



**FUSION  
FOR  
ENERGY**

# FINAL ANNUAL ACCOUNTS

Financial statements  
&  
Budget implementation

Report on budgetary and financial  
management

Sixth financial year – 2013

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

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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;
- Note that the organisation has significantly developed its overall control environment in 2013 although some parts have still to reach full maturity;
- Confirm that I am not aware of anything not reported here which could harm the interests of F4E and the European institutions in general.



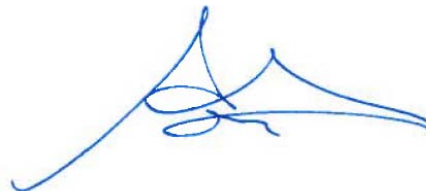
**Mr Henrik Bindslev**  
Director

### Certification

The annual accounts of F4E for the year 2013 have been prepared in accordance with its Financial Regulation and its Implementing Rules<sup>1</sup> and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of 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, 30 May 2014

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<sup>1</sup> Fusion for Energy Financial Regulation (adopted by F4E Energy Governing Board on 22/10/2007 – F4E(07)-GB03-11, last amended on 25/11/2011 – F4E(11)-GB21-10b) and its implementing rules (adopted by F4E Governing Board on 22/10/2007 – F4E(07)-GB03-12, last amended on 10/12/2013 – F4E(13)-GB28-14.2

## INTRODUCTION

Fusion for Energy (F4E) is a Joint Undertaking created under the Euratom Treaty by a decision of the Council of the European Union<sup>2</sup>.

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

The main tasks of F4E are as follows:

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

### Main achievements during 2013

Among the main achievements during the year 2013 it should be mentioned:

For ITER :

- The contracts for the civil works at the Cadarache site have progressed (with the completion of the Assembly Hall slab, the start of the pouring of the basemat in the Tokamak complex, the installation of most deep drainage systems and numerous technical galleries,..) and some amendments of existing contracts were signed as a consequence of the development of the work.

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

- F4E signed a contract for the design, certification, manufacturing, testing, installation and commissioning of the four cranes that will be used to assemble the Tokamak machine and the Tokamak cargo lift which will move the casks containing components of the machine.
- A large contract (half a billion euro) was signed for the design, supply, installation and commissioning of the mechanical and electrical equipment for the Tokamak complex.
- Other contracts were awarded or signed for the construction of buildings for the Water cooling systems and for the magnet power supplies
- The work on the magnet conductors, pre-compression rings, TF coils winding packs and radial plates has progressed as well as the contract for the manufacturing of the vacuum vessel sectors.
- The contract for the Poloidal Field (PF) coils Engineering Integrator (EI) was signed as the first one of a number of work packages for the manufacturing of 4 PF coils of the machine.
- F4E signed an international agreement with a Chinese Research Institute for the manufacturing of the Poloidal Field coil #6.
- The contract for the design, procurement and installation of the Cryoplant (Liquid Nitrogen - LN2) and auxiliary systems was signed.
- Two contracts were signed to start the procurement phase of the divertor cassettes bodies.
- The contract for the procurement of the Electron Cyclotron Body Power Supply & Main High Voltage Power Supply was signed.
- Significant progresses have been achieved in design activities in the field of heating systems, Diagnostics, Vacuum Vessel, Test Blanket Modules,..
- The first test convoy for the validation of the special ITER itinerary to bring the ITER components from Fos-sur-Mer to Cadarache covered the 104 Km distance arriving successfully at the ITER site.

For BA :

- Completion of the strand manufacturing contract and continuation of the conductor manufacturing contract for the JT-60SA toroidal field coils.
- Transportation of the JT-60SA cryostat base from Spain to Japan, and of the IFMIF/EVEDA LIPAc from CEA Saclay to Japan.

### 2013 Accounts

The 2013 financial statements of F4E and its reports on budget implementation for 2013 have been prepared in conformity with :

- Council Decision establishing F4E,
- F4E Financial Regulation and its implementing rules
- « Inventory directive » (EC n° 643/2005),
- Financial Regulation applicable to the general budget of the EU<sup>3</sup>,
- The European Commission's consolidation manual for the 2013 closure.

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

Article 152 of the general Financial Regulation states that the Accounting Officer of the EC adopts the accounting rules and 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).

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<sup>3</sup> Financial Regulation (EC, Euratom) n° 966/2012 of the European Parliament and of the Council of 25 October 2012, repealing Council Regulation (EC, Euratom) n° 1605/2002.

## FINANCIAL STATEMENTS 2013

### I. Balance sheet 2013 – Assets

Consolidation account	ASSETS	Note n°	31.12.2013 (1)	31.12.2012 (2)	Variation (3)=(1)-(2)
	<b>A. NON CURRENT ASSETS</b>	<b>2.1.</b>			
210000	<b>Intangible assets</b>	<b>2.1.1.</b>	<b>697 609.00</b>	<b>669 821.00</b>	<b>27 788.00</b>
200000	<b>Tangible fixed assets</b>	<b>2.1.2.</b>	<b>60 554 704.00</b>	<b>70 560 155.50</b>	<b>-10 005 451.50</b>
221000	Land and buildings		37 407 911.00	37 119 201.50	288 709.50
230000	Plant and equipment		2 969 610.00	3 440 131.00	-470 521.00
241000	Computer hardware		19 753 160.00	29 523 483.00	-9 770 323.00
240000	Furniture and vehicles		318 074.00	374 786.00	-56 712.00
242000	Other fixtures and fittings		105 949.00	102 554.00	3 395.00
244000	Property, plant and equipment under construction		0.00	0.00	0.00
<b>TOTAL NON CURRENT ASSETS</b>			<b>61 252 313.00</b>	<b>71 229 976.50</b>	<b>-9 977 663.50</b>
	<b>B. CURRENT ASSETS</b>	<b>2.2.</b>			
310000	<b>Inventories</b>	<b>2.3.</b>	<b>42 401 161.86</b>	<b>52 710 825.65</b>	<b>-10 309 663.79</b>
405000	<b>Short-term pre-financing</b>		<b>263 987 888.95</b>	<b>148 165 615.09</b>	<b>115 822 273.86</b>
	Short-term pre-financing	<b>2.4.</b>	263 987 888.95	148 165 615.09	115 822 273.86
400000	<b>Short-term receivables</b>		<b>113 522 558.86</b>	<b>90 813 759.65</b>	<b>22 708 799.21</b>
401000	Current receivables		23 101 637.01	10 280 040.99	12 821 596.02
410900	Sundry receivables		326 886.40	52 084.76	274 801.64
490000	Other		90 094 035.45	80 481 633.90	9 612 401.55
490010	Accrued income		3 155.35	37 682.42	-34 527.07
490011	Deferred charges		9 784.10	11 503.48	-1 719.38
490091	<i>Deferrals/Accruals with consolidated EU entities</i>		90 081 096.00	80 432 448.00	9 648 648.00
400009	<i>Short-term receivables with consolidated EU entities</i>		0.00	0.00	0.00
500000	<b>Cash and cash equivalents</b>	<b>2.5.</b>	<b>22 077 928.61</b>	<b>51 833 097.57</b>	<b>-29 755 168.96</b>
<b>TOTAL CURRENT ASSETS</b>			<b>441 989 538.28</b>	<b>343 523 297.96</b>	<b>98 466 240.32</b>
<b>TOTAL</b>			<b>503 241 851.28</b>	<b>414 753 274.46</b>	<b>88 488 576.82</b>

## Balance sheet 2013 – Liabilities

Consolidation account	LIABILITIES	Note n°	31.12.2013 (1)	31.12.2012 (2)	Variation (3)=(1)-(2)
	<b>A. NET ASSETS</b>	<b>2.6.</b>	<b>398 463 906.17</b>	<b>288 387 640.36</b>	<b>110 076 265.81</b>
100000	Reserves		0.00	0.00	0.00
140000	Accumulated surplus/deficit		288 387 640.36	229 037 632.68	59 350 007.68
141000	Economic result of the year - profit+/loss-		110 076 265.81	59 350 007.68	50 726 258.13
	<b>B. NON CURRENT LIABILITIES</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
163000	Provisions for risks and charges		0.00	0.00	0.00
172000	Other long-term liabilities		0.00	0.00	0.00
	<b>TOTAL A+B</b>		<b>398 463 906.17</b>	<b>288 387 640.36</b>	<b>110 076 265.81</b>
	<b>C. CURRENT LIABILITIES</b>		<b>104 777 945.11</b>	<b>126 365 634.10</b>	<b>-21 587 688.99</b>
483000	Provisions for risks and charges	<b>2.7.</b>	<b>172 669.51</b>	<b>1 066 901.27</b>	<b>-894 231.76</b>
440000	Accounts payable	<b>2.8</b>	<b>104 605 275.60</b>	<b>125 298 732.83</b>	<b>-20 693 457.23</b>
441000	Current payables	<b>2.8.1.</b>	4 280 091.22	1 831 111.27	2 448 979.95
443000	Sundry payables		146 240.45	258 953.56	-112 713.11
491000	Other	<b>2.8.2.</b>	<b>22 223 632.49</b>	<b>26 465 831.77</b>	<b>-4 242 199.28</b>
491010	Accrued charges		21 847 007.80	26 153 737.65	-4 306 729.85
491090	Deferrals/accruals with consolidated EU entities		376 624.69	312 094.12	64 530.57
440009	Accounts payable with consolidated EU entities		77 955 311.44	96 742 836.23	-18 787 524.79
440019	Pre-financing received from consolidated EU entities	<b>2.8.3.</b>	<b>23 675 299.82</b>	<b>52 058 516.93</b>	<b>-28 383 217.11</b>
440029	Other accounts payable against consolidated EU entities	<b>2.8.4.</b>	<b>54 280 011.62</b>	<b>44 684 319.30</b>	<b>9 595 692.32</b>
	<b>TOTAL C. CURRENT LIABILITIES</b>		<b>104 777 945.11</b>	<b>126 365 634.10</b>	<b>-21 587 688.99</b>
	<b>TOTAL</b>		<b>503 241 851.28</b>	<b>414 753 274.46</b>	<b>88 488 576.82</b>



## II. Economic outturn account 2013

Consolidation account		Note n°	2013 (1)	2012 (2)	Variation (3)=(1)-(2)
744000	Revenues from administrative operations	3.1.	1 911 592.50	238 505.20	1 673 087.30
745000	Other operating revenue	3.1.	408 831 722.47	292 003 306.18	116 828 416.29
777777	<b>TOTAL OPERATING REVENUE</b>		<b>410 743 314.97</b>	<b>292 241 811.38</b>	<b>118 501 503.59</b>
610000	Administrative expenses		-51 935 710.76	-53 679 277.17	1 743 566.41
6201	All Staff expenses	3.2.	-29 137 747.84	-29 393 217.52	255 469.68
630100	Fixed asset related expenses	2.1.	-12 915 346.90	-12 705 306.43	-210 040.47
611000	Other administrative expenses	3.3.	-9 882 616.02	-11 580 753.22	1 698 137.20
600000	Operational expenses		-248 821 911.99	-179 271 829.08	-69 550 082.91
606000	Other operational expenses	3.4.	-248 821 911.99	-179 271 829.08	-69 550 082.91
666666	<b>TOTAL OPERATING EXPENSES</b>		<b>-300 757 622.75</b>	<b>-232 951 106.25</b>	<b>-67 806 516.50</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>			<b>109 985 692.22</b>	<b>59 290 705.13</b>	<b>50 694 987.09</b>
750000	Financial revenues	3.1.	90 573.59	112 156.93	-21 583.34
650000	Financial expenses		0.00	-52 854.38	52 854.38
<b>SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES</b>			<b>90 573.59</b>	<b>59 302.55</b>	<b>31 271.04</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>			<b>110 076 265.81</b>	<b>59 350 007.68</b>	<b>50 726 258.13</b>
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>			<b>110 076 265.81</b>	<b>59 350 007.68</b>	<b>50 726 258.13</b>

### III. Cash flow statement 2013 (indirect method)

		2013	2012
<b>Cash Flows from ordinary activities</b>			
<b>Surplus/(deficit) from ordinary activities</b>		<b>110 076 265.81</b>	<b>59 350 007.68</b>
<b>Operating activities</b>	Amortization (intangible fixed assets) +	352 231.07	281 594.65
<u>Adjustments</u>	Depreciation (tangible fixed assets) +	12 635 743.84	12 408 307.38
	Increase/(decrease) in Provisions for risks and liabilities	-894 231.76	890 785.07
	Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
	(Increase)/decrease in Stock	10 309 663.79	-42 569 729.72
	(Increase)/decrease in Long term Pre-financing	0.00	0.00
	(Increase)/decrease in Short term Pre-financing	-115 822 273.86	-81 913 300.85
	(Increase)/decrease in Long term Receivables	0.00	0.00
	(Increase)/decrease in Short term Receivables	-22 708 799.21	41 778 563.38
	(Increase)/decrease in Receivables related to consolidated EU entities	0.00	6 373.14
	Increase/(decrease) in Other Long term liabilities	0.00	0.00
	Increase/(decrease) in Accounts payable	-1 905 932.44	-8 408 840.02
	Increase/(decrease) in Liabilities related to consolidated EU entities	-18 787 524.79	38 102 469.53
<b>Net cash Flow from operating activities</b>		<b>-26 744 857.55</b>	<b>19 926 230.24</b>
<b>Cash Flows from investing activities</b>			
	Increase of tangible and intangible fixed assets (-)	-3 010 311.41	-3 331 318.95
	Proceeds from tangible and intangible fixed assets (+)	0.00	32 921.78
<b>Net cash flow from investing activities</b>		<b>-3 010 311.41</b>	<b>-3 298 397.17</b>
Net increase/(decrease) in cash and cash equivalents		-29 755 168.96	16 627 833.07
<b>Cash and cash equivalents at the beginning of the period</b>		<b>51 833 097.57</b>	<b>35 205 264.50</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>22 077 928.61</b>	<b>51 833 097.57</b>

#### IV. Statement of Changes in Net assets - 2013

Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
<b>Balance as of 31 December 2012</b>	229 037 632.68	59 350 007.68	288 387 640.36
<b>Balance as of 1 January 2013</b>	<b>229 037 632.68</b>	<b>59 350 007.68</b>	<b>288 387 640.36</b>
Fair value movements	0.00	0.00	0.00
Allocation of the Economic Result of Previous Year	59 350 007.68	-59 350 007.68	0.00
Economic result of the year	0.00	110 076 265.81	110 076 265.81
<b>Balance as of 31 December 2013</b>	<b>288 387 640.36</b>	<b>110 076 265.81</b>	<b>398 463 906.17</b>
Account	140000	141000	

## V. Notes to the Financial statements

### 1. Accounting principles

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

The accounts of the Joint Undertaking comprise the general accounts and budget accounts. These are kept in euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle. The general accounts allow for the preparation of the financial statements which consist in 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

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

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

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

### **2.1. Fixed assets**

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

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

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

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

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

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

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

Asset type	Annual depreciation rate
<b><u>Intangible fixed assets</u></b>	
Software for personal computers and servers	25%
<b><u>Tangible fixed assets</u></b>	
<u>Buildings</u>	4%
<u>Plant and equipment</u>	
Lifting and mechanical handling equipment for public works, prospecting and mining	12.5%
Control and transmission devices, motors, compression, vacuum and pumping equipment	12.5%
Equipment for the supply and treatment of electric power	12,5%, 25%
Specific electric equipment	25%
<u>Furniture and vehicles</u>	
Office furniture	10%
Electrical office equipment, printing and mailing equipment	25%
Printshop and postroom equipment	12.5%
Equipment and decorations for kitchen	12.5%
Transport equipment (vehicles and accessories)	25%
<u>Computer hardware</u>	
Computers, servers, accessories, data transfer equipment, printers, screens	25%
Copying equipment, digitising and scanning equipment	25%
<u>Other fixtures and fittings</u>	
Telecommunications equipment	25%
Audiovisual equipment	25%
Computer, scientific and general books, documentation	
Computer books, CDs, DVDs	33%
Scientific books, general books, CDs, DVDs	25%
Health, safety and protective equipment, medical equipment, fire-fighting equipment, equipment for surveillance and security services	12.5%
Medical and nursing equipment	25%
Other	10%
<b><u>Tangible fixed assets under construction</u></b>	0%

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

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

- costs directly linked to an internally developed intangible asset, providing they meet the necessary criteria, must be capitalised as assets under construction. Once the project goes live, the resulting asset will be amortised over its useful life,

- the amount of research expenses incurred on IT projects and development costs not capitalised (e.g. for small projects below threshold, see note 3.3. below) must be disclosed in the financial statements.

As of 31/12/2013, 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 asset with physical substance.

The main tangible assets are :

- **Assets – Helios supercomputer : EUR 18 834 604.00**

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

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

- **Assets – PF Coils Building : EUR 37 407 911.00**

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

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

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

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

The total value of the building as of 31 December 2013 includes price revisions calculated after delivery. The ownership of this building will be transferred to ITER IO after acceptance by the latter of the last PF Coil. This transfer will be done on the residual value of the building and should take place in 2017.

- **Assets – Portal Machine : EUR 2 959 460.00**

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 2013 amounts to **EUR 12 987 974.91**, resulting in a net book value of **EUR 61 252 313.00** as of 31.12.2013.

The variation of the fixed assets in 2013 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 :

<b>Contract reference</b>	<b>Quantity as of 01/01/2013</b>	<b>Value as of 01/01/2013</b>	<b>Quantity as of 31/12/2013 (1)</b>	<b>Unit price (2)</b>	<b>Value as of 31/12/2013 (3)=(1)x(2)</b>
F4E-2008-OPE-01-01 (MS-MG) Supply of chromium plated copper strand	62.00 t	3 551 816.00	38.50 t	57 287.35	2 205 563.16
F4E-2008-OPE-005-01 (MS-MG) Supply of chromium plated NB3SN strand	51.20 t	34 680 903.90	31.20 t	677 361.40	21 133 675.81
F4E-2008-OPE-005-02 (MS-MG) Supply of chromium plated NB3SN strand	17.10 t	11 261 519.50	26.20 t	658 568.39	17 254 491.88
OPE-018 Magnet conductors (different lengths and types)	2 950 m	1 986 544.88	- m	-	-
F4E-2009-OPE-016-01-01 Side radial plate prototype	1 pc	83 848.80	1 pc	55 815.13	55 815.13
F4E-2008-OPE-016-03-01 Regular radial plate prototype	1 pc	46 202.40	1 pc	30 755.28	30 755.28
F4E-2010-OPE-091 140 Kg of Herakles (Snecma) SEPCARB NB41	140 kg	1 050 000.00	140 kg	7 500.00	1 050 000.00
F4E-OPE-284-Blanket NHF First Wall semi-prototype	- pc	-	1 pc	640 000.00	640 000.00
EUROFER-97 plates (16/32/35 mm)	1.5 t	49 990.17	0.93 t	33 326.78	30 860.60
<b>Total</b>		<b>52 710 825.65</b>			<b>42 401 161.86</b>

## 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	31.12.2013	31.12.2012
405290	Pre-financing (PF) given to third parties (TP)	280 157 062.91	171 616 780.61
405297	Accrued charges on PF TP	-16 169 173.96	-23 451 165.52
405200	<b>Total</b>	<b>263 987 888.95</b>	<b>148 165 615.09</b>

These pre-financings are related to annexes to Procurement arrangements signed with the Japan Atomic Energy Agency (EUR 18.10 million - Cf. note 4.3.1.2.) and to operational contracts, mainly for procurement contracts :

Contract Reference	Contractor	Amount
OPE-301_TB04_Buildings	AXIMA CONCEPT SA	75 071 493.20
OPE-355 Manufacturing of Radial plates for TF Coils	SIMIC SPA	40 924 157.25
OPE-068-01_suply of 7 VV sectors_AMW Consortium	ANSALDO NUCLEARE SPA	30 024 734.60
OPE-286_TB03_Buildings	VINCI CONSTRUCTION GRANDS PROJETS SAS	23 039 348.41
2009 CONTRIBUTION IN CASH TO JAPAN-PA 1.1.P6B.JA.01	JAPAN ATOMIC ENERGY AGENCY*JAEA	18 100 000.00
OPE-053_Toroidal field coils winding packs	IBERDROLA INGENIERIA Y CONSTRUCCION SA	20 377 973.10
OPE-018_Magnet conductors	ICAS	11 969 811.16
OPE-376_LN2 plant and auxiliary systems	AIR LIQUIDE ENGINEERING SA	9 891 950.40
OPE-285 _Tokamak cargo lift and crane	NKM NOELL SPECIAL CRANES GMBH	6 337 992.88
Poloidal field coils cooperation agreement with China	HEFEI INSTITUTES OF PHYSICAL SCIENCES CHINESE ACADEMY OF SCIENCES*CASHIPS	6 307 939.14

#### 2.4. Short-term receivables

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

2.4.1. Current receivables : **EUR 23 101 637.01** referring mainly to the recoverable VAT from France.

2.4.2. Sundry receivables : **EUR 326 886.40** composed mainly of advances to staff (missions and salaries) and amounts due by other EC entities related to the transfer of staff and social contributions.

2.4.3. Other – deferrals and accruals : **EUR 90 094 035.45** composed of:

- EUR 90 081 096.00 : deferred charges corresponding to the 2014 cash contribution to ITER IO
- EUR 9 784.10 : December 2013 bank interests to be received in 2014 from BBVA on “Euratom contribution” bank account (Cf. note 2.5.)
- EUR 3 155.35 : December 2013 bank interests to be received in 2014 from BBVA on current account and “ITER Host state” account (Cf. note 2.5.)

## 2.5. Cash and cash equivalents

Account	Description	31.12.2013	31.12.2012
505000	<i>Unrestricted cash:</i>		
505300	Current accounts (bank accounts)	5 072 797.92	30 600 820.60
505600	Transfers (Cash in transit)	0.00	- 27 555 060.70
505500	Cash in hand ("Caisses")	5 000.00	5 000.00
505700	Short-term deposits ("Euratom account")	43.75	48 782 298.67
505700	Short-term deposits ("ITER Host State account")	17 000 086.94	39.00
500000	<b>Total</b>	<b>22 077 928.61</b>	<b>51 833 097.57</b>

The cash position at the end of 2013 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 EUR 19.4 million were transferred to F4E on 31 December.

The bank interests generated by the current account (EUR 52 737.61) and the “ITER-Host state” account (EUR 21 674.42) amount to EUR 74 412.03 for 2013 (the interests for December 2013, EUR 3 155.35, are due in January 2014).

The bank interests generated by the Euratom contribution amounts to EUR 118 920.63 (the interests for December 2013, EUR 9 784.10, are due in January 2014).

The interests generated on the Euratom contribution are to be reimbursed to the EC in 2014.

## **2.6. Net assets**

F4E net assets are increased by the positive economic outturn of the year (EUR 110 076 265.81) totalling **EUR 398 463 906.17** as of 31 December 2013.

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 2013, the provision booked in the 2012 accounts has been reduced in line with the new EC proposal of + 0.8% for the salary adjustments for the year 2012 to be paid to the staff (as foreseen in the EU staff regulations applicable to F4E).

Therefore, in compliance with the accounting rules, an amount of **EUR 172 669.51** is booked in the 2013 accounts as short-term provision for these outstanding salary payments.

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

2.8.1. Current and sundry payables are **EUR 4 426 331.67** and are composed of suppliers' invoices received but not paid at year end and reimbursements to staff.

### 2.8.2. Deferrals and accruals :

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

The amount of **EUR 22 223 632.49** which represents mainly invoices to be received in 2014 for services rendered in 2013, includes ;

- EUR 17 601 002.48 for services rendered in 2013 on operational activities and not invoiced at 31/12/2013.
- EUR 4 273 700.30 for services rendered in 2013 on administrative expenditures and not invoiced at 31/12/2013.
- EUR 348 929.71 for F4E staff's untaken leave as at the end of December 2013. In conformity with EC Accounting Rule n° 12, an entity shall recognize the cost of holidays carried over to the following years during the year the services were rendered by the staff members.

### 2.8.3. Pre-financing received from consolidated EC entities totalled **EUR 23 675 299.82**

- EUR 22 810 299.82 corresponding to the balance of the budget outturn account 2013, to be reimbursed to the EC in 2014 (Cf. point VI.6. Budget outturn account).

- EUR 865 000.00 corresponding to 2 long term pre-financings received from ITER IO and falling due within the year.

2.8.4. Other accounts payable against consolidated EC entities totalling **EUR 54 280 011.62** include mainly the balance on the invoice for the 2014 cash contribution to be paid to ITER IO (EUR 53 922 000.00) and the bank interests generated by the Euratom contribution in 2013 (EUR 118 920.63), to be paid back to the EC in 2014 (Cf. note 2.5).

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

No significant post balance sheet event occurred between 31<sup>st</sup> December 2013 and the final closing of the accounting year.

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

### **3.1. Revenue**

The operating revenues, **EUR 408 831 722.47**, include mainly :

- The Euratom contribution : EUR 274 325 457.44 accrued revenue on the 2013 Euratom contribution
- The 2013 ITER Host state contribution : EUR 130 000 000.00
- The 2013 Membership contributions : EUR 4 300 000.00.

The revenues from administrative operations amount to EUR 1 911 592.50, related to fixed assets.

The financial revenues amount to **EUR 90 573.59** and are related to bank interests (EUR 74 412.03 - Cf. note 2.5.) and to interests requested for late payment of three Membership contributions (EUR 16 161.56).

### 3.2. Staff expenses - EUR 29 137 747.84 (EUR 29 393 217.52 in 2012)

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 9 882 616.02** includes mainly the following items :

	2013	2012	Variation
IT costs – operational/support	2 088 936.39	2 446 856.00	- 357 919.61
Missions	1 673 297.40	1 962 868.04	- 289 570.64
Expenses with consolidated entities (mainly "service level agreements" with the EC and ITER IO)	1 379 604.52	1 100 245.70	279 358.82
Maintenance & security for the building	944 986.23	1 026 323.32	- 81 337.09
Interim staff	551 329.08	828 660.68	- 277 331.60
Training	535 042.42	339 543.84	195 498.58
IT costs - development	451 444.38	788 754.50	- 337 310.12
Experts and related expenditure	372 839.59	262 967.34	109 872.25
Experts with contracts	362 304.49	361 180.95	1 123.54
Office supplies & maintenance	316 484.70	725 797.98	- 409 313.28
Communications & publications	284 380.95	522 592.24	- 238 211.29
Legal expenses	140 224.86	383 019.89	- 242 795.03
Selection	89 398.47	249 970.72	- 160 572.25
<b>Total</b>	<b>9 190 273.48</b>	<b>10 998 781.20</b>	<b>- 1 808 507.72</b>

### 3.4. Operational expenses - EUR 248 821 911.99 (EUR 179 271 829.08 in 2012)

The types of expenses that F4E reports include 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 248 821 911.99** includes mainly the following items :

Contract Reference	Contractor	2013 Expenses	% cumulative expenses as of 31/12/2013
2013 Cash contribution to ITER IO	ITER IO	62 373 352.00	100.00%
OPE-355 RADIAL PLATES	SIMIC	19 328 132.45	11.74%
OPE-058_PROV.OF CIVIL ENGIN.+CONSTRUCT.CONSULTANCY SERVICE	ENGAGE	19 054 800.06	54.58%
OPE-095_SEISMIC ISOLATION PIT	GTM SUD	17 434 589.68	88.51%
OPE-286_TB03_Building	VINCI CONSTRUCTION	10 502 708.66	3.56%
OPE-053_TOROIDAL FIELD COILS WINDING PACKS	IBERDROLA	9 453 216.72	18.06%
OPE-301_TB04_Building	AXIMA	8 351 618.21	1.55%
OPE-251_SITE ADAPTATION WORKS	COMSA	6 011 577.81	78.76%
ARRANGEMENT WITH AGENCE ITER FRANCE	CEA	5 854 216.63	94.83%
CASH CONTRIBUTION JAEA PA 1.1.P6A.JA.01 TF CONDUCTORS	JAPAN ATOMIC ENERGY AGENCY	5 234 784.99	91.69%
OPE-090_PROV.OF CIVIL ENGIN.+CONSTRUCT.CONSULTANCY SERVICE	ALTRAN TECHNOLOGIES	4 770 914.72	69.74%
OPE-081_ITEMS FOR SPIDER EXPERIMENT	THALES ELECTRON DEVICES	4 011 798.68	52.72%
OPE-345_ITER SUPPLY OF PRE-COMPRESSION RINGS	EADS CASA ESPACIO	3 861 293.76	32.00%
NBTF AGREEMENT (WP 2013)	CONSORZIO RFX	2 957 000.00	100.00%
OPE-374_SITE INFRASTRUCTURE WORKS (TB8)	COMSA	1 813 055.99	5.06%
OPE-069_GLOBAL INSURANCE_CONSTR.+ERECT. OF ITER DEVICE	ZURICH INSURANCE	1 764 906.76	49.46%

#### 4. Off balance sheet items and notes

##### 4.1. Contingent liabilities

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

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

- the annulment of the award decision in relation to the call for tenders F4E-ADM-0464 for the “Provision of Information and Communications Technology Projects to Fusion for Energy” and of all further related decisions of the Defendant;

- the award of damages in an amount of EUR 100 000.00 (representing 10% of the value of the framework service contract during the initial term), with interests from the date of judgment, for the loss of opportunity to be awarded the contract;
- the award of exemplary damages in an amount of EUR 50 000.00, and
- payment of the Applicant's legal costs

The case will be dealt with in a hearing at the very earliest at the end of 2014 with a decision expected in 2015/2016.

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

#### 4.2. Contingent assets

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

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

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

Account	Description	31.12.2013	31.12.2012
901120	Guarantees for pre-financing (nominal-on going)	221 032 086.83	114 988 016.79
901180	Performance guarantees	149 739 736.96	47 960 251.82
901100	<b>TOTAL - Guarantees received</b>	<b>370 771 823.79</b>	<b>162 948 268.61</b>

Guarantees received in respect of pre-financing:

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

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

### 4.3. Other significant disclosures

#### 4.3.1. Commitment for future funding

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

Account	Commitments for future fundings	31.12.2013	31.12.2012
902500	Commitments against appropriations not yet consumed*	<b>1 837 409 943.44</b>	<b>1 136 976 644.77</b>
903200	Operating lease	<b>0.00</b>	<b>0.00</b>
903300	Contractual commitment/obligations to deliver (open PA's/ITA's)**	<b>3 872 429 761.25</b>	<b>3 652 934 064.61</b>
903100	Other	<b>0.00</b>	<b>0.00</b>

\* the majority of the leftovers on budgetary commitments are derived from PAs and therefore included under \*\* here below  
 \*\* see below points 4.3.1.1, 4.3.1.2., 4.3.1.3. and 4.3.1.4. for details.

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

ITER is being constructed at Cadarache in the South of France. In particular, Europe supports 45.5% 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 2013 exchange rate euro/IUA amounts to 1 660.15.

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

(kIUA)				
EU in Kind Systems*	EU share	PA signed (1)	PA credited (2)	Balance (3)=(1)-(2)
Magnet	185.82	185.82	13.19	172.63
Vaccum vessel	96.84	92.19	0.00	92.19
Blanket system	41.52	0.00	0.00	0.00
Divertor	33.78	31.40	0.00	31.40
Remote Handling Equipment	39.73	15.62	0.00	15.62
Vacuum Pumping & Fuelling	12.97	0.20	0.00	0.20
Tritium Plant	6.34	2.55	0.00	2.55
Cryoplant & Distribution	30.68	30.68	0.00	30.68
Electrical power supply and Distribution System	45.22	45.22	4.90	40.32
IC H&CD Ion Cyclotron Heating & Current Drive	3.96	0.00	0.00	0.00
EC H&CD Electron Cyclotron Heating & Current Drive	30.47	11.63	0.00	11.63
NB H&CD Neutral beam Heating and Current Drive	83.40	58.38	1.86	56.52
Diagnostics	24.63	2.28	0.00	2.28
Building	463.42	463.42	48.60	414.82
Waste	10.10	0.00	0.00	0.00
Radiological Protection	4.20	0.60	0.00	0.60
<b>Total in Kind</b>	<b>1 113.08</b>	<b>939.99</b>	<b>68.55</b>	<b>871.44</b>

\*Each system may group one or more Procurement Arrangements

The amount of 1 113.08 kIUA (EU Share) in the above table corresponds to the EU share of the ITER Project, provided by in-kind contributions according to the ITER Agreement and Common Understanding on Procurement Allocation plus any Amendment and PA Value Refinement agreed by ITER Council afterwards. Since the

IUA values is only a “virtual” currency to share contributions among the seven parties to the ITER Agreement – according to respective percentages of contribution to the programme - the actual cost of the ITER project differs from the allocated credits. In order to consider that the PA obligations have been fulfilled by each party, the original PA value has to be fully earned, independently of the actual cost incurred for executing the scope of work of each PA. The progress in the execution of the work and in discharging the EU from its obligation toward the ITER Agreement is recognized by means of credit allocation by ITER IO to F4E on the basis of project milestones laid down in each PA (see PA credited column in the Table). The complete execution of each scope of work for a PA would imply a credit allocation matching the PA signed current value, hence with a balance that is zero with all EU PA signed, scope of work completed and credited.

The amount of 939.99 kIUA (PA Signed) in the table corresponds to the value of the EU PA already signed between ITER IO and EU DA. Value refers also to the current figure - signed original value in the agreement might be different- including the so-called PA Value Refinements (approved by the ITER Council), in order to take into account changes to the initial scope of work.

Based on the ITER project baseline<sup>4</sup>, which fixes the European contribution to the construction phase of ITER to EUR 6.60 billion (in 2008 value) of which EUR 4.07 billion (EUR 4.49 billion in current value) as in-kind contributions, it is estimated that :

- the remaining obligations on PA’s signed at 31 December 2013 amount to EUR 3.51 billion (applying a pro rata kIUA 871.44/1 113.08 on the EUR 4.49 billion);
- the work in progress is around 10.31% taking into account that the total expenses on contracts linked to PA’s is estimated to EUR 462.86 million at 31/12/2013.

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

More details on the actual advancement of the works achieved at the end of the year are available in the F4E Annual report 2013.

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

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

Transfers of Procurement to Japan	(KIUA)		(EUR)
	Value of Cash Contribution (1)	Cumulative Payments (2)	Indicative balance (3)=(1)-(2) x 1 660.15 x 1 000
Magnet	168.60	30.17	229 812 406.31
Tritium Plant	15.10	0.00	25 068 265.00
Neutral Beam H&CD	47.87 (20.30 not yet signed)	1.23	43 716 895.97
<b>Total to Japan</b>	<b>231.56</b>	<b>31.40</b>	<b>298 597 567.27</b>

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 31/12/2013	Amount	Currency	2013 Exchange rate to Euro	Amount (EUR)
34	23 898.64	IUA	1 660.15	39 675 331.46
4	3 540 434.59	EUR		3 540 434.59
2	Voluntary	n/a		
<b>TOTAL</b>	<b>40</b>			<b>43 215 766.05</b>

A total of 7 ITAs were signed during 2013 for a total value of EUR 4 584 444.82 (considering 2013 conversion rate for those ITAs signed in IUAs).

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

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

#### 4.3.1.4. Broader Approach Agreement

BA Projects	(kBAUA)			(kBAUA)				(EUR)
	EU Share	PA signed	PA credited	Of which F4E Contribution	PA signed (1)	PA credited (2)	Balance (3)=(1)-(2)	Balance (4)=(3) x 791.22 x 1000
JT60SA	236.41	209.91	30.18	42.61	22.00	0.70	21.30	16 852 986.00
EVEDA	143.76	129.36	33.78	4.28	3.14	3.14	0.00	0.00
IFERC	119.83	104.87	75.33	7.19	3.19	3.19	0.00	0.00
<b>BA_Total</b>	<b>500.00</b>	<b>444.14</b>	<b>139.29</b>	<b>54.08</b>	<b>28.33</b>	<b>7.03</b>	<b>21.30</b>	<b>16 852 986.00</b>

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

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

The contribution of each Party to the BA Activities is evaluated by a system of credits similar to the approach followed in the ITER project. The complete scope of work covered by the BA Agreement is assessed with a value of 1 000 000.00 BA Units of Account (BAUA), 500 000.00 of which are provided by Euratom. In the joint declaration establishing the BA Activities the overall scope of the Euratom contribution was evaluated at EUR 339 million in 2005, which means that 1 BAUA = EUR 678 in values of that time. The value for 2013 is escalated to 1 BAUA = EUR 791.22.

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

#### 4.3.2. Services in-kind

Under the Host agreement with Spain, the office building used by F4E is free of charge. For the year 2013, this service in-kind amounts to EUR 2 400 743.16.

## 2013 BUDGET IMPLEMENTATION

### VI. Budgetary implementation

#### 1. Main Facts on the implementation of the 2013 budget of F4E

Revenue	<ul style="list-style-type: none"><li>• 100.0% of the foreseen revenue was collected.</li></ul>
Commitments	<ul style="list-style-type: none"><li>• 100.0% of Implementation</li><li>• 99.9% of the administrative budget</li><li>• 100.0% of the operational budget Of which 61.7% of individual commitments</li></ul>
Payments	<ul style="list-style-type: none"><li>• 89.8% of implementation</li><li>• 57.3% of implementation compared to the original budget</li><li>• 83.1% of the final administrative budget</li><li>• 90.6% of the final operational budget.</li></ul>

#### 2. The principles for the budgetary implementation

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

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

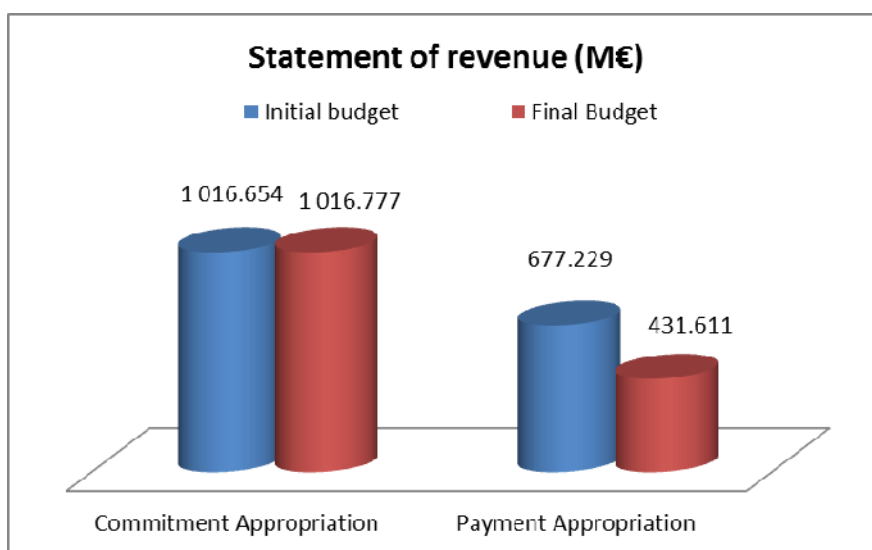
- **unity and budget accuracy:** all F4E's expenditure and revenue must be incorporated in a single budget document, must be booked on a budget line and expenditure must not exceed authorised appropriation;
- **annuality:** the appropriation entered are authorised for a single year and must therefore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



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

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

### 3. Evolution of the Budget



F4E's 2013 budget<sup>5</sup> was initially adopted by F4E's Governing Board (GB) for the amount of EUR 1 016.65 million in commitment appropriation and EUR 677.23 million in payment appropriation.

It was successively amended in the June GB meeting<sup>6</sup> and the December GB meeting<sup>7</sup>.

The final available F4E budget for 2013 was EUR 1 016.61 million in commitment appropriation and EUR 431.61 million in payment appropriation.

<sup>5</sup> Decision of the F4E Governing Board F4E(12)-GB26-9.6 of the 11/12/2012

<sup>6</sup> Decision of the F4E Governing Board F4E(13)-GB27-12.3 of the 27/06/2013

<sup>7</sup> Decision of the F4E Governing Board F4E(13)-GB28-06.2.2 of the 11/12/2013

## 4. Statement of Revenue

### 4.1. Evolution of the Statement of Revenue

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

- **The two amendments** to the budget added miscellaneous revenue to the original budget:
  - EUR 87 129.27 from bank interests on the F4E's current account from December 2012 to November 2013
  - EUR 4 146.66 from the Euratom contribution.
- **Additional revenue** has been made available from the recovery of an amount corresponding to an unreleased option and from the interest received for the period December 2012 to November 2013 on the F4E's bank account hosting the ITER Host State's contribution. This revenue, amounting to EUR 32 123.42, is automatically assigned to the corresponding headings of expenditure.

#### Evolution of the Statement of revenue

##### Commitment Appropriations (EUR)

Heading of the 3013 Budget	Initial budget 11 December 2012 (1)	Amending budget 27 June 2013 (2)	Amending budget 10 December 2013 (3)	Final Budget (4)=(1)+(2)+(3)	Additional revenue (5)	Final Revenue (6)=(4)+(5)
I - 1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	865 510 000.00			865 510 000.00		865 510 000.00
I - 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE				0.00		0.00
I - 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	39 390 000.00			39 390 000.00		39 390 000.00
I - 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	2 454 030.72		4 146.66	2 458 177.38		2 458 177.38
I - 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 300 000.00			4 300 000.00		4 300 000.00
I - 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	105 000 000.00			105 000 000.00		105 000 000.00
I - 4 10 MISCELLANEOUS REVENUE	p.m.	37 576.52	49 552.75	87 129.27	10 343.19	97 472.46
I - 5 10 ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.			p.m.	21 780.23	21 780.23
<b>Total Revenue</b>	<b>1 016 654 030.72</b>	<b>37 576.52</b>	<b>53 699.41</b>	<b>1 016 745 306.65</b>	<b>32 123.42</b>	<b>1 016 777 430.07</b>

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

- **The first amendment** (June 2013) decreased by EUR 5 797 505.00 the Euratom contribution in the F4E budget to align it with the amount adopted in the EU General Budget.

- **The second amendment** (December 2013) reduced the Euratom contribution by EUR 240 000 000.00 in accordance with the global transfer, so called the “Bourlanges” procedure adopted by the EU Budgetary Authority between various headings of the General Budget.

This important decrease in payment appropriation was proposed by F4E with the support of the Commission-DG RTD considering the lower implementation than foreseen of the main F4E contracts, in particular for the Buildings.

The ITER Host State's contribution is unchanged.

- The origin and amounts of the **miscellaneous and additional revenue** in payment appropriation are identical to the corresponding commitment appropriation (see point 4.1.1).

#### Evolution of the Statement of revenue

##### Payment appropriations (EUR)

Heading of the 3013 Budget	Initial budget 11 December 2012 (1)	Amending budget 27 June 2013 (2)	Amending budget 11 December 2013 (3)	Final Budget (4)=(1)+(2)+(3)	Additional revenue (5)	Final Revenue (6)=(4)+(5)
I-1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	500 610 000.00	-5 797 505.00	-289 200 000.00	205 612 495.00		205 612 495.00
I-1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	475 084.88		49 200 000.00	49 675 084.88		49 675 084.88
I-1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	39 390 000.00			39 390 000.00		39 390 000.00
I-1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	2 454 030.72		4 146.66	2 458 177.38		2 458 177.38
I-2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 300 000.00			4 300 000.00		4 300 000.00
I-3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	130 000 000.00			130 000 000.00		130 000 000.00
I-4 10 MISCELLANEOUS REVENUE	p.m.	37 576.52	49 552.75	87 129.27	66 542.36	153 671.63
I-5 10 ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.			p.m.	21 780.23	21 780.23
<b>Total Revenue</b>	<b>677 229 115.60</b>	<b>-5 759 928.48</b>	<b>-239 946 300.59</b>	<b>431 522 886.53</b>	<b>88 322.59</b>	<b>431 611 209.12</b>

## 4.2. Implementation of the Statement of Revenue

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

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

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

With the exception of EUR 2 222.66 due to the non-payment of late payment interest by a Member State on its 2011 and 2012 Membership Contribution, the entire statement of revenue has been executed (cash).

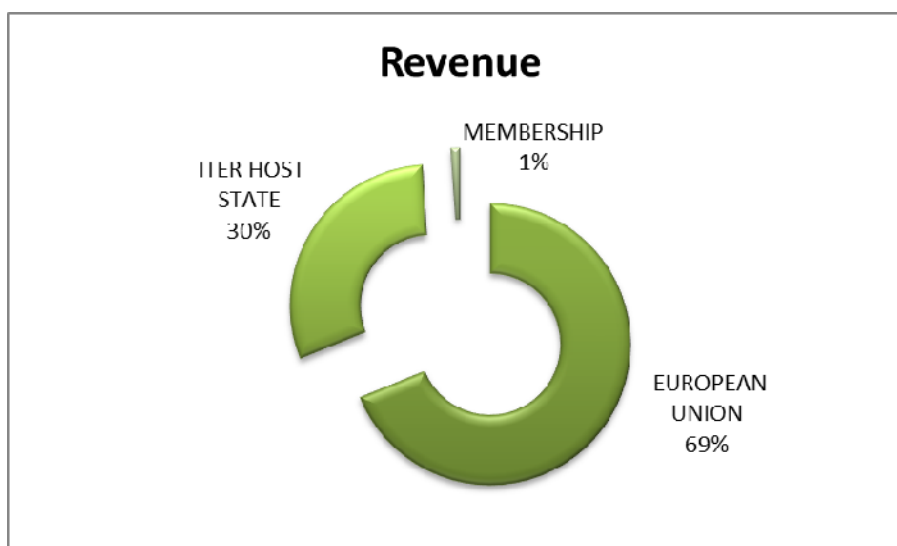
##### Implementation of the Statement of revenue

Payment appropriations (EUR)

Heading of the 3013 Budget	Final Revenue from B2013 (1)	Final Execution (Debit notes emitted) (2)	Outstanding revenue from previous years (3)	Final actual revenue (Debit note cashed) (4)	Outstanding Revenue at the year end (5) = (2)+(3)-(4)
I - 1 10 PARTICIPATION FROM THE EUROPEAN UNION TO OPERATIONAL EXPENDITURE	205 612 495.00	205 612 495.00	-	205 612 495.00	-
I - 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	49 675 084.88	49 675 084.88	-	49 675 084.88	-
I - 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	39 390 000.00	39 390 000.00	-	39 390 000.00	-
I - 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	2 458 177.38	2 458 177.38	-	2 458 177.38	-
I - 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 300 000.00	4 300 000.00	-	4 300 000.00	-
I - 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	130 000 000.00	130 000 000.00	-	130 000 000.00	-
I - 4 10 MISCELLANEOUS REVENUE	153 671.63	153 671.63	-	151 448.97	2 222.66
I - 5 10 ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	21 780.23	21 780.23	-	21 780.23	-
<b>Total Revenue</b>	<b>431 611 209.12</b>	<b>431 611 209.12</b>	<b>0.00</b>	<b>431 608 986.46</b>	<b>2 222.66</b>

Regarding the ITER Host State's contribution, the 2013 contribution foreseen has been entirely cashed. To be noted, the last instalment of EUR 17.0 million has been requested to France mi-December and transferred to F4E on 31 December.

The breakdown of revenue by contributor in 2013 is as follows:



### 4.3. Non Budgeted Revenue

Some miscellaneous revenue was not budgeted, mainly due to incompatibility between the period of the actual reception of the revenue and the deadline for the preparation of the last amendment to the budget. This revenue amounts to EUR 53 976 .50, mainly corresponding to the Settlement agreement related to Court case T/299/10 and the late payment interest received from Italy and UK on their membership contributions 2012.

## 5. Statement of Expenditure

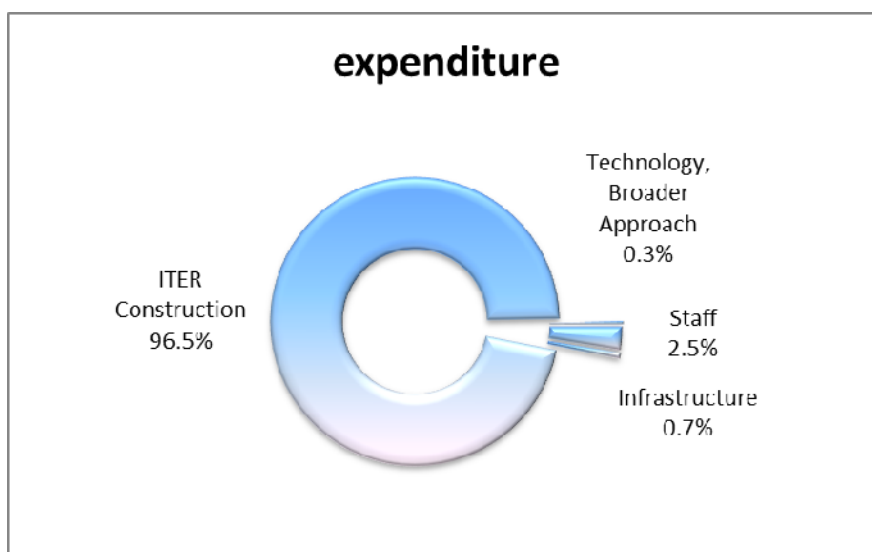
### 5.1. Evolution of the Statement of Expenditure

Pre-drafted in the 2011 version of the Resource Estimates Plan, the statement of expenditure was adopted with the original 2013 budget in December 2012 and adjusted in accordance with the changes in the revenue and successive amendments to the 2013 Work Programme (WP).

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 the transfers.

The appropriation accruing from assigned revenue at the end of 2012 was automatically carried over to 2013.

The final breakdown of the statement of expenditure in commitment appropriation, identical to the previous year, 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 the modifications to the administrative expenditure were adopted or authorised in both commitment and payment appropriations.

The first amendment to the 2013 budget decreased the administrative expenditure by 9.8% of the original budget and EUR 425 000.00 were transferred from the Title 2 – Buildings, equipment and miscellaneous operating expenditure to Title 3 – Operational expenditure.

This reduction had been requested by the GB at the time of adoption of the original budget.

The GB also requested F4E to make the title of the Chapter 2.5 more explicit and the new title heading “Outsourcing and other current expenditure” was adopted with the first amendment to the budget.

Globally, the major changes (> +/- 10%) to the statement of administrative expenditure aimed to:

- Chapter 14 (+ 11%): Align the budget to the actual needs. The special measures put in place to reduce the vacancies at F4E increased punctually the recruitment fees.
- Chapter 15 (- 21%): The smaller adjustment in amount makes the highest in percentage without actual impact on the budget.
- Chapter 23 (- 13%): The decrease is due to the anticipation of some purchases foreseen for 2013 at the end of the previous year.
- Chapter 24 (- 59%): The adjustment is important but not significant, linked to the variation in the date of renewal of the main contracts, all close to the change of budgetary year.

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

### Commitment and Payment appropriation (EUR)

Heading of the 3013 Budget	Initial budget 11 Dec. 2012 (1)	Amending budget 27 June 2013 (2)	Transfers adopted by F4E Director (3)	Additional revenue (4)	Final budget (5)= Σ(1 to 4)
CH 11 STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	23 800 000.00		-174 843.00		23 625 157.00
CH 12 EXTERNAL STAFF EXPENDITURE ( CA, IS AND SNE)	7 250 000.00		207 000.00		7 457 000.00
CH 13 MISSIONS AND DUTY TRAVEL	1 700 000.00		0.00		1 700 000.00
CH 14 MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRAFER	680 000.00		73 735.62		753 735.62
CH 15 REPRESENTATION	20 000.00		-4 000.00		16 000.00
CH 16 TRAINING	735 000.00		53 000.00		788 000.00
CH 17 OTHER STAFF MANAGEMENT EXPENDITURE	1 260 000.00		-11 200.00		1 248 800.00
CH 18 TRAINEESHIPS	p.m.		42 948.90		42 948.90
<b>TITLE 1 - Commitment and Payment</b>	<b>35 445 000.00</b>		<b>186 641.52</b>	<b>0.00</b>	<b>35 631 641.52</b>
CH 21 BUILDINGS AND ASSOCIATED COSTS	1 250 000.00	-45 000.00	-50 000.00		1 155 000.00
CH 22 INFORMATION AND COMMUNICATION TECHNOLOGIES	3 200 000.00	-190 000.00	9 343.00		3 019 343.00
CH 23 MOVABLE PROPERTY AND ASSOCIATED COSTS	560 000.00	-30 000.00	-43 000.00		487 000.00
CH 24 EVENTS AND COMMUNICATION	315 000.00	-110 000.00	-75 000.00		130 000.00
CH 25 OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 405 000.00	-50 000.00	-37 984.52	43.19	1 317 058.67
CH 26 POSTAGE AND TELECOMMUNICATIONS	365 000.00		25 000.00		390 000.00
CH 27 EXPENDITURE ON FORMAL AND OTHER MEETINGS	460 000.00		-15 000.00		445 000.00
<b>TITLE 2 - Commitment and Payment</b>	<b>7 555 000.00</b>	<b>-425 000.00</b>	<b>-186 641.52</b>	<b>43.19</b>	<b>6 943 401.67</b>
<b>Total TITLE 1 &amp; 2 - Commitment &amp; Payment</b>	<b>43 000 000.00</b>	<b>-425 000.00</b>	<b>0.00</b>	<b>43.19</b>	<b>42 575 043.19</b>

### 5.1.2. Evolution of the Operational Expenditure

The statement of operational expenditure, developed in the table next page, was modified with the two amending budgets to reflect the changes in the statement of revenue and to align the operational budget in commitment appropriation with the successive amendments to the WP 2013 in June and December 2013.

The main changes were motivated as follows:

- Chapter 32 (- 47%): The decrease is linked to activities in WP2013 that have been moved to WP2014 due to the following reasons:
  - Delays in the provision of results from already on-going activities;
  - Delays of previous activities have obliged to delay the signature of a planned Framework Partnership Agreement (FPA) to 2014;
  - All the specific contracts or grants for which the signature date shifted from 2013 to 2014 were moved to the Budget /WP 2014.
  
- Chapter 33 (+ 49%): The main change to the initial budget was to include the purchase of helium storage tanks agreed to be undertaken by F4E as part of the provision of cryoplant for JT-60SA, the bulk of which is being provided by France as Voluntary Contributor.

The plan was to place this contract at the end of 2013 but due to the need to conduct a supplier pre-selection, and to finalise a number of technical details also with JAEA, this procurement commitment was moved in later 2013 to WP 2014 first quarter.
  
- Chapter 34: The amount initially foreseen in the WP 2013 represents a ceiling according to the demands of the services. Each proposal for contract is scrutinised and the budget is adjusted at the end of the year with the actual implementation.

In payment appropriation, the amendments aligned the statement of expenditure with the statement of revenue. The adjustments between budgetary chapters according to actual needs were implemented through transfers authorised by the Director.

The automatic carry-over in commitment appropriation from 2012 for the Chapter 35 (assigned revenue for the ITER Host State contribution) corresponds to EUR 280 233 977.96 of left-over on commitment of the previous years and EUR 1 758.78 of available appropriation.



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

Heading of the 2013 Budget	Initial budget 11 December 2012 (1)	Amending budget 27 June 2013 (2)	Amending budget 10 December 2013 (3)	Transfers adopted by F4E Director (4)	Additional revenue (5)	Final budget (6)=Σ(1 to 5)	Carried over from 2012 (7)	Final budget for implementation (8)=(6)+(7)
CH 31 ITER CONSTRUCTION - INCLUDING SITE PREPARATION	846 084 030.72	193 416.52	6 704 611.41	2 789 619.00		855 771 677.65		855 771 677.65
CH 32 TECHNOLOGY FOR ITER	16 580 000.00	-1 852 720.00	-5 280 912.00	-609 945.32		8 836 422.68		8 836 422.68
CH 33 TECHNOLOGY FOR BROADER APPROACH AND DEMO	2 190 000.00	1 932 180.00		-865 221.53		3 256 958.47		3 256 958.47
CH 34 OTHER EXPENDITURE	3 800 000.00	189 700.00	-1 370 000.00	-1 314 452.15	10 300.00	1 315 547.85		1 315 547.85
CH 35 ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	105 000 000.00				21 780.23	105 021 780.23	280 235 736.74	385 257 516.97
CH 36 APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	pm					p.m.		0.00
<b>TITLE 3 - Commitment</b>	<b>973 654 030.72</b>	<b>462 576.52</b>	<b>53 699.41</b>	<b>0.00</b>	<b>32 080.23</b>	<b>974 202 386.88</b>	<b>280 235 736.74</b>	<b>1 254 438 123.62</b>
CH 31 ITER CONSTRUCTION - INCLUDING SITE PREPARATION	481 099 115.60	-5 334 928.48	-239 946 300.59	14 327 734.72		250 145 621.25		250 145 621.25
CH 32 TECHNOLOGY FOR ITER	10 500 000.00			-8 221 293.38		2 278 706.62		2 278 706.62
CH 33 TECHNOLOGY FOR BROADER APPROACH AND DEMO	9 530 000.00			-4 245 341.90		5 284 658.10		5 284 658.10
CH 34 OTHER EXPENDITURE	3 100 000.00			-1 861 099.44	10 300.00	1 249 200.56	278.23	1 249 478.79
CH 35 ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	130 000 000.00				21 780.23	130 021 780.23	835 736.74	130 857 516.97
CH 36 APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	pm					p.m.		0.00
<b>TITLE 3 - Payment</b>	<b>634 229 115.60</b>	<b>-5 334 928.48</b>	<b>-239 946 300.59</b>	<b>0.00</b>	<b>32 080.23</b>	<b>388 979 966.76</b>	<b>836 014.97</b>	<b>389 815 981.73</b>
<b>Total TITLE 1 &amp; 2 - Commitment &amp; Payment</b>	<b>43 000 000.00</b>	<b>-425 000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>43.19</b>	<b>42 575 043.19</b>	<b>0.00</b>	<b>42 575 043.19</b>
<b>Total BUDGET in Commitment Appropriation</b>	<b>1 016 654 030.72</b>	<b>37 576.52</b>	<b>53 699.41</b>	<b>0.00</b>	<b>32 123.42</b>	<b>1 016 777 430.07</b>	<b>280 235 736.74</b>	<b>1 297 013 166.81</b>
<b>Total BUDGET in Payment Appropriation</b>	<b>677 229 115.60</b>	<b>-5 759 928.48</b>	<b>-239 946 300.59</b>	<b>0.00</b>	<b>32 123.42</b>	<b>431 555 009.95</b>	<b>836 014.97</b>	<b>432 391 024.92</b>

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

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

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

The entire budget was implemented in commitment appropriation by 31<sup>st</sup> December 2013 with the following observations:

- 99.9% of the administrative expenditure was implemented. Nevertheless about EUR 1.1 million, was committed and booked for 2011 and 2012 salary adjustments according to Staff Regulations. For the second consecutive year, this salary increase was rejected by the European Council at the very end of the year and it represents the main part of the cancelled appropriation of the 2013 administrative budget.
- 100% of the operational expenditure was implemented of which 61.7% was implemented through direct individual commitments.

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

The global implementation rate of the 2013 final budget was 89.8% in payment appropriation; detailed as follows:

- 83.1% of implementation of the administrative expenditure. Considering these are non-dissociated appropriation, the balance between commitment and payment implementation corresponds to those administrative actions which were launched during 2013 but not yet paid, except for the amount of EUR 1.1 million mentioned in the first bullet of section 5.2.1.
- 90.6% of the total operational expenditure. It should be noted that the last payments of the year were limited by the lack of cash. The transfer on F4E's bank account of EUR 19.4 million on the last day of the year and the recoverable VAT not cashed (EUR 19.6 million) made it impossible to reach the full implementation of the budget.

Compared to the original budget, the implementation rate was 57.8% only. The actual implementation of the main contracts is much slower than expected, reducing so the needs in payment appropriation compared to the original plan. This was corrected with the diminution of the Euratom Contribution through the Global transfer (Bourlanges) on the EU Budget.

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

Heading of the 2013 Budget	Commitment Appropriation			Payment Appropriation		
	Final budget for implementation (1)	Final implementation (2)	% implementation (3)= (2)/(1)	Final budget for implementation (4)	Final implementation (5)	% implementation (6)= (5)/(4)
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	23 625 157.00	23 625 157.00	100.0%	23 625 157.00	22 430 333.46	94.9%
CH 12 - EXTERNAL STAFF EXPENDITURE ( CA, IS AND SNE)	7 457 000.00	7 457 000.00	100.0%	7 457 000.00	6 747 850.68	90.5%
CH 13 - MISSIONS AND DUTY TRAVEL	1 700 000.00	1 700 000.00	100.0%	1 700 000.00	1 175 566.23	69.2%
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	753 735.62	753 735.62	100.0%	753 735.62	630 171.28	83.6%
CH 15 - REPRESENTATION	16 000.00	16 000.00	100.0%	16 000.00	7 741.61	48.4%
CH 16 - TRAINING	788 000.00	788 000.00	100.0%	788 000.00	368 579.47	46.8%
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	1 248 800.00	1 248 800.00	100.0%	1 248 800.00	1 056 870.53	84.6%
CH 18 - TRAINEESHIPS	42 948.90	42 948.90	100.0%	42 948.90	36 620.38	85.3%
<b>TITLE 1 Staff expenditure</b>	<b>35 631 641.52</b>	<b>35 631 641.52</b>	<b>100.0%</b>	<b>35 631 641.52</b>	<b>32 453 733.64</b>	<b>91.1%</b>
CH 21 - BUILDINGS AND ASSOCIATED COSTS	1 155 000.00	1 143 400.00	99.0%	1 155 000.00	365 339.84	31.6%
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	3 019 343.00	3 019 343.00	100.0%	3 019 343.00	1 464 948.77	48.5%
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	487 000.00	487 000.00	100.0%	487 000.00	21 565.80	4.4%
CH 24 - EVENTS AND COMMUNICATION	130 000.00	129 956.30	100.0%	130 000.00	28 286.79	21.8%
CH 25 - CURRENT ADMINISTRATIVE EXPENDITURE	1 317 058.67	1 289 919.17	97.9%	1 317 058.67	797 644.04	60.6%
CH 26 - POSTAGE AND TELECOMMUNICATIONS	390 000.00	390 000.00	100.0%	390 000.00	13 975.70	3.6%
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	445 000.00	445 000.00	100.0%	445 000.00	237 761.55	53.4%
<b>TITLE 2 -</b>	<b>6 943 401.67</b>	<b>6 904 618.47</b>	<b>99.4%</b>	<b>6 943 401.67</b>	<b>2 929 522.49</b>	<b>42.2%</b>
<b>Total TITLE 1 &amp; 2 Commitment</b>	<b>42 575 043.19</b>	<b>42 536 259.99</b>	<b>99.9%</b>	<b>42 575 043.19</b>	<b>35 383 256.13</b>	<b>83.1%</b>

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

Heading of the Budget 2013	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	855 771 677.65	855 771 677.65	100.0%	250 145 621.25	230 333 782.57	92.1%
CH 32 - TECHNOLOGY FOR ITER	8 836 422.68	8 836 422.68	100.0%	2 278 706.62	2 278 706.62	100.0%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	3 256 958.47	3 256 958.47	100.0%	5 284 658.10	5 284 658.10	100.0%
CH 34 - OTHER EXPENDITURE	1 315 547.85	1 315 547.85	100.0%	1 249 478.79	1 249 478.79	100.0%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	385 257 516.97	385 235 842.64	100.0%	130 857 516.97	113 835 842.64	87.0%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	0.00	0.00	-	0.00	0.00	-
<b>TITLE 3</b>	<b>1 254 438 123.62</b>	<b>1 254 416 449.29</b>	<b>100.0%</b>	<b>389 815 981.73</b>	<b>352 982 468.72</b>	<b>90.6%</b>
<b>Total implementation</b>	<b>1 297 013 166.81</b>	<b>1 296 952 709.28</b>	<b>100.0%</b>	<b>432 391 024.92</b>	<b>388 365 724.85</b>	<b>89.8%</b>

### 5.3. Additional information on the final implementation of the 2012 Budget

#### 5.3.1. Final implementation of the administrative expenditure 2012

The payment appropriation corresponding to open administrative commitments at the end of 2012 was automatically carried over to 2013 according to the rules for non-dissociated appropriation.

Open administrative commitments from B 2012 (Title 1 & 2)	Appropriation available (EUR)	Implementation (EUR)	%
Implementation in Payment appropriation on the 31/12/2013	6 190 234.83	4 861 767.67	78.5%

78.5% of the payment appropriation was actually paid in 2013. The balance is cancelled and enters in the budgetary outturn.

#### 5.3.2. Final implementation of the Global Commitments 2012

By the end of 2012, the total amount of open global commitments was EUR 562.7 million on a total of EUR 920.0 million.

Individual contracts were signed in 2013 for a total amount of EUR 434.2 million. The balance available at the end of 2013 is cancelled.

Final implementation of the Global Commitments 2012	Appropriation available (EUR)	Implementation (EUR)	%
individual Commitments placed on the 31/12/2013	562 736 930.00	434 161 868.74	77.2%

The under execution is almost entirely due to the non-signature of the TF coil assembly contract in the magnet domain. Detailed discussions with respect to the finalisation of the design increased drastically the period of negotiation of the contract, moving the signature date to 2014.

#### 5.4. Open commitments from the 2013 budget, carried forward to 2014

The open amount in commitment at the end of 2013 is:

Sum of the commitments placed since F4E financial autonomy up to 31/12/13

Minus: Sum of the amounts paid

Minus: Sum of the amount de-committed

At the closure of the 2013 budgetary year, the total open commitments amounted to EUR 2 184.99 million as follows:

**Open commitments carried forward from 2013 to 2014**

Heading of the Budget	Open Commitments				
	from previous years (1)	from 2013 budget (2)	Total (3)=(1)+(2)	To be de-committed (4)	Net Total (5)=(3)-(4)
<b>TITLE 1 - STAFF EXPENDITURE</b>	270 150.85	3 177 907.88	3 448 058.73	1 850 035.57	1 598 023.16
<b>TITLE 2 - OTHER OPERATING EXPEND.</b>	394 232.25	3 975 095.98	4 369 328.23	394 232.25	3 975 095.98
<b>Total TITLE 1 &amp; 2</b>	<b>664 383.10</b>	<b>7 153 003.86</b>	<b>7 817 386.96</b>	<b>2 244 267.82</b>	<b>5 573 119.14</b>
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	1 208 176 167.07	805 134 798.79	2 013 310 965.86	108 125 938.31	1 905 185 027.55
CH 32 - TECHNOLOGY FOR ITER	6 380 002.61	7 805 764.83	14 185 767.44	188 372.69	13 997 394.75
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	4 701 504.87	3 019 806.37	7 721 311.24	1 669.00	7 719 642.24
CH 34 - OTHER EXPENDITURE	774 178.64	1 168 010.00	1 942 188.64	0.00	1 942 188.64
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	155 441 905.92	115 958 094.08	271 400 000.00	20 826 347.51	250 573 652.49
<b>TITLE 3</b>	<b>1 375 473 759.11</b>	<b>933 086 474.07</b>	<b>2 308 560 233.18</b>	<b>129 142 327.51</b>	<b>2 179 417 905.67</b>
<b>Total</b>	<b>1 376 138 142.21</b>	<b>940 239 477.93</b>	<b>2 316 377 620.14</b>	<b>131 386 595.33</b>	<b>2 184 991 024.81</b>

Note: There is no differentiation between the payments done on commitments from the year or on older commitments so figures are not directly comparable to the 2013 implementation tables.

**Main facts regarding the open commitments accrued from the 2013 Budget:**

- The impact of the 2013 implementation of the budget on the total amount of open contracts is 43% of the total.
- Title 1: The commitments related to direct staff expenditure are not carried over but cancelled at the end of the year. It amounts to EUR 1.579 million.  
The balance, for the commitments covering missions, interim staff, schooling, training and relocation expenses, is carried over for one year.
- Title 2: The commitments are carried over to the following year and should be consumed at the latest by 31 December of 2014.
- Title 3: The operational commitments are carried over to the following year, to be paid according to the advancement of the contracts.  
The global commitments are carried over for one year, to be implemented in individual commitments/new contracts.

## 5.5. Status for non-budgeted commitment appropriation

Commitment appropriation		B031-B034 Budgets (EUR)	B035 Assigned revenue (EUR)
Amount de-committed as of the 31/12/2013 (since 2008)	+	68 641 578.52	89 293 884.13
Amount budgeted again or carried over (since 2008)	-	9 759 760.00	89 293 884.13
Amount to be de-committed	+	108 315 980.00	20 826 347.51
Unused appropriation carried over	+		21 674.33
Amount available for future budgets	=	167 197 798.52	-
Amount carried over to 2014	=	-	20 848 021.84

From 2008 to 2013, the total of de-commitments amounts to EUR 157.93 million, of which:

- EUR 9.76 million have been reintroduced in the 2011 budget (first amendment),
- EUR 89.29 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 2012 and older global commitments.

It results in a cumulative amount of unassigned commitment appropriation of EUR 167.20 million, to be entered in future F4E Budget.

### 5.5.1. Cancelled Payment appropriation

#### 5.5.1.1. Cancelled Payment appropriation from the 2013 budget

2013 budget Heading	Unused Appropriations (1)	Appropriations carried over to 2014 (2)	Cancelled appropriation (3)=(1)-(2)
<b>B2013 TITLE 1</b>	<b>3 177 907.88</b>	<b>1 598 023.16</b>	<b>1 579 884.72</b>
<b>B2013 TITLE 2</b>	<b>4 013 879.18</b>	<b>3 975 095.98</b>	<b>38 783.20</b>
<b>Total TITLE 1 &amp; 2 Payment</b>	<b>7 191 787.06</b>	<b>5 573 119.14</b>	<b>1 618 667.92</b>
CH 31 - ITER CONSTRUCTION	19 811 838.68	0.00	19 811 838.68
CH 32 - TECHNOLOGY FOR ITER	0.00	0.00	0.00
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	0.00	0.00	0.00
CH 34 - OTHER EXPENDITURE	0.00	0.00	0.00
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	17 021 674.33	17 021 674.33	0.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	0.00	0.00	0.00
<b>TITLE 3 - Payment</b>	<b>36 833 513.01</b>	<b>17 021 674.33</b>	<b>19 811 838.68</b>
<b>Total BUDGET in Payment</b>	<b>44 025 300.07</b>	<b>22 594 793.47</b>	<b>21 430 506.60</b>

The cancelled appropriation on administrative expenditure corresponds again to appropriation booked for salary adjustments, plus a small amount not committed on Title 2.

Regarding the Title III, F4E was unable to execute all the payments at the level of the invoices received and approved due to a lack of treasury until 31 December 2013.

This cash deficit is mainly due to the advance of VAT F4E has to provide on works contracts in France.

#### 5.5.1.2. Cancelled Payment appropriation carried over from the 2012 budget

2012 Appropriation Carried Over to 2013	Unused Appropriations (1)	Appropriations carried over to 2014 (2)	Cancelled appropriation (3)=(1)-(2)
B2013 TITLE 1	616 463.41	0.00	616 463.41
B2013 TITLE 2	712 003.75	0.00	712 003.75
Total TITLE 1 & 2 Payment	1 328 467.16	0.00	1 328 467.16

The cancelled appropriation corresponds to the administrative open commitments carried over from 2012 to 2013, cancelled in 2013.

## 6. Budget Outturn account 2013

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

For the 2013 financial year, the balance of the budget outturn amounts to EUR 22.81 million.



## Budget Outturn Account (EUR)

Budget Outturn Account		2013	2012
<b>REVENUE</b>			
Euratom contribution	+	297 135 757.26	291 183 690.99
ITER Host state and Membership contributions	+	134 300 000.00	88 179 387.86
Other revenue	+	173 229.20	98 597.93
<b>TOTAL REVENUE (a)</b>		<b>431 608 986.46</b>	<b>379 461 676.78</b>
<b>EXPENDITURE</b>			
<i>Title I: Staff</i>			
Payments	-	32 453 733.64	30 766 408.23
Appropriations carried over	-	1 598 023.16	1 421 979.73
<i>Title II: Infrastructure Expenditure</i>			
Payments	-	2 929 522.49	3 816 377.97
Appropriations carried over	-	3 975 095.98	4 768 255.10
<i>Title III: Operational Expenditure</i>			
Payments	-	352 982 468.72	321 859 238.80
Appropriations carried over	-	17 021 674.33	836 014.97
<i>Total Payments (b)</i>		<i>388 365 724.85</i>	<i>356 442 025.00</i>
<i>Total Appropriations carried over (c)</i>		<i>22 594 793.47</i>	<i>7 026 249.80</i>
<b>TOTAL EXPENDITURE (d)=(b)+(c)</b>		<b>410 960 518.32</b>	<b>363 468 274.80</b>
<b>OUTTURN FOR THE FINANCIAL YEAR (a-d)</b>			
Cancellation of unused payment appropriations carried over from previous year	+	1 328 467.16	1 122 278.51
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	836 014.97	33 972 079.12
Exchange differences for the year (gain +/loss -)	+/-	-2 650.45	-6 742.68
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>		<b>22 810 299.82</b>	<b>51 081 016.93</b>
<b>Of which Administrative expenditure</b>		<b>2 998 461.14</b>	<b>1 872 577.68</b>
<b>Of which Operational expenditure</b>		<b>19 811 838.68</b>	<b>49 208 439.33</b>

Note that the non-budgeted revenue described at the chapter 4.3 and amounting to EUR 53 976.50 has been assigned to the administrative outturn, due to their general nature and to keep track of the corresponding commitment appropriation.

## 7. Annexes

### 7.1. Establishment plan 2013

Function group and grade	Budget 2013			
	Authorised under the EU Budget		Filled as of 31/12/2013	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15		1		
AD 14				1
AD 13	9	2	7	2
AD 12	18	10	12	2
AD 11	5	12	3	
AD 10	6	32	4	25
AD 9	4	15	2	16
AD 8	1	16		9
AD 7	1	65	6	40
AD 6		19	2	63
AD 5		2	1	
<b>AD total</b>	<b>44</b>	<b>174</b>	<b>37</b>	<b>158</b>
AST 11	4			
AST 10	2		1	
AST 9	4		1	
AST 8			2	
AST 7			1	
AST 6	1		1	
AST 5	5	4	2	
AST 4		17	2	7
AST 3	2	5	2	17
AST 2			2	
AST 1			1	
<b>AST total</b>	<b>18</b>	<b>26</b>	<b>15</b>	<b>24</b>
<b>TOTAL</b>	<b>62</b>	<b>200</b>	<b>52</b>	<b>182</b>
<b>GRAND TOTAL</b>	<b>262</b>		<b>234</b>	

## 7.2. Reconciliation between budgetary and accrual based accounts

	<b>Amount (EUR)</b>
<b>Economic result (- for loss)</b>	<b>110 076 265.81</b>
<i>Ajustment for accrual items (items not in the budgetary result but included in the economic result)</i>	
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	29 016 236.56
Adjustments for Accrual Cut-off (cut- off 31.12.N )	-51 691 444.90
Unpaid invoices at year end but booked in charges (class 6)	58 458 375.13
Depreciation of intangible and tangible fixed assets	12 914 933.90
Provisions (reversal)	-894 231.76
Recovery Orders issued in 2013 in class 7 and not yet cashed	-2 222.66
Prefinancing given in previous year and cleared in the year	24 240 035.01
Prefinancing received in previous year and cleared in the year	-112 500.00
Payments made from carry over of payment appropriations	4 861 767.67
Other	457 207.50
Exchange rate differences	-2 650.45
<i>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</i>	
Asset acquisitions (less unpaid amounts)	-3 371 588.84
New pre-financing paid in the year 2013 and remaining open as at 31.12.2013	-130 397 767.94
New pre-financing received in the year 2013 and remaining open as at 31.12.2013	0.00
Budgetary recovery orders issued before 2012 and cashed in the year	0.00
Payment appropriations carried over to 2014	-22 594 793.47
Cancellation of unused carried over payment appropriations from previous year	1 328 467.16
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	836 014.97
Other : change in inventories (production material)	-10 309 663.79
<b>total</b>	<b>22 812 439.90</b>
<b>Budgetary result (+ for surplus)</b>	<b>22 810 299.82</b>
Delta not explained	-2 140.08

### 7.3. 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	23 625 157.00	23 625 157.00	100.00%	23 625 157.00	22 430 333.46	94.94%
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	7 457 000.00	7 457 000.00	100.00%	7 457 000.00	6 747 850.68	90.49%
A01300	MISSIONS AND DUTY TRAVEL	1 700 000.00	1 700 000.00	100.00%	1 700 000.00	1 175 566.23	69.15%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	753 735.62	753 735.62	100.00%	753 735.62	630 171.28	83.61%
A01500	REPRESENTATION	16 000.00	16 000.00	100.00%	16 000.00	7 741.61	48.39%
A01600	TRAINING	788 000.00	788 000.00	100.00%	788 000.00	368 579.47	46.77%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	1 248 800.00	1 248 800.00	100.00%	1 248 800.00	1 056 870.53	84.63%
A01800	TRAINEESHIPS	42 948.90	42 948.90	100.00%	42 948.90	36 620.38	85.27%
<b>Total Title 1</b>		<b>35 631 641.52</b>	<b>35 631 641.52</b>	<b>100.00%</b>	<b>35 631 641.52</b>	<b>32 453 733.64</b>	<b>91.08%</b>

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A02100	BUILDINGS AND ASSOCIATED COSTS	1 155 000.00	1 143 400.00	99.00%	1 155 000.00	365 339.84	31.63%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	3 019 343.00	3 019 343.00	100.00%	3 019 343.00	1 464 948.77	48.52%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	487 000.00	487 000.00	100.00%	487 000.00	21 565.80	4.43%
A02400	EVENTS and COMMUNICATION	130 000.00	129 956.30	99.97%	130 000.00	28 286.79	21.76%
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 317 015.48	1 289 875.98	97.94%	1 317 015.48	797 644.04	60.56%
A02600	POSTAGE AND TELECOMMUNICATIONS	390 000.00	390 000.00	100.00%	390 000.00	13 975.70	3.58%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	445 000.00	445 000.00	100.00%	445 000.00	237 761.55	53.43%
<b>Total Title 2</b>		<b>6 943 358.48</b>	<b>6 904 575.28</b>	<b>99.44%</b>	<b>6 943 358.48</b>	<b>2 929 522.49</b>	<b>42.19%</b>

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03100	ITER CONSTRUCTION - INCL. SITE PREPARATION	855 771 677.65	855 771 677.65	100.00%	250 145 621.25	230 333 782.57	92.08%
B03200	TECHNOLOGY FOR ITER	8 836 422.68	8 836 422.68	100.00%	2 278 706.62	2 278 706.62	100.00%
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	3 256 958.47	3 256 958.47	100.00%	5 284 658.10	5 284 658.10	100.00%
B03400	OTHER EXPENDITURE	1 305 247.85	1 305 247.85	100.00%	1 238 900.56	1 238 900.56	100.00%
<b>Total Title 3</b>		<b>869 170 306.65</b>	<b>869 170 306.65</b>	<b>100.00%</b>	<b>258 947 886.53</b>	<b>239 136 047.85</b>	<b>92.35%</b>
<b>Total C1</b>		<b>911 745 306.65</b>	<b>911 706 523.45</b>	<b>100.00%</b>	<b>301 522 886.53</b>	<b>274 519 303.98</b>	<b>91.04%</b>

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	43.19	43.19	100.00%	43.19	0.00	0.00%
<b>Total Title 2</b>		<b>43.19</b>	<b>43.19</b>	<b>100.00%</b>	<b>43.19</b>	<b>0.00</b>	<b>0.00%</b>
Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03400	OTHER EXPENDITURE	10 300.00	10 300.00	100.00%	10 300.00	10 300.00	100.00%
<b>Total Title 3</b>		<b>10 300.00</b>	<b>10 300.00</b>	<b>100.00%</b>	<b>10 300.00</b>	<b>10 300.00</b>	<b>100.00%</b>
<b>Total C4</b>		<b>10 343.19</b>	<b>10 343.19</b>	<b>100.00%</b>	<b>10 343.19</b>	<b>10 300.00</b>	<b>99.58%</b>

**Fund Source: C5 - Carried over internal assigned revenues (EUR)**

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03400	OTHER EXPENDITURE	0.00	0.00	-	278.23	278.23	100.00%
<b>Total Title 3</b>		<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>278.23</b>	<b>278.23</b>	<b>100.00%</b>
<b>Total C5</b>		<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>278.23</b>	<b>278.23</b>	<b>100.00%</b>

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	382 332.44	285 391.45	74.64%	382 332.44	273 927.79	71.65%
A01300	MISSIONS AND DUTY TRAVEL	288 142.79	286 691.19	99.50%	288 142.79	286 691.19	99.50%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	57 511.79	10 988.74	19.11%	57 511.79	10 203.24	17.74%
A01500	REPRESENTATION	6 521.24	3 128.55	47.97%	6 521.24	3 128.55	47.97%
A01600	TRAINING	335 726.33	207 048.34	61.67%	335 726.33	125 621.26	37.42%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	351 745.14	282 418.90	80.29%	351 745.14	105 944.29	30.12%
<b>Total Title 1</b>		<b>1 421 979.73</b>	<b>1 075 667.17</b>	<b>75.65%</b>	<b>1 421 979.73</b>	<b>805 516.32</b>	<b>56.65%</b>

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A02100	BUILDINGS AND ASSOCIATED COSTS	645 467.78	638 246.40	98.88%	645 467.78	590 293.88	91.45%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	2 565 211.69	2 458 553.18	95.84%	2 565 211.69	2 458 553.17	95.84%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	383 984.73	269 307.19	70.13%	383 984.73	220 807.97	57.50%
A02400	EVENTS and COMMUNICATION	260 487.50	260 487.50	100.00%	260 487.50	238 644.40	91.61%
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	590 991.74	509 910.67	86.28%	590 991.74	295 783.10	50.05%
A02600	POSTAGE AND TELECOMMUNICATIONS	226 576.88	222 550.98	98.22%	226 576.88	180 755.74	79.78%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	95 534.78	91 427.68	95.70%	95 534.78	71 413.09	74.75%
<b>Total Title 2</b>		<b>4 768 255.10</b>	<b>4 450 483.60</b>	<b>93.34%</b>	<b>4 768 255.10</b>	<b>4 056 251.35</b>	<b>85.07%</b>

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03100	ITER CONSTRUCTION - INCL. SITE PREPARATION	1 427 026 094.71	1 387 873 070.78	97.26%	Payment appropriations under C1 Fund source		
B03200	TECHNOLOGY FOR ITER	18 898 912.50	7 628 051.38	40.36%			
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	9 769 010.87	9 749 010.87	99.80%			
B03400	OTHER EXPENDITURE	2 127 866.89	1 876 119.58	88.17%			
<b>Total Title 3</b>		<b>1 457 821 884.97</b>	<b>1 407 126 252.61</b>	<b>96.52%</b>			
<b>Total C8</b>		<b>1 464 012 119.80</b>	<b>1 412 652 403.38</b>	<b>96.49%</b>	<b>6 190 234.83</b>	<b>4 861 767.67</b>	<b>78.54%</b>

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A01100	STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	254 476.17		-			-
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	123 973.15		-			-
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	134 776.64		-			-
A01500	REPRESENTATION	10 026.92		-			-
A01600	TRAINING	112 468.70		-			-
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	50 261.66		-			-
<b>Total Title 1</b>		<b>685 983.24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A02100	BUILDINGS AND ASSOCIATED COSTS	63 424.00		-			-
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	43 117.74		-			-
A02400	EVENTS and COMMUNICATION	8 266.67		-			-
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	86 858.36		-			-
A02600	POSTAGE AND TELECOMMUNICATIONS	85 612.66		-			-
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	26 982.58		-			-
<b>Total Title 2</b>		<b>314 262.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total C9</b>		<b>1 000 245.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03500	ITER CONSTRUCTION - APPROP. ACCR. ITER HOST STATE	385 257 516.97	385 235 842.64	99.99%	130 857 516.97	113 835 842.64	86.99%
Total Title 3		385 257 516.97	385 235 842.64	99.99%	130 857 516.97	113 835 842.64	86.99%
<b>Total R0</b>		<b>385 257 516.97</b>	<b>385 235 842.64</b>	<b>99.99%</b>	<b>130 857 516.97</b>	<b>113 835 842.64</b>	<b>86.99%</b>

**7.4. Budget implementation – Multi-annual payment schedule for the operational budget**

Year	Commitments	Paid <=2007	Paid 2008	Paid 2009	Paid 2010	Paid 2011	Paid 2012	Paid 2013	Outstanding amount
<= 2007	116 245 438.21	44 786 869.53	17 483 367.00	22 159 849.68	6 661 575.00	5 814 938.04	10 677 563.35	5 536 846.81	3 124 428.80
2008	162 515 431.74	-	66 535 002.37	25 675 909.44	12 397 585.34	22 041 158.79	16 926 171.12	10 755 158.98	8 184 445.70
2009	296 314 045.80	-	-	63 201 452.03	40 413 138.03	72 962 663.48	34 136 990.20	23 997 122.64	61 602 679.42
2010	392 896 454.97	-	-	-	102 542 780.43	60 943 579.59	58 266 404.13	52 784 759.28	118 358 931.54
2011	375 745 973.77	-	-	-	-	57 876 015.77	118 112 199.21	48 623 561.70	151 134 197.09
2012	1 131 784 999.49	-	-	-	-	-	83 739 910.79	144 231 319.33	903 813 769.37
2013	999 404 080.64	-	-	-	-	-	-	67 053 699.98	932 350 380.66
<b>Total</b>	<b>3 474 906 424.62</b>	<b>44 786 869.53</b>	<b>84 018 369.37</b>	<b>111 037 211.15</b>	<b>162 015 078.80</b>	<b>219 638 355.67</b>	<b>321 859 238.80</b>	<b>352 982 468.72</b>	<b>2 178 568 832.58</b>

Note that the actions directly implemented by France and Euratom before the autonomy of F4E in 2008 are included.

The commitments represent the valid individual commitments, except for the year N (2013), in which the individual commitments to come from the global commitments are included.

## REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2013

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

F4E being fully consolidated in the EU accounts, the 2013 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 2013 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 (2013 ABAC contribution to the EC has been EUR 160 000). 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.

2013, as the fifth 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 2013 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, in addition

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.