other		80 481 633.90	87 375 930.09	-6 894 296.19
490010	Accrued income		37 682.42	17 709.33	19 973.09
490011	Deferred charges		11 503.48	83 589.76	-72 086.28
490091	<i>Deferrals/Accruals with consolidated EU entities</i>		80 432 448.00	87 274 631.00	-6 842 183.00
400009	<i>Short-term receivables with consolidated EU entities</i>		0.00	6 373.14	-6 373.14
500000	Cash and cash equivalents	2.5.	51 833 097.57	35 205 264.50	16 627 833.07
	TOTAL CURRENT ASSETS		343 523 297.96	244 197 370.84	99 325 927.12
	TOTAL		414 753 274.46	324 818 852.20	89 934 422.26

Balance sheet 2012 – Liabilities

Consolidation account	LIABILITIES	Note n°	31.12.2012 (1)	31.12.2011 (2)	Variation (3)=(1)-(2)
	A. NET ASSETS	2.6.	288 387 640.36	229 037 632.68	59 350 007.68
100000	Reserves		0.00	0.00	0.00
140000	Accumulated surplus/deficit		229 037 632.68	208 135 170.65	20 902 462.03
141000	Economic result of the year - profit+/loss-		59 350 007.68	20 902 462.03	38 447 545.65
	B. NON CURRENT LIABILITIES		0.00	0.00	0.00
163000	Provisions for risks and charges		0.00	0.00	0.00
172000	Other long-term liabilities		0.00	0.00	0.00
	TOTAL A+B		288 387 640.36	229 037 632.68	59 350 007.68
	C. CURRENT LIABILITIES		126 365 634.10	95 781 219.52	30 584 414.58
483000	Provisions for risks and charges	2.7.	1 066 901.27	176 116.20	890 785.07
440000	Accounts payable	2.8.	125 298 732.83	95 605 103.32	29 693 629.51
441000	Current payables	2.8.1.	1 831 111.27	3 875 136.28	-2 044 025.01
443000	Sundry payables		258 953.56	444 331.41	-185 377.85
491000	Other	2.8.2.	26 465 831.77	32 645 268.93	-6 179 437.16
491010	Accrued charges		26 153 737.65	32 440 318.39	-6 286 580.74
491090	Deferrals/accruals with consolidated EU entities		312 094.12	204 950.54	107 143.58
440009	Accounts payable with consolidated EU entities		96 742 836.23	58 640 366.70	38 102 469.53
440019	Pre-financing received from consolidated EU entities	2.8.3.	52 058 516.93	3 906 615.60	48 151 901.33
440029	Other accounts payable against consolidated EU entities	2.8.4.	44 684 319.30	54 733 751.10	-10 049 431.80
	TOTAL C. CURRENT LIABILITIES		126 365 634.10	95 781 219.52	30 584 414.58
	TOTAL		414 753 274.46	324 818 852.20	89 934 422.26

II. Economic outturn account 2012

Consolidation account		Note n°	2012 (1)	2011 (2)	Variation (3)=(1)-(2)
744000	Revenues from administrative operations	3.1.	238 505.20	39 308 404.00	-39 069 898.80
745000	Other operating revenue	3.1.	292 003 306.18	239 079 976.01	52 923 330.17
777777	TOTAL OPERATING REVENUE		292 241 811.38	278 388 380.01	13 853 431.37
610000	Administrative expenses		-53 679 277.17	-37 789 031.47	-15 890 245.70
6201	All Staff expenses	3.2.	-29 393 217.52	-25 626 309.47	-3 766 908.05
630100	Fixed asset related expenses	2.1.	-12 705 306.43	-1 750 002.90	-10 955 303.53
611000	Other administrative expenses	3.3.	-11 580 753.22	-10 412 719.10	-1 168 034.12
600000	Operational expenses		-179 271 829.08	-219 920 075.77	40 648 246.69
606000	Other operational expenses	3.4.	-179 271 829.08	-219 920 075.77	40 648 246.69
666666	TOTAL OPERATING EXPENSES		-232 951 106.25	-257 709 107.24	24 758 000.99
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES			59 290 705.13	20 679 272.77	38 611 432.36
750000	Financial revenues	3.1.	112 156.93	225 213.20	-113 056.27
650000	Financial expenses	3.5.	-52 854.38	-2 023.94	-50 830.44
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES			59 302.55	223 189.26	-163 886.71
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES			59 350 007.68	20 902 462.03	38 447 545.65
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS			0.00	0.00	0.00
ECONOMIC RESULT OF THE YEAR			59 350 007.68	20 902 462.03	38 447 545.65

III. Cash flow statement 2012 (indirect method)

		2012	2011
Cash Flows from ordinary activities			
Surplus/(deficit) from ordinary activities		59 350 007.68	20 902 462.03
Operating activities	Amortization (intangible fixed assets) +	281 594.65	166 415.35
<u>Adjustments</u>	Depreciation (tangible fixed assets) +	12 408 307.38	1 583 642.75
	Increase/(decrease) in Provisions for risks and liabilities	890 785.07	176 116.20
	Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
	(Increase)/decrease in Stock	-42 569 729.72	-2 367 067.53
	(Increase)/decrease in Long term Pre-financing	0.00	0.00
	(Increase)/decrease in Short term Pre-financing	-81 913 300.85	8 322 119.46
	(Increase)/decrease in Long term Receivables	0.00	0.00
	(Increase)/decrease in Short term Receivables	41 778 563.38	-27 749 458.78
	(Increase)/decrease in Receivables related to consolidated EU entities	6 373.14	-4 356.97
	Increase/(decrease) in Other Long term liabilities	0.00	0.00
	Increase/(decrease) in Accounts payable	-8 408 840.02	12 765 716.15
	Increase/(decrease) in Liabilities related to consolidated EU entities	38 102 469.53	3 008 397.72
Net cash Flow from operating activities		19 926 230.24	16 803 986.38
Cash Flows from investing activities			
	Increase of tangible and intangible fixed assets (-)	-3 331 318.95	-60 386 207.46
	Proceeds from tangible and intangible fixed assets (+)	32 921.78	0.00
Net cash flow from investing activities		-3 298 397.17	-60 386 207.46
Net increase/(decrease) in cash and cash equivalents		16 627 833.07	-43 582 221.08
Cash and cash equivalents at the beginning of the period		35 205 264.50	78 787 485.58
Cash and cash equivalents at the end of the period		51 833 097.57	35 205 264.50

IV. Statement of Changes in Net assets - 2012

Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
Balance as of 31 December 2011	208 135 170.65	20 902 462.03	229 037 632.68
Balance as of 1 January 2012	208 135 170.65	20 902 462.03	229 037 632.68
Fair value movements	0.00	0.00	0.00
Allocation of the Economic Result of Previous Year	20 902 462.03	-20 902 462.03	0.00
Economic result of the year		59 350 007.68	59 350 007.68
Balance as of 31 December 2012	229 037 632.68	59 350 007.68	288 387 640.36
Account	140000	141000	

V. Notes to the Financial statements

1. Accounting principles

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

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

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

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

2. Notes to the Balance sheet

2.1. Fixed assets

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

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

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

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	
Software for personal computers and servers	25%
Tangible fixed assets	
<u>Buildings</u>	4%
<u>Plant and equipment</u>	
Lifting and mechanical handling equipment for public works, prospecting and mining	12.5%
Control and transmission devices, motors, compression, vacuum and pumping equipment	12.5%
Equipment for the supply and treatment of electric power	12,5%, 25%
Specific electric equipment	25%
<u>Furniture and vehicles</u>	
Office furniture	10%
Electrical office equipment, printing and mailing equipment	25%
Printshop and postroom equipment	12.5%
Equipment and decorations for kitchen	12.5%
Transport equipment (vehicles and accessories)	25%
<u>Computer hardware</u>	
Computers, servers, accessories, data transfer equipment, printers, screens	25%
Copying equipment, digitising and scanning equipment	25%
<u>Other fixtures and fittings</u>	
Telecommunications equipment	25%
Audiovisual equipment	25%
Computer, scientific and general books, documentation	
Computer books, CDs, DVDs	33%
Scientific books, general books, CDs, DVDs	25%
Health, safety and protective equipment, medical equipment, fire-fighting equipment, equipment for surveillance and security services	12.5%
Medical and nursing equipment	25%
Other	10%
Tangible fixed assets under construction	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 31/12/2012, all projects identified were below the threshold of EUR 500 000.00 used by F4E for the capitalisation of internally generated intangible asset.

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

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

The main tangible assets are :

- **Assets – Helios supercomputer : EUR 28 661 354.00**

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

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

- **Assets – PC Coils Building : EUR 37 119 201.50**

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

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

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

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

The ownership of this building will be transferred to ITER IO after acceptance by the latter of the last PF Coil. This transfer will be done on the residual value of the building and should take place in 2017.

- **Assets – Portal Machine : EUR 3 439 373.00**

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

The transfer of ownership of the portal machine from the contractor to F4E has taken place upon delivery and acceptance of the tested Radial Plate in accordance with the Contract (March 2012).

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

- **Assets : summary table**

The total depreciation in 2012 amounts to **EUR 12 689 902.03** (EUR 12 705 306.43 as depreciation for the year, EUR 36 314.15 as corrections made to previous years acquisitions and EUR 20 909.75 as depreciation on post-capitalized assets), resulting in a net book value of **EUR 71 229 976.50** as of 31.12.2012.

The variation of the fixed assets in 2012 is composed of:

2.2. Inventories

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

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

The stocks owned by F4E are as follows :

Contract reference	Quantity as of 01/01/2012	Value as of 01/01/2012	Quantity as of 31/12/2012 (1)	Unit price (2)	Value as of 31/12/2012 (3)=(1)x(2)
F4E-2008-OPE-01-01 (MS-MG) SUPPLY OF CHROMIUM PLATED COPPER STRAND	62.00 t	3 551 816.00	62.00 t	57 287.35	3 551 816.00
F4E-2008-OPE-005-01 (MS-MG) SUPPLY OF CHROMIUM PLATED NB3SN STRAND	7.20 t	4 877 002.11	51.20 t	677 361.40	34 680 903.90
F4E-2008-OPE-005-02 (MS-MG) SUPPLY OF CHROMIUM PLATED NB3SN STRAND	2.60 t	1 712 277.82	17.10 t	658 568.39	11 261 519.50
OPE-018 MAGNET CONDUCTORS (different lengths and types)	m		2 950.00 m	-	1 986 544.88
F4E-2009-OPE-016-01-01 SIDE RADIAL PLATE PROTOTOTYPE	pc		1.00 pc	83 848.80	83 848.80
F4E-2008-OPE-016-03-01 REGULAR RADIAL PLATE PROTOTYPE	pc		1.00 pc	46 202.40	46 202.40
F4E-2010-OPE-091 140 Kg of Herakles (Sneema) SEPCARB NB41	kg		140.00 kg	7 500.00	1 050 000.00
EUROFER-97 plates (16/32/35 mm)	t		1.50 t	33 326.78	49 990.17
Total		10 141 095.93			52 710 825.65

2.3. Short-term pre-financing

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

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

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

Account	Pre-financing without interest for F4E <1 yr	31.12.2012	31.12.2011
405290	Pre-financing (PF) given to third parties (TP)	171 616 780.61	103 581 895.57
405297	Accrued charges on PF TP	-23 451 165.52	-37 329 581.33
405200	Total	148 165 615.09	66 252 314.24

These pre-financings are related to annexes to Procurement arrangements signed with the Japan Atomic Energy Agency (EUR 19.70 million - Cf. note 4.3.1.2.) and to operational contracts : mainly for the procurement contracts "*OPE-355_Manufacturing of Radial plates for TF Coils_SIMIC*" (EUR 40.92 million), "*AMW_OPE-068-01_suply of 7 VV sectors_Ansaldo*" (EUR 33.72 million), "*OPE-286_TB3_Civil Engineering and finishing works_Vinci Construction*" (EUR 23.04 million), "*OPE-018_Magnet conductors_ICAS.*" (EUR 11.76 million) and "*OPE-374_Site infrastructure works_TB8_COMSA*" (EUR 3.08 million).

2.4. Short-term receivables

2.4.1. Current receivables : **EUR 10 280 040.99** referring mainly to the recoverable V.A.T. from France.

2.4.2. Sundry receivables : **EUR 52 084.76** 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 80 481 633.90** composed of:

- EUR 80 432 448.00 : deferred charges corresponding to the 2013 cash contribution to ITER IO
- EUR 37 682.42 : December 2012 bank interests to be received in 2013 from BBVA on current account and "ITER Host state" account (Cf. note 2.5.)
- EUR 11 503.48 : December 2012 bank interests to be received in 2013 from BBVA on "Euratom contribution" bank account (Cf. note 2.5.)

2.5. Cash and cash equivalents

Account	Description	31.12.2012	31.12.2011
505000	<i>Unrestricted cash:</i>		
505300	Current accounts (bank accounts)	30 600 820.71	2 206 774.71
505600	Transfers (Cash in transit)	- 27 555 060.70	0.00
505500	Cash in hand ("Caisses")	5 000.00	0.00
505700	Short-term deposits ("Euratom account")	48 782 298.67	32 988 886.14
505700	Short-term deposits ("ITER Host State account")	39.00	9 603.65
500000	Total	51 833 097.57	35 205 264.50

The cash position at the end of 2012 is composed of one current account, two short-term deposits (for the Euratom and ITER-Host state contribution) and one imprest account (petty cash). It is to be noted that the pre-financing payment of EUR 27 555 060.70 for the contract *OPE-286_TB3_Civil Engineering and finishing works* has been validated on 31 December 2012 and executed with a bank value date of 4 January 2013.

The bank interests generated by the current account (EUR 84 405.33) and the "ITER-Host state" account (EUR 21 386.60) amount to EUR 105 791.93 for 2012 (the interests for December 2012, EUR 37 682.42, are due in January 2013).

The bank interests generated by the Euratom contribution amounts to EUR 314 335.26 (the interests for December 2012, EUR 11 503.48, are due in January 2013).

The interests generated on the Euratom contribution are to be reimbursed to the EC in 2013.

2.6. Net assets

F4E net assets are increased by the positive economic outturn of the year (EUR 59 350 007.68) totalling **EUR 288 387 640.36** as of 31 December 2012.

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

It is to be noted that according to F4E Financial regulation, if the balance of the outturn account is positive, it shall be repaid to the EC up to the amount of the Euratom contribution paid during the financial year (Cf. point VI.6. Budget outturn account).

2.7. Provisions for risks and charges

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

For the year 2012, the provision booked in the accounts refers to the salary increase foreseen in the EU staff regulations applicable to F4E.

The EC has decided to bring an action against the Council in the Court of Justice for not adopting in December 2011 and 2012 the annual adjustment to remuneration and pensions of EU staff. Following the "method" laid down in the staff regulation the salary increase should have been 1,7 % for each year.

According to the EC it is considered probable that the refused 1.7 % salary adjustment will, in the end, have to be paid to the staff. Therefore, in compliance with the accounting rules, an amount of **EUR 1 066 901.27** is booked in the 2012 accounts as short-term provision for these outstanding salary payments relating to July 2010 to December 2012.

2.8. Short-term liabilities

2.8.1. Current and sundry payables are **EUR 2 090 064.83** and are composed of suppliers' invoices received but not paid at year end and reimbursements to staff.

2.8.2. Deferrals and accruals : **EUR 26 465 831.77** which represent mainly invoices to be received in 2013 for services rendered in 2012, including ;

- EUR 21 887 055.49 for services rendered in 2012 on operational activities and not invoiced at 31/12/2012.
- EUR 3 708 889.02 for services rendered in 2012 on administrative expenditures and not invoiced at 31/12/2012.

- EUR 868 160.47 for F4E staff's untaken leave as at the end of December 2012. 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 members.

2.8.3. Pre-financing received from consolidated EC entities totalled **EUR 52 058 516.93**

- EUR 51 081 016.93 corresponding to the balance of the budget outturn account 2012, to be reimbursed to the EC in 2013 (Cf. point VI.6. Budget outturn account).
- EUR 977 500.00 corresponding to 3 long term pre-financings received from ITER IO and falling due within the year.

2.8.4. Other accounts payable against consolidated EC entities totalling **EUR 44 684 319.30** include the balance on the invoice for the 2013 cash contribution to be paid to ITER IO (EUR 40 216 224.00), the bank interests generated by the Euratom contribution in 2012 (EUR 314 335.26), the balance of the budget outturn account 2011 (EUR 2 929 115.60) and the bank interests generated by the Euratom contribution in 2011 (EUR 833 252.78), to be paid back to the EC in 2013 (Cf. note 2.5).

2.9. Post balance sheet events

No significant post balance sheet event occurred between 31st December 2012 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 238 505.20**, related to fixed assets.

The operating revenues, **EUR 292 003 306.18**, include mainly :

- The Euratom contribution : EUR 240 102 674.06 accrued revenue on the 2012 Euratom contribution
- The 2012 ITER Host state contribution : EUR 48 000 000.00
- The 2012 Membership contributions : EUR 3 900 000.00.

The financial revenues amount to **EUR 112 156.93** and are related to bank interests (EUR 105 791.93 - Cf. note 2.5.) and to interest requested for late payment of two Membership contributions (EUR 6 365.00).

3.2. Staff expenses - EUR 29 393 217.52 (EUR 25 626 309.47 in 2011)

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

3.3. Other administrative expenses

The amount of **EUR 11 580 753.22** includes mainly the following items :

	2012	2011	Variation
IT costs – operational/support	2 446 856.00	2 339 209.49	107 646.51
Missions	1 962 868.04	1 435 976.35	526 891.69
Expenses with consolidated entities (mainly "service level agreements" with the EC)	1 100 245.70	1 136 116.80	- 35 871.10
Maintenance & security for the building	1 026 323.32	1 351 445.83	- 325 122.51
Interim staff	828 660.68	636 533.33	192 127.35
IT costs - development	788 754.50	626 963.74	161 790.76
Office supplies & maintenance	725 797.98	347 884.98	377 913.00
Communications & publications	522 592.24	466 314.48	56 277.76
Legal expenses	383 019.89	354 297.68	28 722.21
Experts with contracts	361 180.95	1 056 632.92	- 695 451.97
Training	339 543.84	419 058.30	- 79 514.46
Experts and related expenditure	262 967.34	131 190.01	131 777.33
Selection	249 970.72	95 345.55	154 625.17
Total	10 998 781.20	10 396 969.46	601 811.74

3.4. Operational expenses - EUR 179 271 829.08 (EUR 219 920 075.77 in 2011)

The types of expenses that F4E reports includes exchange expenses (like in previous points 3.2 and 3.3 for administrative expenses, where F4E receives goods or services in return) and non-exchange expenses (where F4E transfers value to another entity without receiving anything in exchange).

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

The amount of **EUR 179 271 829.08** includes mainly the following items :

• 2012 Cash contribution to ITER IO	EUR 87 274 631.00
• Architect engineer_Engage	EUR 30 012 273.50
• Supply of Vacuum vessel sectors_Ansaldo	EUR 22 284 330.50
• Dummy pancake_TF Coils_Iberdrola	EUR 13 364 491.09
• ITER Site preparation_CEA_ITER France	EUR 10 684 585.51
• Seismic isolation pit_GTM Sud	EUR 5 584 397.83
• Site adaptation works_COMSA	EUR 4 470 066.93
• 2012 Cash contribution to JAEA (annex to PA's)	EUR 4 063 377.92

3.5. Financial expenses - EUR 52 854.38

This amount relates to late payment interests on invoices.

4. Off balance sheet items and notes

4.1. Contingent liabilities

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

Following the award of the contract for the Cabling and Jacketing of TF and PF Conductors, applications for interim measures and for annulment of F4E 's decision were initiated by an unsuccessful tenderer. The interim measures were dismissed by the ECJ without hearings.

The damages claimed for this case (ECJ case T-415/10) amounts to EUR 50.18 million.

The hearings for the application for annulment at the ECJ happened the 26th November 2012 and a decision is expected before September 2013.

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.

As significant event occurred between the 31st December 2012 and the final closing of the accounting year, the decision of the ECJ to dismiss all the pleas aiming at the annulment of the award decision of the contract has occurred on 20th of March 2013.

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	31.12.2012	31.12.2011
901120	Guarantees for pre-financing (nominal-on going)	114 988 016.79	47 812 996.28
901180	Performance guarantees	47 960 251.82	34 407 344.92
901100	TOTAL - Guarantees received	162 948 268.61	82 220 341.20

Guarantees received in respect of pre-financing:

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

the guarantee's generating event is the pre-financing payment and/or subsequent clearings.

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

4.3. Other significant disclosures

4.3.1. Commitment for future funding

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

Account	Commitments for future fundings	31.12.2012	31.12.2011
902500	Commitments against appropriations not yet consumed*	1 136 976 644.77	510 428 412.14
903200	Operating lease	0.00	0.00
903300	Contractual commitment/obligations to deliver (open PA's/ITA's)**	3 652 934 064.61	3 276 561 363.18
903100	Other	0.00	0.00

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

** see below points 4.3.1.1, 4.3.1.2., 4.3.1.3. and 4.3.1.4. for details.

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

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

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

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

Regarding the update of the conversion rate between IUA and EUR, the ITER Council (IC-1, November 2007), decided that the annual average change in the Harmonised Indices of Consumer Prices (HICP) for the euro area as published by EUROSTAT should be used. The 2012 exchange rate euro/IUA amounts to 1 619.65.

4.3.1.1. ITER Procurement Arrangement (ITER IO)

(kIUA)				
EU in Kind (Procurement Arrangements)	EU share	PA signed (1)	PA credited (2)	Balance (3)=(1)-(2)
Magnet	185.82	185.82	0.00	185.82
Vaccum vessel	96.84	92.19	0.00	92.19
Blanket system	42.10	0.00	0.00	0.00
Divertor	33.78	31.40	0.00	31.40
Remote Handling Equipment	40.72	9.62	0.00	9.62
Vacuum Pumping & Fuelling	12.89	0.00	0.00	0.00
Tritium Plant	7.32	2.55	0.00	2.55
Cryoplant & Distribution	30.68	30.68	0.00	30.68
Electrical power supply and Distribution System	29.61	7.00	2.10	4.90
IC H&CD Ion Cyclotron Heating & Current Drive	3.96	0.00	0.00	0.00
EC H&CD Electron Cyclotron Heating & Current Drive	31.12	11.63	0.00	11.63
NB H&CD Neutral beam Heating and Current Drive	83.40	58.38	1.73	56.65
Diagnostics	24.63	1.11	0.00	1.11
Building	454.67	454.67	35.44	419.23
Waste	10.10	0.00	0.00	0.00
Radiological Protection	4.20	0.00	0.00	0.00
Total in Kind	1 091.84	885.05	39.27	845.78

The amount of 1 091.84 kIUA (EU Share) in the above table corresponds to the EU share of the ITER Project, provided by in-kind contributions according to the ITER Agreement and Common Understanding on Procurement Allocation plus any Amendment and PA Value Refinement agreed by ITER Council afterwards. Since the IUA values is only a “virtual” currency to share contributions among the seven parties to the ITER Agreement – according to respective percentages of contribution to the programme - the actual cost of the ITER project differs from original cost. In order to consider that the PA obligations have been fulfilled by each party, the original PA value has to be matched, independently of the actual cost incurred for executing the scope of

work of each PA. The current value achieved for each PA is recognized by means of credit allocation by ITER IO to F4E on the basis of project milestones laid down in each PA (see PA credited column in the Table). The complete execution of each scope of work for a PA would imply a credit allocation matching the PA signed current value, hence with a balance that is zero with all PA signed and completed.

The amount of 885.05 kIUA (PA Signed) in the Table corresponds to the original value of the EU procurement packages (signed between ITER IO and EU DA) with the so-called PA Value Refinements (approved by the ITER Council), in order to take into account changes to the scope of work.

Indicatively and using the ITER project baseline⁴, the remaining obligations on PA's signed at the 31 December 2012 are estimated to EUR 3.41 billion based on :

- the estimated European contribution to the construction phase of ITER : EUR 6.60 billion (in 2008 value) of which EUR 4.07 billion are for in-kind contributions;
- a pro rata kIUA 845.78/1 091.84 on the EUR 4.40 billion (total in-kind contribution in current value applying a 2.0 % inflation rate on 2008 value).

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

More details on the actual advancement of the works achieved at the end of the year, but not yet credited, are available in the F4E Annual report 2012.

4.3.1.2. ITER Annex to Procurement Arrangements (JAEA)

Transfers of Procurement to Japan	EU Cost	PA signed (1)	PA credited (2)	(kIUA)		(EUR)
				Balance (3)=(1)-(2)	Balance (4)=(3) x 1 619.65 x 1 000	
Magnet	168.60	122.34	30.03	92.30	149 498 553.95	
Tritium Plant	15.10	0.00	0.00	0.00	0.00	
NB H & CD Neutral beam Heating and Current Drive	47.87	24.70	1.24	23.46	38 000 390.27	
Total to Japan	231.56	147.03	31.27	115.77	187 498 944.22	

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

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

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

4.3.1.3. ITER Task Agreement

Number ITAs open as of 31/12/2012	Amount	Currency	2012 Exchange rate to Euro	Amount (EUR)
49	24 646.29	IUA	1 619.65	39 918 356.42
2	Voluntary			
TOTAL	51			39 918 356.42

A total of 8 ITAs were signed during 2012 for a total value of 1 968.33 IUA (3 188 005.68 EUR).

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

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

4.3.1.4. Broader Approach Agreement

BA Projects	(kBAUA)			(kBAUA)				(EUR)
	EU Share	PA signed	PA credited	Of which F4E Contribution	PA signed (1)	PA credited (2)	Balance (3)=(1)-(2)	Balance <small>(4)=(3) x 773.14 x 1000</small>
JT60SA	236.41	209.91	20.39	38.88	22.75	0.70	22.05	17 045 417.58
EVEDA	143.76	83.51	22.10	3.14	3.14	3.14	0.00	0.00
IFERC	119.83	104.87	67.59	7.16	3.16	3.16	0.00	0.00
BA Total	500.00	398.29	110.07	49.17	29.04	7.00	22.05	17 045 417.58

The Broader Approach Agreement between Euratom and the Government of Japan envisages two Implementing Agencies (IAs), F4E and JAEA, who are responsible for providing the Parties individual contributions. F4E's contribution is mostly provided by Voluntary Contributors (VCs) agreed at the time of the ITER site decision. Their contribution is formalised by Agreements of Collaboration (AoCs) which match the obligations entered into by F4E with JAEA in each Procurement Arrangement (PA). The AoC signed between the respective VC and F4E results in contracts being placed and managed by a VC Designated Institution (DI). Some items are procured directly by F4E. Each BA project is executed by its own Integrated Project Team, consisting of JAEA and F4E staff, as well as staff from the VCDIs. This is coordinated by a Project Team of experts proposed by each IA.

The contribution of each Party to the BA Activities is evaluated by a system of credits similar to the approach followed in the ITER project. The complete scope of work covered by the BA Agreement is assessed with a value of 1 000 000.00 BA Units of Account (BAUA), 500 000.00 of which are provided by Euratom. In the joint declaration establishing the BA Activities the overall scope of the Euratom contribution was evaluated at EUR 339 million in 2005, which means that 1 BAUA = EUR 678 in values of that time. The value for 2012 is escalated to 1 BAUA = EUR 773.14.

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

4.3.2. Services in-kind

Under the Host agreement with Spain, the office building used by F4E is free of charge. For the year 2012, this service in-kind amounts to EUR 3 640 000.00.

2012 BUDGET IMPLEMENTATION

VI. Budgetary implementation

1. Main facts about the implementation of the final 2012 budget of F4E

Revenue	<ul style="list-style-type: none">• 100.0% of the foreseen revenue was collected.
Commitments	<ul style="list-style-type: none">• 99.9% Implemented• 99.5% of the administrative budget• 100.0% of the operational budget Of which 55.4% of individual commitments
Payments	<ul style="list-style-type: none">• 94.5% implemented• 83.3% of the administrative budget• 95.9% of the operational budget• 3.6% of the payment appropriation cancelled.

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.

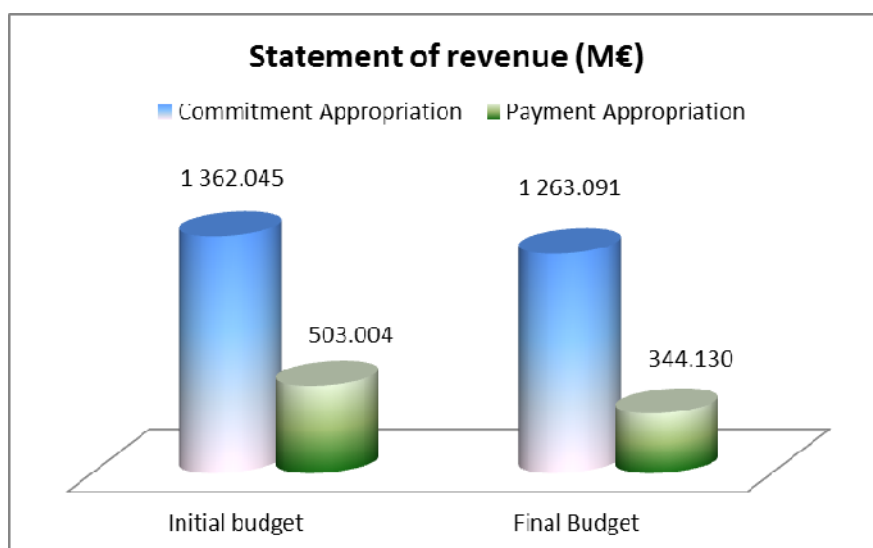
The budget is established and implemented in compliance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.

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

(total revenue must cover total expenditure); – the gross budget rule, meaning that revenue and expenditure are entered in full in the budget without any adjustment against each other;

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

3. Evolution of the budget



F4E's 2012 budget⁵ was initially adopted by F4E's Governing Board (GB) for the amount of EUR 1 362.05 million in commitment appropriations and EUR 503.00 million in payment appropriations.

It was successively amended in the March GB meeting⁶ and the December GB meeting⁷. The final authorised F4E budget for 2012 was EUR 1 263.09 million in commitment appropriations and EUR 344.13 million in payment appropriations.

⁵ Decision of the F4E Governing Board F4E(11)-GB21-11k of the 25/11/2011

⁶ Decision of the F4E Governing Board F4E(12)-GB22-10c of the 28/03/2012

⁷ Decision of the F4E Governing Board F4E(12)-GB26-09.4 of the 11/12/2012

4. Statement of Revenue

4.1. Changes in the structure of the Statement of Revenue

The breakdown of the statement of revenue for the 2012 budget has been modified compared to previous years in order to reflect more precisely the source of revenue for the Euratom contribution and to simplify the presentation of the revenue from other sources in proportion to the amounts involved:

- **Chapter 1 – Euratom Contribution:** Two new lines of revenue have been created for the recovery of appropriations from previous year, corresponding to the budget made available again in administrative and operational revenue from the 2011 budgetary outturn.
- **Chapter 4 - Miscellaneous Revenue:** The sub-lines have been simplified by clustering the small amounts for fees and charges, the additional revenue and other revenues under a single heading for miscellaneous revenue.

4.2. Evolution of the Statement of Revenue

4.2.1. Evolution in Commitment Appropriation

Two amendments to the 2012 budget have been adopted by the GB and some additional miscellaneous revenues have been added:

- **The first amendment** (March 2012) re-assigned revenue carried over since 2008 for specific items of expenditure to the heading of miscellaneous revenue. This includes the amount of EUR 977 500.00 which was received in cash at the end of 2008 from ITER International Organisation (IO) as a 50% advance payment for three in-cash ITER Task Agreements (ITA).
These appropriations have been transferred from the assigned revenue (carry over from chapter 36) to the general budget of F4E.
- **The second amendment** (December 2012) provided for a decrease in the ITER Host State's (France) contribution and the addition of some miscellaneous revenue:
 - On the basis of the revised budgetary needs, F4E requested the ITER Host State to reduce their 2012 contribution to F4E in commitment appropriations by EUR 100.00 million, under the condition that all necessary measures will be taken to

limit the impact of this decrease on the contribution in payment for the following budgets.

- The bank interest on F4E's current account from December 2011 to July 2012 have been budgeted for a total amount of EUR 39 043.02.

- **Additional revenue** has been made available from the recovery of amounts unduly paid to two experts and from the interest received on the F4E's bank account hosting the ITER Host State's contribution. This revenue, amounting to EUR 29 492.11, is automatically assigned to their respective headings of expenditure.

Evolution of the Statement of revenue

Commitment Appropriations (EUR)

Heading of the Budget 2012	Initial budget 25 November 2011 (1)	Amending budget 28 March 2012 (2)	Amending budget 11 December 2012 (3)	Final Budget (4)=(1)+(2)+(3)	Additional revenue (5)	Final Revenue (6)=(4)+(5)
1-1a: PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	1 067 900 000.00			1 067 900 000.00		1 067 900 000.00
1-1b: RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE				0.00		0.00
1-2a: PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	39 000 000.00			39 000 000.00		39 000 000.00
1-2b: RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	10 045 342.88			10 045 342.88		10 045 342.88
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 900 000.00			3 900 000.00		3 900 000.00
3: ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	241 200 000.00		-100 000 000.00	141 200 000.00		141 200 000.00
4: MISCELLANEOUS REVENUE	p.m.	977 500.00	39 043.02	1 016 543.02	6 232.23	1 022 775.25
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.			p.m.	23 259.88	23 259.88
Total Revenue	1 362 045 342.88	977 500.00	-99 960 956.98	1 263 061 885.90	29 492.11	1 263 091 378.01

4.2.2. Evolution in Payment Appropriation

- **The first amendment** (March 2012) aligned the F4E budget to the amount in the EU which was adopted by the EU Council and Parliament for the Euratom contribution with a reduction of EUR 31.92 million.
- **The second amendment** (December 2012) reduced the Euratom contribution for an amount of EUR 90.00 million and the ITER Host State's contribution for an amount of EUR 38.00 million.

These decreases in payment appropriations were requested by F4E taking into account that some advance payments on new 2012 contracts would not be paid from the 2012 budget, as originally foreseen.

Regarding the ITER Host State's contribution, the clearing of debit notes from previous years has also increased the global contribution from France in 2012 (see point 4.3.2. for further details).

- The origin and amounts of the **miscellaneous revenue** in payment appropriations are identical (EUR 977 500.00 and EUR 39 043.02) to their corresponding commitment appropriations (see point 4.2.1).

Evolution of the Statement of revenue

Payment appropriations (EUR)

Heading of the Budget 2012	Initial budget 25 November 2011 (1)	Amending budget 28 March 2012 (2)	Amending budget 11 December 2012 (3)	Final Budget (4)=(1)+(2)+(3)	Additional revenue (5)	Final Revenue (6)=(4)+(5)
1-1a: PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	344 160 000.00	-31 920 470.00	-90 000 000.00	222 239 530.00		222 239 530.00
1-1b: RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	19 898 818.11			19 898 818.11		19 898 818.11
1-2a: PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	39 000 000.00			39 000 000.00		39 000 000.00
1-2b: RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	10 045 342.88			10 045 342.88		10 045 342.88
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 900 000.00			3 900 000.00		3 900 000.00
3: ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	86 000 000.00		-38 000 000.00	48 000 000.00		48 000 000.00
4: MISCELLANEOUS REVENUE	p.m.	977 500.00	39 043.02	1 016 543.02	6 232.23	1 022 775.25
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.			p.m.	23 259.88	23 259.88
Total Revenue	503 004 160.99	-30 942 970.00	-127 960 956.98	344 100 234.01	29 492.11	344 129 726.12

4.3. Implementation of the Statement of Revenue

4.3.1. Implementation in Commitment Appropriation

A complete (100%) implementation of the revenue in commitment appropriations 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 and miscellaneous contributions.

4.3.2. Implementation in Payment Appropriation

With the exception of EUR 1 085.00 due to the non-payment of late interest by a Member State on its 2011 Membership Contribution, the entire statement of revenue has been executed (cash).

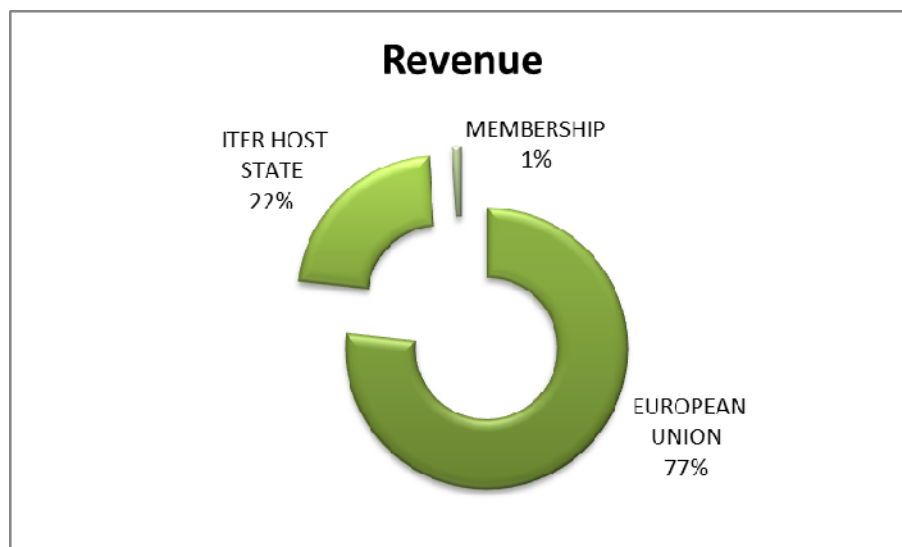
Implementation of the Statement of revenue

Payment appropriations (EUR)

Heading of the Budget 2012	Final Revenue from B2012 (1)	Final Execution (Debit notes emitted) (2)	Outstanding revenue from previous years (3)	Final actual revenue (Debit note cashed) (4)	Outstanding Revenue at the year end (5) = (2)+(3)-(4)
1-1a: PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	222 239 530.00	222 239 530.00		222 239 530.00	0.00
1-1b: RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	19 898 818.11	19 898 818.11		19 898 818.11	
1-2a: PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	39 000 000.00	39 000 000.00		39 000 000.00	0.00
1-2b: RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	10 045 342.88	10 045 342.88		10 045 342.88	
2: ANNUAL MEMBERSHIP CONTRIBUTIONS	3 900 000.00	3 900 000.00	279 387.86	4 179 387.86	0.00
3: ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	48 000 000.00	48 000 000.00	36 000 000.00	84 000 000.00	0.00
4: MISCELLANEOUS REVENUE	1 022 775.25	76 423.05	0.00	75 338.05	1 085.00
5: ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	23 259.88	23 259.88	0.00	23 259.88	0.00
Total Revenue	344 129 726.12	343 183 373.92	36 279 387.86	379 461 676.78	1 085.00

Regarding the ITER Host State's contribution, the recovery, in agreement with the French authorities, of amounts from the outstanding debit notes allowed F4E to better balance the Euratom and French Contribution according to their relative share.

The breakdown of revenue by contributor in 2012 is as follows:



4.4. Non Budgeted Revenue

Some miscellaneous revenue was not budgeted, mainly due to incompatibility between the period of the actual reception of the revenue and the deadline for the preparation of the last amendment to the budget. This revenue amount to EUR 30 062.08 corresponding in particular to the interest from F4E's current bank account for the period August to December 2012, the late payment interest received from Italy and a reimbursement from an insurance policy.

5. Statement of Expenditure

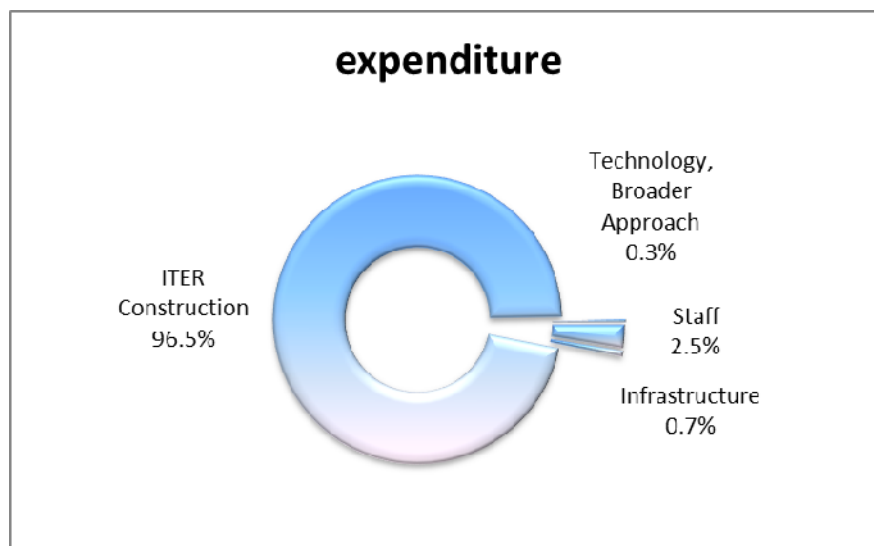
5.1. Evolution of the Statement of Expenditure

Initially drafted in the 2010 Resource Estimates Plan, the statement of expenditure was fixed with the original 2012 budget adopted in December 2011 and adjusted in accordance with the changes in the revenue and successive amendments to the 2012 Work Programme (WP 2012).

These adjustments were implemented with the two amending budgets described above and through the transfers approved by the Director within the limits foreseen in Article 23 of the Financial Regulation. The GB was duly informed about such transfers.

The appropriations accruing from assigned revenue at the end of 2011 were automatically carried over to 2012.

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



5.1.1. Evolution of the Administrative Expenditure

The administrative expenditure is a non-dissociated appropriation (commitment and payment appropriations are in unison) and all transfers were authorised in both commitment and payment appropriations. The amendments to the 2012 budget therefore did not change the administrative statement of expenditure.

Evolution of the Statement of Administrative Expenditure (EUR)

Commitment and Payment appropriation (EUR)

Heading of the Budget 2012	Initial budget 25 November 2011 (1)	Transfers adopted by F4E Director (2)	Final budget (3)= (1)+(2)
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	24 000 000.00	-2 302 000.00	21 698 000.00
CH 12 - EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	6 150 000.00	275 000.00	6 425 000.00
CH 13 - MISSIONS AND DUTY TRAVEL	1 700 000.00	0.00	1 700 000.00
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANFER	900 000.00	6 000.00	906 000.00
CH 15 - REPRESENTATION	20 000.00	0.00	20 000.00
CH 16 -TRAINING	650 000.00	75 000.00	725 000.00
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	1 100 000.00	209 000.00	1 309 000.00
CH 18 - TRAINEESHIPS	p.m.	33 000.00	33 000.00
TITLE 1 - Commitment and Payment	34 520 000.00	-1 704 000.00	32 816 000.00
CH 21 - BUILDINGS AND ASSOCIATED COSTS	1 050 000.00	68 000.00	1 118 000.00
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	3 200 000.00	1 240 000.00	4 440 000.00
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	700 000.00	2 000.00	702 000.00
CH 24 - EVENTS AND COMMUNICATION	330 000.00	50 000.00	380 000.00
CH 25 - CURRENT ADMINISTRATIVE EXPENDITURE	1 000 000.00	256 000.00	1 256 000.00
CH 26 - POSTAGE AND TELECOMMUNICATIONS	400 000.00	-32 000.00	368 000.00
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	300 000.00	120 000.00	420 000.00
TITLE 2 - Commitment and Payment	6 980 000.00	1 704 000.00	8 684 000.00
Total TITLE 1 & 2 - Commitment & Payment	41 500 000.00	0.00	41 500 000.00

The major transfers were implemented in order to:

- Chapter 11: Align the budget to the actual needs, considering in particular that the vacancy rate was higher than originally foreseen. This was mainly due to the reorganisations of the ITER and Administration Departments and the establishment of a reserve of 15 professional staff posts for the new Director (who took up his duties on the 01/01/13).
- Chapter 17: Cover the increase in schooling inscriptions and also a higher than expected demand for medical services and other related costs.
- Chapter 22: Bring forward some actions originally foreseen for 2013 including the implementation of ICT applications, orders for hardware , software (TSM, Spaceclaim, etc.), IT consultant (networking), network Storage, and improved Wi-Fi infrastructure.
- Chapter 25: Cover the increased cost for legal support, in particular for preparing for the defence for two court cases and the following contracts (IPR Legal Advice, EU Procurement legal advice, Spanish Law, Litigation before Spanish Courts, FIDIC Licences...).
- Chapter 27: Cover the increased cost due to the modification of the rules for the reimbursement of the meetings of the committees and the indemnities paid to the Chairs.

5.1.2. Evolution of the Operational Expenditure

The statement of operational expenditure (see following table) was modified with the two amending budgets to reflect the changes in the statement of revenue and to align the operational budget with the amendments to the WP 2012 in March and December 2012.

The second amendment to the WP 2012 adopted in the June GB meeting has been implemented through transfers authorised by the Director as described above. The evolution of the budget provided to the GB in June was already taking into account the corresponding amendment to the WP.

The main changes were motivated as follows:

- Chapter 32: Due to delays in the signature of some Framework Partnership Agreements, the associated specific grants were moved to 2013.
- Chapter 33: The largest difference is due to the fact that the work-orders of the large framework contract for transportation of JT-60SA components (Broader Approach) is distributed year-by-year (and not all committed upfront as originally envisaged). The remaining difference is associated to the following facts:
 - the amount required for contract amendments was less than anticipated;
 - some activities in the WP 2012 were shifted to next year;
 - some activities were taken over by Voluntary Contributors to the Broader Approach;
 - a minor number of activities were cancelled.
- Chapter 34: The amount foreseen in the initially adopted WP 2012 was a ceiling forecasted according to the needs of the services. At the end of the year (last revision of the WP) the budget is adjusted by taking into account the amount that will be used by the end of that year.
- Chapter 35: Being made of assigned revenue, the statement of expenditure strictly follows the statement of revenue.

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

Heading of the Budget 2012	Initial budget 25 November 2011 (1)	Amending budget 28 March 2012 (2)	Amending budget 11 December 2012 (3)	Additional revenue (5)	Transfers adopted by F4E Director (6)	Final budget (7)= Σ(1 to 6)	Carry over from 2011 Assigned Revenue (8)	Final budget for implementation (9)=(7)+(8)
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	1 064 163 442.88	477 400.00	13 115 500.02		-1 195 341.78	1 076 561 001.12		1 076 561 001.12
CH 32 - TECHNOLOGY FOR ITER	7 755 900.00	500 100.00	-7 587 400.00		376 762.00	1 045 362.00		1 045 362.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	2 826 000.00		-3 108 057.00		1 465 721.69	1 183 664.69		1 183 664.69
CH 34 - OTHER EXPENDITURE	4 600 000.00		-2 381 000.00	6 232.23	-647 141.91	1 578 090.32		1 578 090.32
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	241 200 000.00		-100 000 000.00	23 259.88		141 223 259.88	219 194 579.12	360 417 839.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.					p.m.		0.00
TITLE 3 - Commitment	1 320 545 342.88	977 500.00	-99 960 956.98	29 492.11	0.00	1 221 591 378.01	219 194 579.12	1 440 785 957.13
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	342 004 160.99	-30 942 970.00	-66 820 956.98		-194 311.44	244 045 922.57		244 045 922.57
CH 32 - TECHNOLOGY FOR ITER	22 000 000.00		-18 000 000.00			4 000 000.00		4 000 000.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	8 000 000.00		-5 140 000.00		194 311.44	3 054 311.44		3 054 311.44
CH 34 - OTHER EXPENDITURE	3 500 000.00			6 232.23		3 506 232.23		3 506 232.23
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	86 000 000.00		-38 000 000.00	23 259.88		48 023 259.88	32 994 579.12	81 017 839.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.					p.m.		0.00
TITLE 3 - Payment	461 504 160.99	-30 942 970.00	-127 960 956.98	29 492.11	0.00	302 629 726.12	32 994 579.12	335 624 305.24
Total TITLE 1 & 2 - Commitment & Payment	41 500 000.00	0.00	0.00	0.00	0.00	41 500 000.00	0.00	41 500 000.00
Total BUDGET in Commitment Appropriation	1 362 045 342.88	977 500.00	-99 960 956.98	29 492.11	0.00	1 263 091 378.01	219 194 579.12	1 482 285 957.13
Total BUDGET in Payment Appropriation	503 004 160.99	-30 942 970.00	-127 960 956.98	29 492.11	0.00	344 129 726.12	32 994 579.12	377 124 305.24

5.2. Implementation of the Statement of Expenditure

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

5.2.1. Implementation of the Budget in Commitment Appropriation

The entire budget is implemented in commitment appropriations by the 31st December 2012 with the following observations:

- 99.5% of the administrative expenditure was implemented. It should be noted that about EUR 0.51 million was committed for indexed salary adjustments according to Staff Regulations. This salary increase was rejected by the European Council but was challenged by the Commission and is subject to court proceedings.
This amount represents the main part of the cancelled appropriations of the 2012 administrative budget.
- 100% of the operational expenditure was implemented of which 55.4% was implemented through direct individual commitments.

5.2.2. Implementation of the Budget in Payment Appropriation

The global implementation rate of the 2012 budget was 94.5% in payment appropriations:

- 83.3% of implementation of the administrative expenditure. Considering these are non-dissociated appropriations, the balance between commitment and payment implementation corresponds to those administrative actions which were launched during 2012 but not yet paid, except for the amount of EUR 0.51 million mentioned in the first bullet of section 5.2.1.
- 95.9% of implementation of the total operational expenditure.

Implementation of the Statement of Administrative Expenditure (EUR)

Heading of the Budget 2012	Commitment Appropriation			Payment Appropriation		
	Final budget for implementation (1)	Final implementation (2)	% implementation (3)= (2)/(1)	Final budget for implementation (4)	Final implementation (5)	% implementation (6)= (5)/(4)
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	21 698 000.00	21 650 000.00	99.8%	21 698 000.00	21 395 523.83	98.6%
CH 12 - EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	6 425 000.00	6 425 000.00	100.0%	6 425 000.00	5 918 694.41	92.1%
CH 13 - MISSIONS AND DUTY TRAVEL	1 700 000.00	1 700 000.00	100.0%	1 700 000.00	1 411 857.21	83.1%
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRAFER	906 000.00	905 599.43	100.0%	906 000.00	713 311.00	78.7%
CH 15 - REPRESENTATION	20 000.00	14 000.00	70.0%	20 000.00	7 478.76	37.4%
CH 16 -TRAINING	725 000.00	685 950.00	94.6%	725 000.00	350 223.67	48.3%
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	1 309 000.00	1 288 933.51	98.5%	1 309 000.00	937 188.37	71.6%
CH 18 - TRAINEESHIPS	33 000.00	32 130.98	97.4%	33 000.00	32 130.98	97.4%
TITLE 1 Staff expenditure	32 816 000.00	32 701 613.92	99.7%	32 816 000.00	30 766 408.23	93.8%
CH 21 - BUILDINGS AND ASSOCIATED COSTS	1 118 000.00	1 117 469.95	100.0%	1 118 000.00	472 002.17	42.2%
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	4 440 000.00	4 439 190.03	100.0%	4 440 000.00	1 873 978.34	42.2%
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	702 000.00	701 828.10	100.0%	702 000.00	317 843.37	45.3%
CH 24 - EVENTS AND COMMUNICATION	380 000.00	295 818.90	77.8%	380 000.00	35 331.40	9.3%
CH 25 - CURRENT ADMINISTRATIVE EXPENDITURE	1 256 000.00	1 247 597.52	99.3%	1 256 000.00	656 605.78	52.3%
CH 26 - POSTAGE AND TELECOMMUNICATIONS	368 000.00	368 000.00	100.0%	368 000.00	141 423.12	38.4%
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	420 000.00	414 728.57	98.7%	420 000.00	319 193.79	76.0%
TITLE 2 -	8 684 000.00	8 584 633.07	98.9%	8 684 000.00	3 816 377.97	43.9%
Total TITLE 1 & 2 Commitment	41 500 000.00	41 286 246.99	99.5%	41 500 000.00	34 582 786.20	83.3%

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

Heading of the Budget 2012	Commitment Appropriation			Payment Appropriation		
	Final budget for implementation (1)	Final implementation (2)	% implementation (3)= (2)/(1)	Final budget for implementation (4)	Final implementation (5)	% implementation (6)= (5)/(4)
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	1 076 561 001.12	1 076 561 001.12	100.0%	244 045 922.57	234 089 854.69	95.9%
CH 32 - TECHNOLOGY FOR ITER	1 045 362.00	1 045 362.00	100.0%	4 000 000.00	3 415 089.22	85.4%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	1 183 664.69	1 183 664.69	100.0%	3 054 311.44	3 054 311.44	100.0%
CH 34 - OTHER EXPENDITURE	1 578 090.32	1 567 014.32	99.3%	3 506 232.23	1 117 881.19	31.9%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	360 417 839.00	360 416 080.22	100.0%	81 017 839.00	80 182 102.26	99.0%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	0.00	0.00	-	0.00	0.00	-
TITLE 3	1 440 785 957.13	1 440 773 122.35	100.0%	335 624 305.24	321 859 238.80	95.9%
Total implementation	1 482 285 957.13	1 482 059 369.34	100.0%	377 124 305.24	356 442 025.00	94.5%

5.3. Additional information on the completion of the implementation for the 2011 Budget

5.3.1. Final implementation of the administrative expenditure 2011

The amount of payment appropriations corresponding to open administrative commitments at the end of 2011 was automatically carried over to 2012 in the accounting system, following the general rules for non-dissociated appropriations.

Payments on open administrative commitments 2011	Appropriation available (EUR)	Implementation (EUR)	%
Implementation in Payment appropriation on the 31/12/2012	6 510 531.82	5 388 253.31	82.8%

82.8% of the payment appropriations were actually paid in 2012. The balance is cancelled and enters in the budgetary outturn.

5.3.2. Final implementation of the Global Commitments 2011

By the end of 2011, the total amount of open global commitments was EUR 316.65 million of which EUR 241.58 million was finally implemented at the end of 2012.

The under execution is due to two main facts: the contract for the radial plates in the magnet domain was placed for an amount which was lower than foreseen and a series of smaller actions were not implemented.

Individual Commitments 2012 on Global Commitments 2011	Appropriation available (EUR)	Implementation (EUR)	%
Individual Commitments placed on the 31/12/2012	316 653 964.79	241 576 128.18	76.3%

The balance available at the end of 2012 is cancelled.

5.4. Open commitments from the 2012 budget, carried forward to 2013

Concerning the evolution of the open commitments, the main observations are as follows:

- The amount of open commitments is the difference between the total amount committed and the total amount paid all along the years, minus the amount de-committed.

- The amounts to be de-committed correspond to the balance of 2011 commitments for administrative expenditure (already partially de-committed) and the balance on the 2011 global commitments for the operational expenditure.

At the closure of the 2012 budgetary year, the total open commitments amounted to EUR 1 669.17 million as follows:

Open commitments carried forward to 2013

Heading of the Budget 2012	Open Commitments				
	from previous years (1)	from 2012 budget (2)	Total (3)=(1)+(2)	To be de-committed (4)	Net Total (5)=(3)-(4)
TITLE 1 - STAFF EXPENDITURE	172 757.28	1 935 205.69	2 107 962.97	685 983.24	1 421 979.73
TITLE 2 - OTHER OPERATING EXPEND.	314 262.01	4 768 255.10	5 082 517.11	314 262.01	4 768 255.10
Total TITLE 1 & 2	487 019.29	6 703 460.79	7 190 480.08	1 000 245.25	6 190 234.83
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	433 257 633.70	993 768 461.01	1 427 026 094.71	37 945 417.61	1 389 080 677.10
CH 32 - TECHNOLOGY FOR ITER	17 971 258.88	927 653.62	18 898 912.50	11 252 734.00	7 646 178.50
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	8 722 673.61	1 046 337.26	9 769 010.87	0.00	9 769 010.87
CH 34 - OTHER EXPENDITURE	845 825.05	1 282 041.84	2 127 866.89	0.00	2 127 866.89
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	100 095 140.91	180 138 837.05	280 233 977.96	25 879 685.00	254 354 292.96
TITLE 3	560 892 532.15	1 177 163 330.78	1 738 055 862.93	75 077 836.61	1 662 978 026.32
Total	561 379 551.44	1 183 866 791.57	1 745 246 343.01	76 078 081.86	1 669 168 261.15

Some explanations regarding the open commitments are provided as follows:

- Open commitments from Title 1: All the commitments related to direct staff expenditure are not carried over to 2013 but cancelled at the end of the year. Other open commitments, in particular those covering missions, interim staff, schooling, training and relocation expenses, are valid until the end of December 2013 and therefore carried over.
- Open commitments from Title 2: for administrative expenditures, 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.
- Open commitments on Title 3 are normally carried over to the following year, to be paid according to the advancement of the contracts and for the global commitments, to be transformed in individual commitment/new contracts.

5.5. Unassigned and carried over commitment appropriation since 2008

De-commitments on 2008 to 2012 budgets		B031-B034 Non assigned revenue (EUR)	B035 Assigned revenue (EUR)
Amount de-committed as of the 31/12/2012 (since 2008)	+	17 945 946.16	63 622 182.74
Amount budgeted again or carried over (since 2008)	-	9 759 760.00	63 622 182.74
Amount to be de-committed	+	49 198 152.00	25 879 684.61
Unused appropriation carried over	+		1 758.78
Amount available for future budgets	=	57 384 338.16	-
Amount carried over to 2013	=	-	25 881 443.39

From 2008 to 2012, the total de-commitments amounts to EUR 81.57 million, of which:

- EUR 9.76 million have been reintroduced in the 2011 budget (first amendment),
- EUR 63.62 million have been automatically carried over to the following budget, in accordance with the financial rules for assigned revenue.

The amounts to be de-committed correspond to the out-dated balance on the 2011 global commitments.

It results in a cumulative amount of unassigned commitment appropriations of EUR 57.38 million, to be entered in future F4E Budget.

5.5.1. Cancelled Payment appropriation

Cancelled Payment appropriations (EUR)

Heading	Unused Appropriations (1)	Appropriations carried over to 2013 (2)	Cancelled appropriation (3)=(1)-(2)
TITLE 1 - Payment	2 049 591.77	1 421 979.73	627 612.04
TITLE 2 - Payment	4 867 622.03	4 768 255.10	99 366.93
Total TITLE 1 & 2 Payment	6 917 213.80	6 190 234.83	726 978.97
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	9 956 067.88	0.00	9 956 067.88
CH 32 - TECHNOLOGY FOR ITER	584 910.78	0.00	584 910.78
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	0.00	0.00	0.00
CH 34 - OTHER EXPENDITURE	2 388 351.04	278.23	2 388 072.81
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	835 736.74	835 736.74	0.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	0.00	0.00	0.00
TITLE 3 - Payment	13 765 066.44	836 014.97	12 929 051.47
Total BUDGET in Payment	20 682 280.24	7 026 249.80	13 656 030.44

6. Budget Outturn account 2012

The outturn for the financial year is calculated according 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 2012 financial year, the balance of the budget outturn amounts to EUR 51.08 million.

Budget Outturn Account (EUR)

Budget Outturn Account		2012	2011
REVENUE			
Euratom contribution	+	291 183 690.99	226 165 799.00
ITER Host state and Membership contributions	+	88 179 387.86	16 487 333.59
Other revenue	+	98 597.93	228 970.32
TOTAL REVENUE (a)		379 461 676.78	242 882 102.91
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	30 766 408.23	27 113 399.53
Appropriations carried over	-	1 421 979.73	2 041 343.31
<i>Title II: Infrastructure Expenditure</i>			
Payments	-	3 816 377.97	3 430 040.58
Appropriations carried over	-	4 768 255.10	4 469 188.51
<i>Title III: Operational Expenditure</i>			
Payments	-	321 859 238.80	219 638 355.67
Appropriations carried over	-	836 014.97	33 972 079.12
<i>Total Payments (b)</i>		<i>356 442 025.00</i>	<i>250 181 795.78</i>
<i>Total Appropriations carried over (c)</i>		<i>7 026 249.80</i>	<i>40 482 610.94</i>
TOTAL EXPENDITURE (d)=(b)+(c)		363 468 274.80	290 664 406.72
OUTTURN FOR THE FINANCIAL YEAR (a-d)		15 993 401.98	-47 782 303.81
Cancellation of unused payment appropriations carried over from previous year	+	1 122 278.51	1 114 821.47
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	33 972 079.12	49 603 846.65
Exchange differences for the year (gain +/loss -)	+/-	-6 742.68	-7 248.71
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		51 081 016.93	2 929 115.60
Of which Administrative expenditure		1 872 577.68	
Of which Operational expenditure		49 208 439.33	

Note that the non-budgeted revenue described at the chapter 4.4 and amounting to EUR 30 062.08 has been assigned to the administrative outturn, due to their general nature and to keep track of the corresponding commitment appropriations.

7. Annexes

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

	amount
Economic result (- for loss)	59 350 007.68
<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)	-17 296 635.29
Adjustments for Accrual Cut-off (cut- off 31.12.N)	29 016 236.56
Unpaid invoices at year end but booked in charges (class 6)	46 275 827.72
Depreciation of intangible and tangible fixed assets	12 689 902.03
Provisions (reversal)	1 066 901.27
Recovery Orders issued in 2012 in class 7 and not yet cashed	-1 085.00
Prefinancing given in previous year and cleared in the year	20 396 329.39
Prefinancing received in previous year and cleared in the year	0.00
Payments made from carry over of payment appropriations	5 388 253.31
Other	0.00
<i>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</i>	
Asset acquisitions (less unpaid amounts)	-40 707 865.34
New pre-financing paid in the year 2012 and remaining open as at 31.12.2012	-86 874 647.22
New pre-financing received in the year 2012 and remaining open as at 31.12.2012	0.00
Budgetary recovery orders issued before 2012 and cashed in the year	36 279 538.42
Payment appropriations carried over to 2013	-7 026 249.8
Cancellation of unused carried over payment appropriations from previous year	1 122 278.51
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	33 972 079.12
Other : change in inventories (production material)	-42 569 729.72
total	51 081 141.64
Budgetary result (+ for surplus)	51 081 016.93
Delta not explained	-124.71

7.2. 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	21 698 000.00	21 650 000.00	99.78%	21 698 000.00	21 395 523.83	98.61%
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	6 425 000.00	6 425 000.00	100.00%	6 425 000.00	5 918 694.41	92.12%
A01300	MISSIONS AND DUTY TRAVEL	1 700 000.00	1 700 000.00	100.00%	1 700 000.00	1 411 857.21	83.05%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	906 000.00	905 599.43	99.96%	906 000.00	713 311.00	78.73%
A01500	REPRESENTATION	20 000.00	14 000.00	70.00%	20 000.00	7 478.76	37.39%
A01600	TRAINING	725 000.00	685 950.00	94.61%	725 000.00	350 223.67	48.31%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	1 309 000.00	1 288 933.51	98.47%	1 309 000.00	937 188.37	71.60%
A01800	TRAINEESHIPS	33 000.00	32 130.98	97.37%	33 000.00	32 130.98	97.37%
Total Title 1		32 816 000.00	32 701 613.92	99.65%	32 816 000.00	30 766 408.23	93.75%

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	1 118 000.00	1 117 469.95	99.95%	1 118 000.00	472 002.17	42.22%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	4 440 000.00	4 439 190.03	99.98%	4 440 000.00	1 873 978.34	42.21%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	702 000.00	701 828.10	99.98%	702 000.00	317 843.37	45.28%
A02400	EVENTS and COMMUNICATION	380 000.00	295 818.90	77.85%	380 000.00	35 331.40	9.30%
A02500	CURRENT ADMINISTRATIVE EXPENDITURE	1 256 000.00	1 247 597.52	99.33%	1 256 000.00	656 605.78	52.28%
A02600	POSTAGE AND TELECOMMUNICATIONS	368 000.00	368 000.00	100.00%	368 000.00	141 423.12	38.43%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	420 000.00	414 728.57	98.74%	420 000.00	319 193.79	76.00%
Total Title 2		8 684 000.00	8 584 633.07	98.86%	8 684 000.00	3 816 377.97	43.95%

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	1 076 561 001.12	1 076 561 001.12	100.00%	244 045 922.57	234 089 854.69	95.92%
B03200	TECHNOLOGY FOR ITER	1 045 362.00	1 045 362.00	100.00%	4 000 000.00	3 415 089.22	85.38%
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	1 183 664.69	1 183 664.69	100.00%	3 054 311.44	3 054 311.44	100.00%
B03400	OTHER EXPENDITURE	1 571 858.09	1 560 782.09	99.30%	3 500 000.00	1 111 927.19	31.77%
Total Title 3		1 080 361 885.90	1 080 350 809.90	100.00%	254 600 234.01	241 671 182.54	94.92%
Total C1		1 121 861 885.90	1 121 637 056.89	99.98%	296 100 234.01	276 253 968.74	93.30%

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)
B03400	OTHER EXPENDITURE	6 232.23	6 232.23	100.00%	6 232.23	5 954.00	95.54%
Total Title 3		6 232.23	6 232.23	100.00%	6 232.23	5 954.00	95.54%
Total C4		6 232.23	6 232.23	100.00%	6 232.23	5 954.00	95.54%

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)	495 975.39	392 743.52	79.19%	495 975.39	392 743.52	79.19%
A01300	MISSIONS AND DUTY TRAVEL	674 460.18	593 048.04	87.93%	674 460.18	593 048.04	87.93%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	247 919.17	184 850.24	74.56%	247 919.17	184 850.24	74.56%
A01500	REPRESENTATION	10 201.33	10 201.33	100.00%	10 201.33	174.41	1.71%
A01600	TRAINING	315 598.29	272 628.77	86.38%	315 598.29	160 160.07	50.75%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	297 188.95	240 845.25	81.04%	297 188.95	190 583.59	64.13%
Total Title 1		2 041 343.31	1 694 317.15	83.00%	2 041 343.31	1 521 559.87	74.54%

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	568 099.11	542 860.76	95.56%	568 099.11	479 436.76	84.39%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	2 149 042.05	2 019 729.71	93.98%	2 149 042.05	2 019 729.71	93.98%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	561 434.60	558 594.47	99.49%	561 434.60	515 476.73	91.81%
A02400	EVENTS and COMMUNICATION	177 864.40	165 524.64	93.06%	177 864.40	157 257.97	88.41%
A02500	CURRENT ADMINISTRATIVE EXPENDITURE	611 265.18	511 704.78	83.71%	611 265.18	424 846.42	69.50%
A02600	POSTAGE AND TELECOMMUNICATIONS	276 199.52	264 846.40	95.89%	276 199.52	179 233.74	64.89%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	125 283.65	117 694.69	93.94%	125 283.65	90 712.11	72.41%
Total Title 2		4 469 188.51	4 180 955.45	93.55%	4 469 188.51	3 866 693.44	86.52%

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	588 007 629.98	584 554 948.28	99.41%	Payment appropriations under C1 Fund source		
B03200	TECHNOLOGY FOR ITER	22 580 095.77	21 268 639.72	94.19%			
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	11 643 995.47	11 639 657.62	99.96%			
B03400	OTHER EXPENDITURE	2 302 717.94	1 678 733.76	72.90%			
Total Title 3		624 534 439.16	619 141 979.38	99.14%			
Total C8		631 044 970.98	625 017 251.98	99.04%	6 510 531.82	5 388 253.31	82.76%

Fund Source: R0 - Assigned revenues (EUR)

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03500	ITER CONSTRUCTION - APPROP. ACCR. ITER HOST STATE	360 417 839.00	360 416 080.22	100.00%	81 017 839.00	80 182 102.26	98.97%
B03600	APPROP. ACCR. FROM THIRD PARTIES TO SPECIFIC ITEM	0.00	0.00	-	0.00	0.00	-
Total Title 3		360 417 839.00	360 416 080.22	100.00%	81 017 839.00	80 182 102.26	98.97%
Total R0		360 417 839.00	360 416 080.22	100.00%	81 017 839.00	80 182 102.26	98.97%

7.3. Establishment plan 2012

Function group and grade	2012			
	Authorised under the EU Budget		Occupied as of 31/12/2012	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15		1		
AD 14				1
AD 13	9	2	3	2
AD 12	15	10	15	2
AD 11	5	7	2	
AD 10	6	26	4	4
AD 9	5	26	2	37
AD 8	3	15	1	1
AD 7	1	45		15
AD 6		40	4	83
AD 5		2		1
AD total	44	174	31	146
AST 11	4		1	
AST 10	2			
AST 9	3		1	
AST 8	1		2	
AST 7			3	
AST 6	1			
AST 5	4	4	2	
AST 4	1	11	3	1
AST 3	2	11	1	23
AST 2			1	
AST 1			3	
AST total	18	26	17	24
TOTAL	62	200	48	170
	262		218	

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VII. Legal Framework – Accrual accounting standards in F4E

F4E being fully consolidated in the EU accounts, the 2012 F4E financial statement has been established by using the consolidation package provided by the EC. The accounting rules and regulations used in this report are edicted by the EC, are on an accrual basis and are compliant with the International Public Sector Accounting Standards (IPSAS).

The representation letter related to the accounts 2012 has been transmitted to the President of the European Court of Auditors in a separate note. It includes no reservation from F4E Accounting Officer.

VIII. Financial Information System

1. The different financial actors

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

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

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

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

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

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

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

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

2. Accrual Based Accounting system

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

Thanks to the ABAC/SAP full outsourcing scheme, F4E has benefited from a high standard financial system for a small fraction of its potential acquisition price (2012 ABAC contribution to the EC has been EUR 150 000). With the exception of the maintenance of the Testa II router, F4E IT department has been able to focus on its core business and avoid spending time on financial applications maintenance. The ABAC

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

2012, as the fourth full year of financial autonomy, has been a year of consolidation in the use of the ABAC modules implemented in 2008 (ABAC-SAP, ABAC Workflow and ABAC Assets) and following years (ABAC Contract).

The complete use of ABAC Assets to register all purchases was critical to establish the 2012 Financial Statement.

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

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

3. Validation of accounting systems by the Accounting Officer

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

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

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

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

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

With the aim to certify that the accounts give a “true and fair view”, the Accounting Officer has completed, beginning 2013, the validation of the Accounting systems with the assistance of Deloitte expertise. He has reasonable assurance with regard the adequacy of the accounting systems and of the financial management systems established by the Authorising Officer to supply or justify accounting information.