



**FUSION
FOR
ENERGY**

FINAL ANNUAL ACCOUNTS

Financial statements & Budget implementation

Eighth financial year – 2015

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

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

The opinion of the Governing Board on the final accounts will be given on 29th-30th June 2016.

The final accounts, together with the opinion of the Governing Board, will be sent to the Commission's Accounting Officer, the European Court of Auditors, the European Parliament and the Council by 1st July 2016.

The final accounts are published on F4E's website :

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

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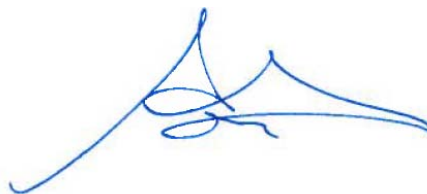
CERTIFICATION LETTER FROM F4E ACCOUNTING OFFICER

The annual accounts of Fusion for Energy (F4E) for the year 2015 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union¹ and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings, and in accordance with Title IX of the Financial Regulation of F4E².

I acknowledge my responsibility for the preparation and presentation of the annual accounts of F4E in accordance with article 50 of the Financial Regulation of F4E.

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

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



Mr Roberto Abad Villanueva
Accounting Officer

Done in Barcelona, 19 May 2016

¹ 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.

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

INTRODUCTION

Fusion for Energy (F4E) is a Joint Undertaking created under the Euratom Treaty by a decision of the Council of the European Union³.

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 BA activities and to prepare and coordinate Euratom's participation in the implementation of BA activities.
- In relation to DEMO : to prepare and coordinate a programme of research, development and design activities other than ITER and BA activities, in preparation for the construction of a demonstration fusion reactor and related facilities, including the IFMIF (International Fusion Materials Irradiation Facility).

Main changes in 2015

During the period covered by this report there have been some important changes at the ITER IO and F4E.

The F4E's Governing Board (GB) appointed Pietro Barabaschi as F4E's Acting Director who took up his duties on 1 March 2015 (until 31 December 2015).

In March 2015 the ITER Council appointed a new Director General of the ITER IO (Bernard Bigot) and endorsed an Action Plan which had been prepared in response, among other things, to the findings of ITER's 2013 Management Assessment.

In parallel F4E's Acting Director drew up an Action Plan which was endorsed by F4E's GB in March 2015. The ITER IO and F4E Action Plans triggered several important

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

initiatives to improve the performance of the ITER Project by putting into place a new organisation characterised by a profound integration of the Domestic Agencies (DAs) and the ITER IO, in particular:

- Creating an **Executive Project Board (EPB)** composed of the ITER IO DG and the DAs including F4E to facilitate more rapid decision-making and is functioning well (e.g. for the implementation of the Reserve Fund);
- Setting up common **Project Teams (PT)** of managers and staff from the ITER IO and DAs for specific areas and facilitating greater exchange and mobility of staff. The new PT for the Buildings, Infrastructure and Power Supplies (BIPS) is the first example;
- Establishing a **Reserve Fund** to compensate DAs for cost increases incurred due to changes which are driven by the ITER IO and have cost impacts. The terms of reference for the Fund were approved and decisions allocating the Fund have been taken by the EPB.

As well as launching these new initiatives the ITER IO, together with F4E and the other six DAs worked together to prepare the first version of an Updated ITER Long Term Schedule. This was presented by ITER IO to the 17th meeting of the ITER Council on 19 November 2015 together with revised resource estimates from ITER IO. The ITER Council, where the European Commission (EC) represents Euratom, asked for an independent review of the Updated Schedule and the resources requested by the ITER IO needed by June 2016.

Main achievements during 2015

Among the main achievements during the year 2015 it should be mentioned:

- All the walls of the Diagnostic Building, and almost all the walls of the Tokamak Building are complete. In May 2015 the reinforcement works of the first level of the bioshield started and are close to completion. Finally, the steel structure of the Assembly Building was completed and the roof was lifted into place. Foundation work of the buildings for the cryoplant, and site services are being completed. Apart from the buildings, the technical galleries have also been advancing.

- The work on magnets is proceeding well. Following the successful fabrication and testing of a D-shaped double pancake (DP) prototype in 2014, F4E's contractor has started series production winding of 35 DPs, so far, of which 30 have been heat treated. This corresponds to five entire Toroidal Field (TF) coils (composed each of 7 DP). 30 radial plates (RP) have been completed and delivered to the DP supplier with production of 1 RP every 13 days. For the Poloidal Field (PF) coils, manufacturing phase of the winding tooling contract for the 2nd to 5th PF coil is completed and this is now being delivered to the PF Coil Building in Cadarache after successfully passing the factory acceptance tests. Fitting out of the PF coil building in Cadarache and most of the tooling is now successfully installed. For the 6th PF coil being manufactured in China, the winding tooling has been adapted and improved during summer 2015 and is ready for acceptance tests. Various reviews and qualifications are underway to prepare for fabrication;
- Work is in progress on the vacuum vessel (VV). Qualification of the welding procedures has been completed for the TIG welding and is -going for the Electronic Beam welding. Qualification of the welders themselves was concluded by July 2015, so that the first welding activities could start. In terms of materials, the production of forged blocks and round bars for sector 5 of the VV has been finished and shipment started. To date, 60 tons of round bars and 136 tons of forged blocks have been produced;
- The pre-qualification of the Blanket First Wall (FW) semi-prototype is being carried out successfully. The manufacture of the normal heat flux FW qualification semi-prototype was completed and successfully tested. Moving to the Divertor, Critical Heat Flux testing of an all-tungsten medium-size prototype has been completed to values above 35 MW/m². Work carried out with three contractors for the pre-qualification of the Inner Vertical Target is progressing well. Three contracts for the manufacture of full-scale Divertor Cassette Body prototypes are also going according to plan;
- For the Divertor Remote Handling (RH), two out of three main contracts have been placed for the preliminary design. The Divertor Test Platform 2 (DTP2) in Finland was able to successfully demonstrate tests of remote installation and removal of the so-called divertor central cassette. Work will now continue on DTP2 to optimise the divertor cassette locking system. For the Neutral Beam RH, a contract has been placed for analysis of the system requirements, conceptual design and preparation

of the preliminary design. Concerning the In Vessel Viewing System, further design analysis and optical system prototyping is being implemented as planned including the design and start of procurement of an optical test bed for further refinements on the laser-based scanning concept;

- The final design review of the cryoplant was successfully completed in July 2015. In parallel, the manufacturing of the long lead items was pursued actively. The first Liquid Nitrogen plant and Auxiliary components and two 80 K loop heat-exchangers passed helium leak tests, dimensional checks and final inspection. Moving to the Tritium Plant, the Water Detritiation System (WDS) tanks, two 100 m³ and four 20 m³ tanks, were delivered to Cadarache and accepted by ITER IO. Those deliveries mark a major milestone in the ITER project as they are the first components supplied by F4E to the ITER site. The preliminary design of the main WDS system also made significant progress. The test results of the Warm Regeneration Lines were under review at the time of writing;
- For the Neutral Beam Test Facility (NBTF), all industrial procurement contracts have been placed for final design activities and fabrication of the SPIDER components. The design relevant technical specifications of the MITICA core components (beam source, beam line components and cryogenic pump) are finalised. Manufacturing of the MITICA VV is underway. The large insulating transformer for SPIDER and MITICA (insulating 100kV) was installed in its final outdoor location. In relation to the main Neutral Beam (NB) system, the ITER preliminary design reviews for the Beam Line and Beam Source vessels, the Passive Magnetic Shield and the Active Correction and Compensation Coils has been carried out;
- For the Ion Cyclotron (IC) Resonance Heating system F4E, in collaboration with several European laboratories, advanced the design of the ICRH antenna. Recent work involves electromagnetic, seismic, neutronic and thermo-mechanical analysis. Neutronic analysis of the IC antenna was completed and high heat flux testing of the Faraday Screen mock-ups was undertaken successfully. For the Electron Cyclotron (EC) Resonance Heating system F4E, the Continuous-Wave (CW) gyrotron prototype successfully passed the final Factory Acceptance Tests. Good progress has also been accomplished in the procurement of the EC Power Supplies. Finally, for the ECRH launchers, the final design phase is underway and activities on the design of new waveguide couplings has been completed, with pre-qualification tests having been performed in to support their design development;

- Significant progress was made in many areas on the diagnostic systems. For the magnetics diagnostic, the first Continuous External Rogowski (CER) coil components were fabricated and successfully tested; the CER coils will be the first diagnostic delivery to ITER, planned for early 2016. Progress was made in R&D, design and prototyping for most of the other diagnostic systems including the bolometers, plasma position reflectometers, pressure gauges, radial neutron camera, charge exchange spectrometer, collective Thompson scattering system and finally on integration of the port plugs that will interface many of these systems to the plasma;
- Numerous framework contracts and specific contracts were signed in the areas of technical support and project management to provide the necessary support (i.e. CAD, engineering analyses, costing, risk, system engineering, dual use, etc.) to the Project Teams;
- Following the signature of the arrangements between F4E and ITER IO for the delivery of two European Test Blanket Module (TBM) Systems to the ITER Site, work has progressed. Mock-ups of TBM sub-components with standardised welding procedures and within TBM reference tolerances were produced. In parallel, a programme of simulation and modelling is being supported by F4E to understand e.g. the effect of ITER's magnetic fields and the migration of tritium in dynamic conditions. In 2015 the Conceptual Design Review Panel Meeting for the EU TBM Systems was organized jointly with ITER IO and hosted by F4E. The Review Panel commended F4E on the high level of preparation of the review as well as the clear strategic vision on the objectives.

For the Broader Approach (BA) overall progress on the BA projects is good as indicated by the ratio of credit awarded under the BA to credit planned at that date which is above 75 % on average. Concerning the specific BA projects:

- For the JT-60SA project, Europe is providing critical components such as the 18 large (8 m height 4 m width) superconducting TF coil magnets which are presently in advanced phase of manufacturing and testing thanks to a joint effort from France, Italy and F4E. In 2015 the assembly of the machine has progressed, with a large number of EU components successfully delivered and commissioned;
- For the IFMIF/EVEDA project, commissioning of the LIPAc injector was carried out in 2015 and will be followed by the installation and commissioning of further modules

and measuring instruments. The technological validation of the full IFMIF accelerator is ensured due to the success of LIPAc. At the end of September 2015 the EU had claimed 70% of the credit allocated to the project;

- For the IFERC programme, the Helios supercomputer, provided by France, has operated very successfully since its scheduled start date in January 2012, and is the main computational tool for EU scientists in fusion. In addition, progress has been made on a number of collaborative activities in testing and development of materials for future breeder blankets, joint work on pre-conceptual DEMO design (e.g. system codes and predictive modelling) and remote experimental facilities.

2015 Accounts

The 2015 financial statements of F4E and its reports on budget implementation for 2015 have been prepared in conformity with :

- The Council Decision establishing F4E,
- The Financial Regulation applicable to the general budget of the EU,
- The F4E Financial Regulation and its implementing rules
- The « Inventory directive » (EC n° 643/2005),
- The European Commission's consolidation manual for the 2015 closure.

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

Article 152 of the general Financial Regulation states that the Accounting Officer of the EC adopts the accounting rules and the harmonised chart of accounts to be applied by all institutions and EU bodies. They are accrual based accounting policies derived from International Public Sector Accounting Standard (IPSAS) or by default, International Financial Reporting Standards (IFRS).

FINANCIAL STATEMENTS 2015

I. Balance sheet 2015 – Assets

Consolidation account	ASSETS	Note n°	31.12.2015 (1)	31.12.2014 (2)	Variation (3)=(1)-(2)	
210000	A. NON-CURRENT ASSETS		2.1.			
	Intangible assets		2.1.1.	455 044.00	528 294.00	-73 250.00
	Tangible fixed assets		2.1.2.	37 687 955.00	49 094 286.00	-11 406 331.00
	220000	Land and buildings		34 166 793.00	35 787 352.00	-1 620 559.00
	230000	Plant and equipment		2 464 813.00	2 575 527.00	-110 714.00
	240000	Furniture and vehicles		240 511.00	281 184.00	-40 673.00
	241000	Computer hardware		715 886.00	10 365 383.00	-9 649 497.00
	242000	Other fixtures and fittings		99 952.00	84 840.00	15 112.00
	244000	Tangible assets under construction		0.00	0.00	0.00
TOTAL NON-CURRENT ASSETS			38 142 999.00	49 622 580.00	-11 479 581.00	
310000	B. CURRENT ASSETS					
	Inventories		2.2.	61 279 520.17	45 853 703.74	15 425 816.43
	Current pre-financing		2.3.	200 605 312.14	231 934 752.01	-31 329 439.87
	406141	Current pre-financing (gross amount)		251 727 394.31	269 722 993.71	-17 995 599.40
	406142	Current pre-financing (cut off)		-51 122 082.17	-37 788 241.70	-13 333 840.47
	Current receivables		2.4.	126 438 924.69	99 000 261.45	27 438 663.24
	401200	Current receivables - Member States	2.4.1.	4 540 900.99	24 116 685.54	-19 575 784.55
	410000	Sundry receivables	2.4.2.	359 953.89	117 629.75	242 324.14
	490002	Deferrals/Accruals with consolidated EU entities	2.4.3.	121 521 513.00	74 723 186.00	46 798 327.00
	490013	Accrued income		16 556.81	42 760.16	-26 203.35
	500000	Cash and cash equivalents	2.5.	3 207 779.96	41 761 669.32	-38 553 889.36
TOTAL CURRENT ASSETS			391 531 536.96	418 550 386.52	-27 018 849.56	
TOTAL			429 674 535.96	468 172 966.52	-38 498 430.56	

Balance sheet 2015 – Liabilities

Consolidation account	LIABILITIES	Note n°	31.12.2015 (1)	31.12.2014 (2)	Variation (3)=(1)-(2)
	A. NET ASSETS/LIABILITIES	2.6.	159 427 462.69	292 925 142.89	-133 497 680.20
100000	Reserves		0.00	0.00	0.00
140000	Accumulated surplus/deficit		292 925 142.89	362 279 520.77	-69 354 377.88
141000	Economic result of the year - Profit (+)/Loss (-)		-133 497 680.20	-69 354 377.88	-64 143 302.32
	B. NON-CURRENT LIABILITIES		85 486 404.44	85 670 517.23	-184 112.79
163000	Non-current provisions	2.7.	85 486 404.44	85 670 517.23	-184 112.79
170000	Other non current financial liabilities		0.00	0.00	0.00
	TOTAL A+B		244 913 867.13	378 595 660.12	-133 681 792.99
	C. CURRENT LIABILITIES				
483000	Current provisions		0.00	0.00	0.00
440000	Accounts payable	2.8.	102 741 759.34	63 242 335.99	39 499 423.35
441000	Current payables vendors	2.8.1.	8 549 478.43	1 718 210.93	6 831 267.50
443000	Sundry payables		35 317.79	103 525.14	-68 207.35
440019	Pre-financing received from consolidated EU entities	2.8.2.	1 938 267.74	29 153 891.88	-27 215 624.14
441009	Current payables with consolidated EU entities	2.8.3.	92 218 695.38	32 266 708.04	59 951 987.34
491000	Accrued charges and deferred income	2.9.	82 018 909.49	26 334 970.41	55 683 939.08
491010	Accrued charges		80 902 678.04	25 838 123.09	55 064 554.95
491090	Deferrals/accruals with consolidated EU entities		1 116 231.45	496 847.32	619 384.13
	TOTAL C. CURRENT LIABILITIES		184 760 668.83	89 577 306.40	95 183 362.43
	TOTAL		429 674 535.96	468 172 966.52	-38 498 430.56

II. Statement of financial performance 2015

Consolidation account		Note n°	2015 (1)	2014 (2)	Variation (3)=(1)-(2)
	A. NON-EXCHANGE REVENUES		489 907 304.08	522 095 094.05	-32 187 789.97
745919	Revenue from Euratom		408 415 000.08	394 693 185.05	13 721 815.03
745911	Other non exchange revenue (Member States)		81 492 304.00	127 401 909.00	-45 909 605.00
	B. EXCHANGE REVENUES		207 861.12	909 821.53	-701 960.41
744100	Fixed assets related income		3 721.83	634 846.00	-631 124.17
74*/75*	Other revenues		204 139.29	274 975.53	-70 836.24
TOTAL REVENUE			490 115 165.20	523 004 915.58	-32 889 750.38
	A. OPERATIONAL EXPENSES	3.2.	566 673 174.19	536 544 297.79	30 128 876.40
600140	Expenses with third parties		485 021 784.10	455 836 365.71	29 185 418.39
600149	Expenses with consolidated EU entities		81 651 390.09	80 707 932.08	943 458.01
	B. OTHER EXPENSES	3.3.	56 939 671.21	55 814 995.67	1 124 675.54
620100	Staff costs		34 467 862.25	33 088 421.40	1 379 440.85
630199	Property, plant and equipment related expenses		12 471 532.25	13 117 148.82	-645 616.57
64*/65*	Other expenses		10 000 276.71	9 609 425.45	390 851.26
TOTAL EXPENSES			623 612 845.40	592 359 293.46	31 253 551.94
SURPLUS (+) / DEFICIT (-) OF THE YEAR			-133 497 680.20	-69 354 377.88	-64 143 302.32

III. Cash flow statement 2015 (indirect method)

		2015	2014
Cash Flows from ordinary activities			
Surplus/(deficit) from ordinary activities		-133 497 680.20	-69 354 377.88
Operating activities	Amortization (intangible fixed assets) +	294 428.01	403 642.42
<u>Adjustments</u>	Depreciation (tangible fixed assets) +	12 166 506.32	12 543 337.49
	Increase/(decrease) in Provisions for risks and liabilities	-184 112.79	85 497 847.72
	Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
	(Increase)/decrease in Stock	-15 425 816.43	-3 452 541.88
	(Increase)/decrease in Long term Pre-financing	0.00	0.00
	(Increase)/decrease in Short term Pre-financing	31 329 439.87	28 300 789.53
	(Increase)/decrease in Long term Receivables	0.00	0.00
	(Increase)/decrease in Short term Receivables	-27 438 663.24	14 522 297.41
	(Increase)/decrease in Receivables related to consolidated EU entities	0.00	0.00
	Increase/(decrease) in Other Long term liabilities	0.00	0.00
	Increase/(decrease) in Accounts payable	62 446 999.23	-30 925 295.67
	Increase/(decrease) in Liabilities related to consolidated EU entities	32 736 363.20	-16 534 711.52
Net cash Flow from operating activities		-37 572 536.03	21 000 987.62
Cash Flows from investing activities			
	Increase of tangible and intangible fixed assets (-)	-981 353.33	-1 317 246.91
	Proceeds from tangible and intangible fixed assets (+)	0.00	0.00
Net cash flow from investing activities		-981 353.33	-1 317 246.91
Net increase/(decrease) in cash and cash equivalents		-38 553 889.36	19 683 740.71
Cash and cash equivalents at the beginning of the period		41 761 669.32	22 077 928.61
Cash and cash equivalents at the end of the period		3 207 779.96	41 761 669.32

IV. Statement of Changes in Net assets - 2015

Net assets	Accumulated Surplus (+)/Deficit (-)	Economic result of the year	Net assets (total)
Balance as of 31 December 2014	362 279 520.77	-69 354 377.88	292 925 142.89
Balance as of 1 January 2015	362 279 520.77	-69 354 377.88	292 925 142.89
Fair value movements	0.00	0.00	0.00
Allocation of the Economic Result of Previous Year	-69 354 377.88	69 354 377.88	0.00
Economic result of the year		-133 497 680.20	-133 497 680.20
Balance as of 31 December 2015	292 925 142.89	-133 497 680.20	159 427 462.69
Account	140000	141000	

V. Notes to the Financial statements

1. Accounting principles

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

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

Article 95 of F4E Financial Regulation sets out the accounting principles to be applied in drawing up the financial statements.

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

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

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

Regarding the EU contribution to ITER IO (consisting mainly in buildings, magnets, vessels and other engineering components), the Procurement Arrangements (PA) 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
<u>Intangible fixed assets</u>	
Software for personal computers and servers	25%
<u>Tangible fixed assets</u>	
<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%
<u>Tangible fixed assets under construction</u>	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 31/12/2015, all projects identified were below the threshold of EUR 500 000.00 used by F4E for the capitalisation of internally generated intangible asset.

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

The main tangible assets are :

- **Assets – PF Coils Building : EUR 34 166 793.00**

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

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

- **Assets – Portal Machine : EUR 1 999 635.00**

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

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

The machine is used to manufacture 70 radial plates.

- **Assets : summary table**

The total depreciation in 2015 amounts to **EUR 12 466 275.25**, resulting in a net book value of **EUR 38 142 999.00** as of 31.12.2015.

It is to be noted that the Helios Supercomputer has been fully depreciated (EUR 9 443 729.00 depreciated in 2015).

The variation of the fixed assets in 2015 is described in the following table:

Assets

2015		Intangible fixed assets			Tangible fixed assets						
		Intangible fixed assets internally generated	Computer Software	Total Intangible fixed assets	Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Tangible Fixed Assets under Construction	Total Tangible fixed assets
Gross carrying amounts 01.01.2015	+	0.00	1 743 344.25	1 743 344.25	40 513 982.44	3 954 236.00	44 117 502.97	756 863.63	771 976.71	0.00	90 114 561.75
Additions	+		224 899.84	224 899.84		424 000.00	214 568.37	32 260.01	49 323.03		720 151.41
Disposals	-		-3 721.83	-3 721.83			-5 880.59		-995.50		-6 876.09
Transfer between headings	+/-			0.00							0.00
Other changes : post capitalized assets	+/-			0.00			46 900.00				46 900.00
Gross carrying amounts 31.12.2015		0.00	1 964 522.26	1 964 522.26	40 513 982.44	4 378 236.00	44 373 090.75	789 123.64	820 304.24	0.00	90 874 737.07
Accumulated amortization and impairment 01.01.2015	-		-1 215 050.25	-1 215 050.25	-4 726 630.44	-1 378 709.00	-33 752 119.97	-475 679.63	-687 136.71	0.00	-41 020 275.75
Depreciation	-		-296 288.84	-296 288.84	-1 620 559.00	-534 714.00	-9 908 523.37	-72 933.01	-33 257.03		-12 169 986.41
Write-back of depreciation	+			0.00							0.00
Disposals	+		1 860.83	1 860.83			4 415.59		41.50		4 457.09
Impairment	-			0.00							0.00
Write-back of impairment	+			0.00							0.00
Transfer between headings	+/-			0.00							0.00
Other changes : depreciation on post capitalized assets	+/-			0.00			-977.00				-977.00
Accumulated amortization and impairment 31.12.2015		0.00	-1 509 478.26	-1 509 478.26	-6 347 189.44	-1 913 423.00	-43 657 204.75	-548 612.64	-720 352.24	0.00	-53 186 782.07
Net carrying amounts 31.12.2015		0.00	455 044.00	455 044.00	34 166 793.00	2 464 813.00	715 886.00	240 511.00	99 952.00	0.00	37 687 955.00
Accounts				210000	221000	230000	241000	240000	242000	244000	200000

2.2. Inventories

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

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

The stocks owned by F4E are as follows :

Contract reference	<i>Quantity as of 01/01/2015</i>	<i>Value as of 01/01/2015</i>	Quantity as of 31/12/2015 (1)	Unit price (2)	Value as of 31/12/2015 (3)=(1)x(2)
OPE-355 Radial Plates for the ITER Toroidal Field Coils	7.00 pcs	7 691 122.04	38.00 pcs	1 080 383.05	41 054 555.90
OPE-005-02 Supply of chromium plated NB3SN strand	36.80 t	24 235 316.75	13.19 t	658 568.39	8 685 858.50
OPE-005-01 Supply of chromium plated NB3SN strand	15.30 t	10 363 583.21	11.81 t	677 358.38	7 996 893.03
OPE-01-01 Supply of chromium plated copper strand	29.00 t	1 661 333.15	11.83 t	57 287.35	677 709.35
OPE-091_Herakles (Sneema) SEPCARB NB41	140.00 kg	1 050 000.00	137.52 kg	7 600.00	1 045 152.00
OPE-138 Divertor Inner Vertical Target monoblocks	2 905 pcs	721 000.00	2 605 pcs	427.59	1 113 878.00
OPE-138 Divertor Inner Vertical Target : other material	0.00 pc	0.00	- pcs	-	665 565.00
OPE-594 - Fabrication of CuCrZr Plates for the ITER FW FSP	0.00 pc	0.00	2.00 pcs	9 227.35	18 454.70
OPE-635 Tungsten monoblocks	0.00 pc	0.00	100.00 pcs	113.00	11 300.00
EUROFER-97 plates (16/32/35 mm)	0.93 t	30 860.60	0.31 t	33 182.00	10 153.69
OPE-016-01-01 Side radial plate prototype	1.00 pc	64 788.30	0.00 pc	0.00	0.00
OPE-016-03-01 Regular radial plate prototype	1.00 pc	35 699.68	0.00 pc	0.00	0.00
Total		45 853 703.74			61 279 520.17

2.3. Current pre-financing

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

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

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

Account	Pre-financing without interest for F4E <1 yr	31.12.2015	31.12.2014
405290	Pre-financing (PF) given to third parties (TP)	251 727 394.31	269 722 993.71
405297	Accrued charges on PF TP	-51 122 082.17	-37 788 241.70
405200	Total	200 605 312.14	231 934 752.01

These pre-financings are related mainly to the following operational procurement contracts and to annexes to PAs signed with the Japan Atomic Energy Agency (JAEA – see also note 4.3.1.2.) :

Contract Reference	Contractor	Amount	End of works
OPE-301_TB04_Buildings	AXIMA	65 979 662.09	2019
OPE-414_Cold test of 10 winding packs and insertion process of TF Coils	SIMIC	33 994 224.17	2019
OPE-068-01_Supply VV Sectors	ANSALDO NUCLEARE	33 718 394.80	2022
OPE-053_Toroidal field coils winding packs	IBERDROLA	14 573 579.04	2018
OPE-286_TB03_Buildings	VINCI CONSTRUCTION	10 911 809.94	2020
OPE-285_TB02_Tokamak cargo lift and crane	NKM NOELL CRANES	6 337 992.88	2020
OPE-654_Supply of impregnation systems and toolings	ELYTT ENERGY	5 915 986.41	2020
Cash contributions to Japan	JAEA	5 022 255.09	2017
Poloidal field coils cooperation agreement between ASIPP (CHINA) & F4E	EVERFIT CO	4 167 334.56	2019
OPE-428_TB06_Buildings_EPD	FERROVIAL AGROMAN	2 225 177.36	2022
OPE-081-01_Items for spider experiment	THALES	2 194 500.00	2016
OPE-378_TB05_Buildings	FERROVIAL AGROMAN	2 032 131.42	2019
OPE-443-02_Supply of 1 full scale prototype of NHF 1st wall	AREVA NP	1 330 668.45	2017
OPE-443-03_Supply of 1 full scale prototype of NHF 1st wall	IBERDROLA	1 089 203.73	2017
OPE-304-01-26_Transport	DAHER	1 098 083.61	2018
OPE-018_Magnet conductors	ICAS	1 004 986.00	2017

2.4. Current receivables

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

2.4.1. Current receivables : **EUR 4 540 900.99** referring mainly to the recoverable VAT from France.

2.4.2. Sundry receivables : **EUR 359 953.89** composed mainly of advances to staff (missions and salaries) and amounts due by other EC entities related to the transfer of staff and social contributions.

2.4.3. Deferrals and accruals : **EUR 121 538 069.81** referring mainly to :

- EUR 121 521 513.00 : deferred charges corresponding to the 2016 cash contribution to ITER IO
- EUR 16 556.81 : end of year bank interests to be received in 2016 (Cf. note 2.5.)

2.5. Cash and cash equivalents

Account	Description	31.12.2015	31.12.2014
505000	<i>Unrestricted cash:</i>		
505300	Current accounts (bank accounts)	19 668.03	6 632 152.00
505600	Transfers (Cash in transit)	0.00	- 140.01
505500	Imprest accounts/Cash in hand	25 000.00	25 000.00
505700	Short-term deposits ("Euratom account")	3 162 895.86	1 059 674.00
505700	Short-term deposits ("ITER Host State account")	216.07	34 044 983.33
500000	Total	3 207 779.96	41 761 669.32

The cash position at the end of 2015 is composed of two current accounts, two short-term deposits (for the Euratom and ITER-Host state contribution) and two imprest accounts (petty cash).

The bank interests generated by the current and Euratom contribution accounts amount to EUR 137 553.58 (the interests for the last period of 2015, EUR 12 953.65, are due in January 2016).

The bank interests generated by the “ITER-Host state” account amount to EUR 41 819.23 for 2015 (the interests for the last period of 2015, EUR 3 603.16, are due in January 2016).

2.6. Net assets

F4E net assets are decreased by the negative financial performance of the year (EUR – 133 497 680.20) totalling **EUR 159 427 462.69** as of 31 December 2015.

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

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

2.7. Non-current provisions

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

Regarding the arrangements signed between F4E, the JAEA and ITER IO, the transfer of procurement responsibilities from Europe to Japan is implemented through annual cash contributions (Cf. point below 4.3.1.2. ITER Annex to PAs).

In addition to the original agreements, in January 2014, Euratom and the Japanese Ministry of Science and Technology reached an agreement for settling the transfer of procurement responsibilities, following the request by Japan for an additional financial contribution.

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

Therefore, in compliance with the accounting rules, an amount of **EUR 85 486 404.44** has been booked as non-current provision taking into account an annual inflation rate of 2 % and a discount rate of 0.13 % (ECB - 6 years zero coupon rate).

2.8. Accounts payable

2.8.1. Current and sundry payables are **EUR 8 584 796.22** and are composed of suppliers' invoices received but not paid at year end and reimbursements to staff.

2.8.2. Pre-financing received from consolidated EU entities totalled **EUR 1 938 267.74**

- EUR 1 073 267.74 corresponding to the balance of the budget outturn account 2015, to be reimbursed to the EC in 2016 (Cf. point VI.6. Budget outturn account).
- EUR 865 000.00 corresponding to 2 long term pre-financings received from ITER IO.

2.8.3. Current payables with consolidated EU entities totalling **EUR 92 218 695.38** include mainly the balance on the invoice for the 2016 cash contribution to be paid to ITER IO (EUR 92 196 333.33).

2.9. Accrued charges and deferred income

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

The amount of **EUR 82 018 909.49** which represents mainly invoices to be received in 2016 for services rendered in 2015, includes ;

- EUR 76 569 882.73 for services rendered in 2015 on operational activities and not invoiced at 31/12/2015.
- EUR 4 122 941.47 for services rendered in 2015 on administrative expenditures and not invoiced at 31/12/2015.
- EUR 883 081.52 for F4E staff's untaken leave as at the end of December 2015. In conformity with EC Accounting Rule n° 12, an entity shall recognize the cost of holidays carried over to the following years during the year the services were rendered by the staff members.

2.10. Post balance sheet events

No significant post balance sheet event occurred between 31st December 2015 and the final closing of the accounting year.

3. Notes to the statement of financial performance

3.1. Revenue

The operating revenues, **EUR 489 907 304.08** (EUR 522 095 094.05 in 2014), include mainly :

- The Euratom contribution : EUR 408 415 000.08 accrued revenue on the 2015 Euratom contribution
- The 2015 ITER Host state contribution : EUR 77 000 000.00
- The 2015 Membership contributions : EUR 4 390 000.00.

The revenues from administrative operations amount to EUR 3 721.83, related to fixed assets.

The other revenues amount to **EUR 204 139.29** and are related to bank interests (EUR 179 372.81 - Cf. note 2.5.) and to exchange rate gains (EUR 24 766.48).

3.2. Operational expenses - **EUR 566 673 174.19** (EUR 536 544 297.79 in 2014)

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

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

The operational expenses include mainly the following items :

Contract Reference	Contractor	2015 Expenses	% cumulative expenses as of 31/12/2015
2015 Cash contribution for ITER IO	ITER IO	80 174 287.00	100.00%
OPE-286_TB03_Building	VINCI CONSTRUCTION	72 969 901.96	30.06%
OPE-058_Civil engineering	ENGAGE	46 983 603.21	69.63%
Cash contribution to Japan_PA 1.1.P6B.JA.01	JAEA	44 127 343.08	73.67%
Cash contribution to Japan_PA 1.1.P2B.JA.01	JAEA	23 555 709.48	45.55%
Cash contribution to Japan_PA 5.3.P6.JA.01.	JAEA	16 015 920.36	74.70%
OPE-301_TB04_Buildings	AXIMA SA	34 426 247.20	14.78%
OPE-355_Radial plates	SIMIC SPA	27 409 588.39	64.82%
OPE-068-01__Supply VV Sectors	ANSALDO NUCLEARE	24 710 581.12	19.35%
OPE-018_Magnet conductors	ICAS	18 668 845.55	68.37%
OPE-053_Toroidal field coils winding packs	IBERDROLA	18 035 144.35	51.64%
OPE-414_Cold test of 10 Winding packs and insertion process of 10 TF coils	SIMIC SPA	17 056 881.05	13.80%
OPE-344_Engineering integration services for the supply of the PF Coils	ASG SUPERCONDUCTORS	8 580 660.26	46.74%
OPE-654_Supply of impregnation systems and additional toolings	ELYTT ENERGY	5 703 010.89	19.28%
OPE-374_TB08_Site infrastructure works	ENGAGE,COMSA	5 547 839.95	21.85%
OPE-285_TB02_Tokamak cargo lift and crane	NKM NOELL	5 000 031.34	16.69%
OPE-090_Civil engineering & construction consultancy	ALTRAN TECHNOLOGIES	4 461 989.76	59.00%
NBTF AGREEMENT_F4E-RFX-PMS_A-WP2015	CONSORZIO RFX	4 240 200.00	100.00%
OPE-428_TB06_EPD_Buildings	FERROVIAL AGROMAN	3 577 603.55	8.65%
OPE-251_Site adaptation works	COMSA	3 484 759.29	100.00%
OPE-351-01_Coolong plant for the Mitica and Spider experiment	DELTA TI IMPIANTI	1 817 242.33	28.37%
OPE-443-01_Supply of 1 full scale prototype of normal heat flux 1st wall panel	ATMOSTAT	1 813 921.20	46.29%
OPE-443-02_Supply of 1 full scale prototype of NHF 1st wall panel	AREVA NP	1 774 224.60	18.96%
GRT-615_End of design of the EC upper Launcher	KIT	1 772 622.00	46.17%
OPE-429_TB07_Design and constructions	FERROVIAL AGROMAN	1 531 972.59	23.60%
OFC-433-01_Set up, planning and design studies for one equatorial and one upper port	IDOM	1 530 751.39	67.37%
OPE-025-01_Health and safety protection/Legal inspection services	CETEN APAVE	1 474 064.27	53.03%
OPE-083_High voltage decks and bushings	SIEMENS	1 404 900.00	18.00%
GRT-161-01_ITER EC H&CD upper launcher final design part I	KIT	1 370 695.00	68.53%
OPE-447_Industrial 1MW CW gyrotron prototype	THALES	1 133 114.47	80.89%
OPE-304-01-22_Drain tanks transportation shipments 1&2	DAHER	1 080 520.00	100.00%

The expenses related to experts with contracts amount to EUR 950 713.64 (EUR 724 990.87 in 2014).

3.3. Other expenses - EUR 56 939 671.21 (EUR 55 814 995.67 in 2014)

- Staff expenses : **EUR 34 467 862.25** (EUR 33 088 421.40 in 2014)

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

- Property, plant and equipment related expenses : **EUR 12 471 532.25**
(EUR 13 117 148.82 in 2014) refers to the yearly depreciation of fixed assets.
- Other administrative expenses : the amount of **EUR 10 000 276.71**
(EUR 9 609 425.45 in 2014) includes mainly the following items :

	2015	2014	Variation
IT costs – operational/support	2 261 230.77	1 675 516.51	585 714.26
IT costs - development	560 354.95	715 237.82	-154 882.87
Missions	2 557 369.68	1 826 800.39	730 569.29
Maintenance & security for the building	1 183 889.58	1 278 770.52	-94 880.94
Training	655 056.37	589 430.14	65 626.23
Communications & publications	582 025.75	486 557.72	95 468.03
Interim staff	568 825.37	796 324.39	-227 499.02
Experts and related expenditure	377 462.90	300 132.37	77 330.53
Office supplies & maintenance	329 608.90	302 944.06	26 664.84
Recruitment	90 773.05	47 679.45	43 093.60
Legal expenses	61 911.90	37 553.71	24 358.19
Total	9 228 509.22	8 056 947.08	1 171 562.14

4. Off balance sheet items and notes

4.1. Contingent liabilities

Litigation in front of the General Court of the European Union (GC) :

On 3 December 2015, an applicant to an operational tender lodged with the GC an application (Court Case T-668/15) requesting:

- annulment of the decision taken by F4E to reject the bid of the applicant;
- payment of the costs according to the rules of the procedures of the GC.

F4E is preparing its Statement of Defence to be submitted to the GC by end February 2016.

If the tenderer would be successful in this pleading it is to be expected that he will lodge a separate claim for damages.

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	31.12.2015	31.12.2014
901120	Guarantees for pre-financing (nominal-on going)	199 692 872.87	215 531 451.35
901180	Performance guarantees	158 867 776.54	153 008 004.06
901100	TOTAL - Guarantees received	358 560 649.41	370 771 823.79

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	31.12.2015	31.12.2014
902500	Commitments against appropriations not yet consumed*	1 916 435 706.89	1 835 283 524.11
903200	Operating lease	0.00	0.00
903300	Contractual commitment/obligations to deliver (open PAs/ITA's)**	3 944 476 093.65	3 772 406 507.53
903100	Other	0.00	0.00

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

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

ITER is being constructed at Cadarache in the South of France. In particular, Europe supports 45.46% of the construction cost and 34% of the cost of operation, deactivation and decommissioning of the facility as well as preparing the site.

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

The contractual commitments for which budgetary commitments have not yet been placed refers to the PAs 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 2015 exchange rate euro/IUA amounts to 1 690.12.

In addition to the in-kind procurements F4E has also an obligation to finance the transportation of the non-EU components from the entry site in France (i.e. either Fos-sur-Mer or the Marignane airport) to Cadarache. This commitment is part of the ITER site agreement and not compensated by any ITER credit.

As far as the Test Blanket System (TBS) is concerned, in 2014 F4E has signed two TBM Arrangements for the delivery of two TBSs to the ITER site. This programme is fully funded by the EU and is not compensated by any ITER credit.

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)
Building	469.86	470.00	59.40	410.60
Magnet	185.82	185.82	42.26	143.56
Vaccum vessel	96.71	92.19	0.20	91.99
Neutral beam Heating and Current Drive	85.07	57.18	7.60	49.58
Electrical power supply and Distribution System	47.13	47.13	4.90	42.23
Blanket system	40.33	0.00	0.00	0.00
Remote Handling Equipment	39.73	39.73	0.00	39.73
Divertor	32.88	30.50	0.66	29.84
Electron Cyclotron Heating & Current Drive	32.27	13.03	2.33	10.70
Cryoplant & Distribution	26.40	26.40	8.10	18.30
Diagnostics	22.97	1.13	0.00	1.13
Vacuum Pumping & Fuelling	14.16	0.20	0.00	0.20
Waste	9.23	0.00	0.00	0.00
Tritium Plant	7.04	2.55	1.70	0.85
Radiological Protection	4.20	0.60	0.00	0.60
Ion Cyclotron Heating & Current Drive	3.96	0.00	0.00	0.00
Total in Kind	1 117.76	966.46	127.15	839.31

*Each system may group one or more Procurement Arrangements

The amount of 1 117.76 kIUA (EU Current Share) in the above table corresponds to the EU share of the ITER Project, provided by in-kind contributions according to the ITER Agreement and Common Understanding on Procurement Allocation plus any Amendment and PA Value Refinement agreed by ITER Council afterwards. 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. For each PA key milestone an ITER credit is associated. The progress in the execution of the work and in discharging the EU from its obligation toward the ITER Agreement is recognized by means of credit earned by F4E depending on the achievement of project milestones laid down in each PA (see PA credited column in the table above).

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

The amount of 966.46 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.

As far as the achieved ITER credit is concerned (127.15 kIUA earned/credited as of 31/12/2015 – representing 13 % of the PAs signed), F4E is currently agreeing with ITER IO on a modified credit distributions along the life of the PAs in a way that reflects more accurately the progress achieved by each DA. Once the change request process is finalised, it is expected an increase in the value of the achieved credit more in line with the real progress in the procurement of the in-kind contribution (achievement estimated to 17 % of the ITER credit value – see also the graph “CAS Milestones Achievement” on the following page).

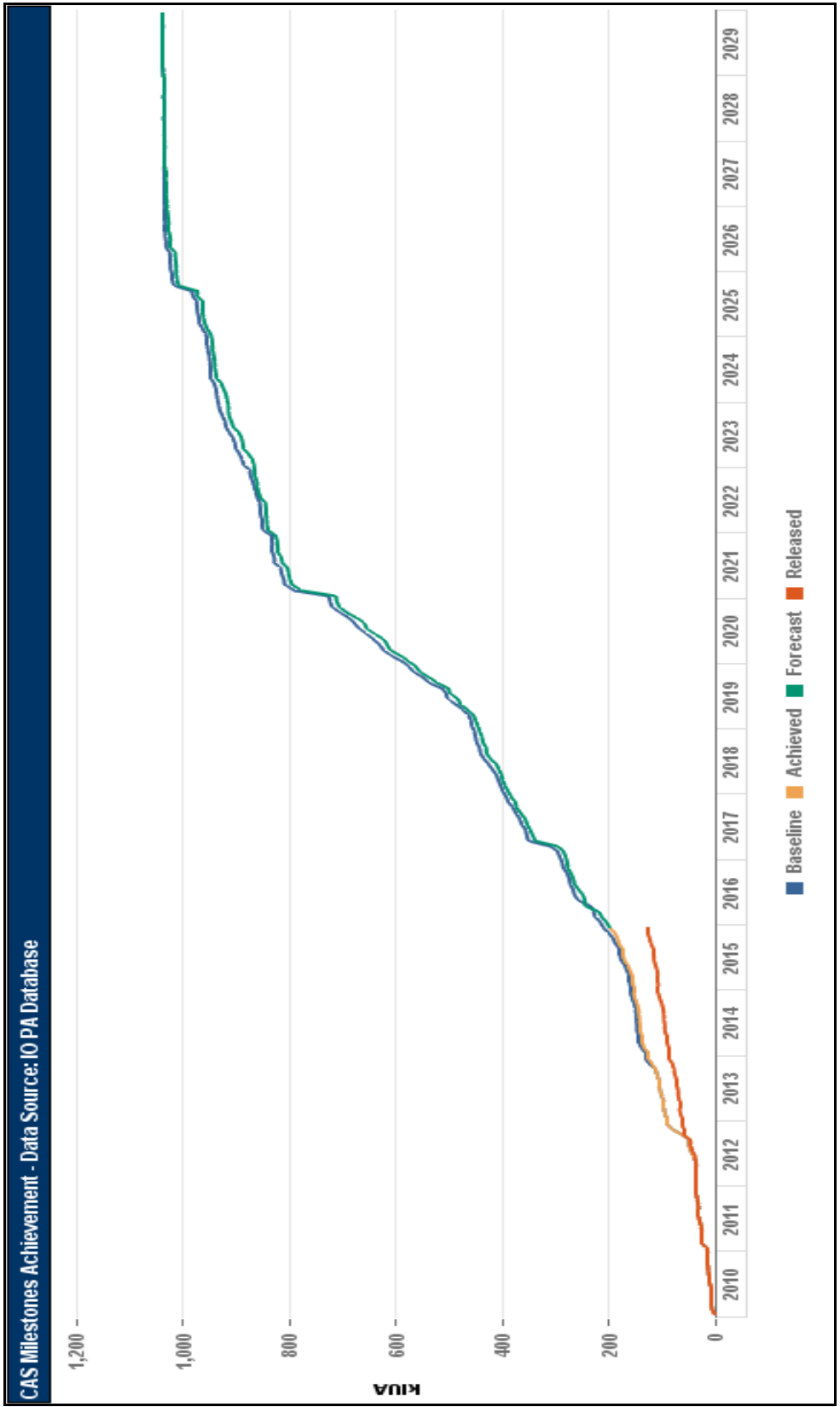
Based on the ITER project baseline⁴, which fixes the European contribution to the construction phase of ITER to EUR 6.60 billion (in 2008 value) of which EUR 4.07 billion (EUR 4.67 billion in current value) as in-kind contributions, it is estimated that :

- the remaining obligations on PAs signed at 31 December 2015 is estimated to EUR 3.51 billion (applying a pro rata kIUA 839.31/1 117.76 on the EUR 4.67 billion);
- the work in progress is around 26 % taking into account that the total expenses on contracts linked to PAs is estimated to EUR 1.22 billion at 31/12/2015.

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 2015.

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



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

4.3.1.2. ITER Annex to Procurement Arrangements (JAEA)

Transfers of Procurement to Japan	Value of Cash Contribution (1)	(kIUA)		(EUR)
		Cumulative Payments (2)	Indicative balance (3)=(1)-(2) x 1 690.12 x 1 000	
Magnet	168.60	115.48	89 783 568.71	
Tritium Plant	15.10 (not signed)	0.00	0.00	
Neutral Beam H&CD	44.99 (20.30 not yet signed)	19.27	9 174 140.37	
Total to Japan	228.69	134.75	98 957 709.08	

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

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

4.3.1.3. ITER Task Agreement

Number ITAs open as of 31/12/2015	Amount	Currency	2015 Exchange rate to Euro	Amount (EUR)
14	14 982.64	IUA	1 690.12	25 322 459.52
7	5 431 002.09	EUR		5 431 002.09
3	Voluntary	n/a		
24				30 753 461.61

A total of 2 ITAs were signed during 2015 for a total value of EUR 343 000.00 (considering 2015 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	EU Share	PA signed	PA credit awarded	(kBAUA)			
				Of which F4E Contribution	PA signed (1)	PA credit awarded (2)	Balance (3)=(1)-(2)
JT-60SA	236.41	225.94	93.61	42.63	32.16	3.39	28.77
IFMIF/EVE DA	147.34	130.38	66.09	20.78	18.66	15.05	3.61
IFERC	116.25	114.34	95.83	3.23	2.52	0.38	2.14
BA Total	500.00	470.66	255.53	66.64	53.34	18.82	34.52

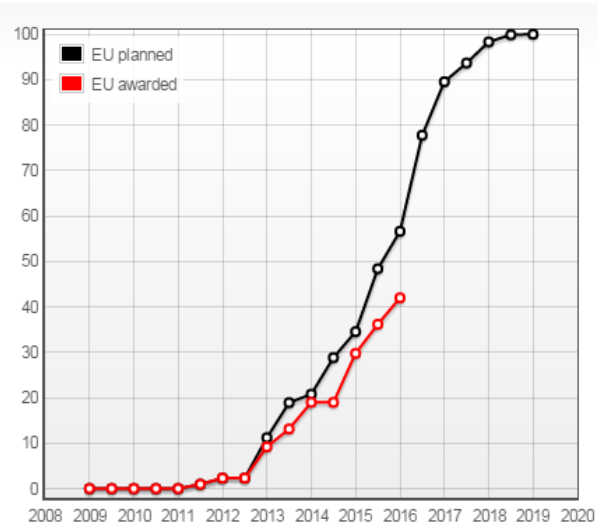
The Broader Approach Agreement between Euratom and the Government of Japan envisages two Implementing Agencies (IAs), F4E and JAEA, who are responsible for providing the Parties individual contributions. F4E's contribution is mostly provided by Voluntary Contributors (VCs) agreed at the time of the ITER 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.

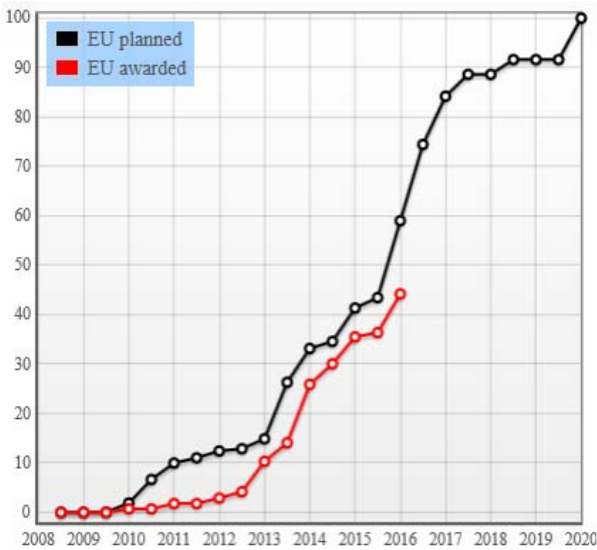
The contribution of each Party to the BA Activities is evaluated by a system of credits similar to the approach followed in the ITER project. The complete scope of work covered by the BA Agreement is assessed with a value of 1 000 000.00 BA Units of Account (BAUA), 500 000.00 of which are provided by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

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

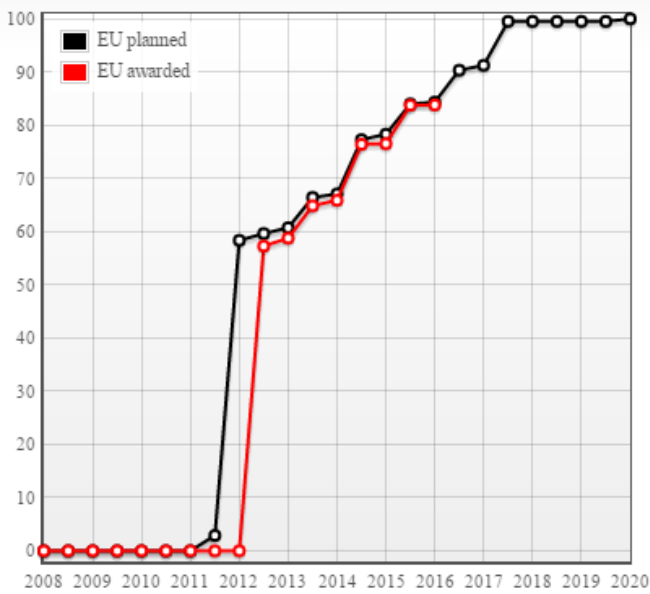
The graphs below show the % of total EU credits by semester up to the end of 2015 by project.



JT-60SA



IFMIF



IFERC

4.3.2. Reserve fund

The Reserve Fund has been set up in 2015 in order to compensate DAs for cost increases incurred due to changes which are driven by the ITER IO and have cost impacts. The terms of reference for the Fund were approved and decisions allocating the Fund have been taken by the Executive Project Board in 2015 : 6 Project Change Requests (PCRs) have been accepted for implementation for a total value of EUR 54 278 150.36.

The corresponding debit note will be issue to ITER IO (and the booking as F4E revenue) at the time of the implementation of the activity.

4.3.3. Services in-kind

Under the Host agreement with Spain, the office building used by F4E is free of charge. For the year 2015, this service in-kind amounts to EUR 3 010 397.35.

5. Financial instruments

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

The carrying amounts of financial instruments are as follows:

Financial assets	2015	2014
Current receivables	4 540 900.99	24 116 685.54
Other receivables	359 953.89	117 629.75
Cash and deposits	3 207 779.96	41 761 669.32
TOTAL	8 108 634.84	65 995 984.61

Financial liabilities	2015	2014
Current payables	8 549 478.43	1 718 210.93
Other payables	35 317.79	103 525.14
Accounts payable with EU entities	92 218 695.38	32 266 708.04
TOTAL	100 803 491.60	34 088 444.11

5.1. Liquidity Risk

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

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

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

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

31 December 2015	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	8 584 796.22	0.00	0.00	8 584 796.22
Payables with consolidated entities	92 218 695.38	0.00	0.00	92 218 695.38
Total liabilities	100 803 491.60	0.00	0.00	100 803 491.60

5.2. Credit Risk

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

Treasury resources are kept with commercial banks. F4E recovers contributions from EURATOM and the ITER Host State in average 3 times per year to ensure appropriate cash management and to maintain a minimum cash balance on its bank account. This is with a view to limit its risk exposure. Requests to the EC are accompanied by cash forecasts. The overall treasury balances fluctuated from approximately EUR 5 million and EUR 140 million taking into account payment time limits for the recovery of contributions and the total of payments executed in 2015.

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

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

Name of the bank	Credit quality/rating	Balance at 31/12/2015
ING Belgium	Upper medium grade	2 663 128.78
BNP Paribas Fortis		499 983.15
BBVA		19 668.03

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

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

Credit quality/rating	Amount of receivables with Member States
Prime and high grade	4 494 115.41
Upper medium grade	0.00
Lower medium grade	9 792.66
Non-investment grade	0.00

5.3. Market Risk

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

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

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

6. Related party disclosure

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

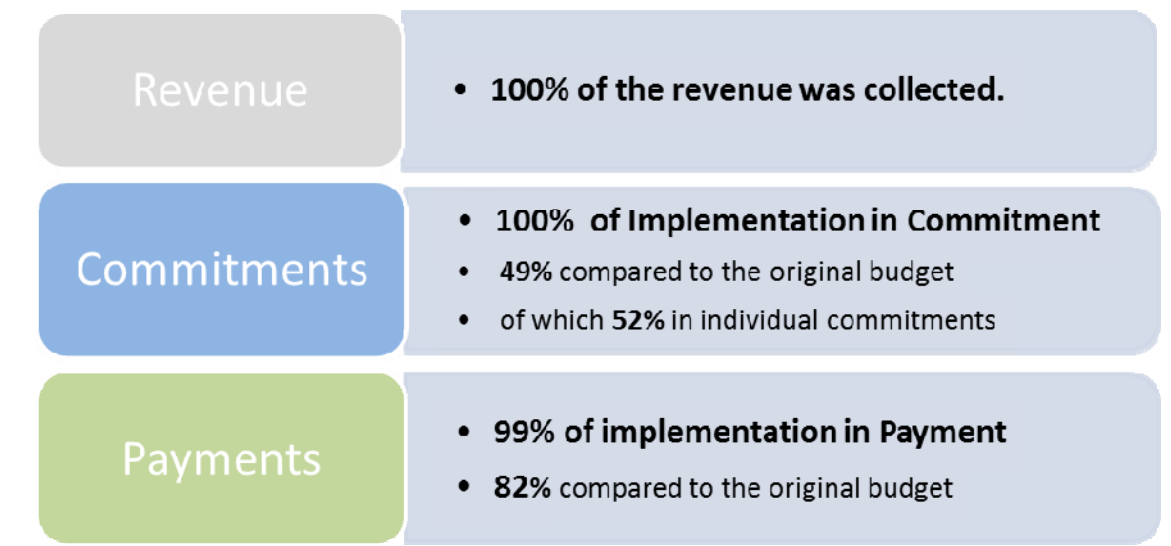
Highest grade description	Grade	Number of persons of this grade
Director	AD14	1

The transactions of F4E with key management personnel during financial year 2015 consist only of the payment of their remuneration, allowances and other entitlements in accordance with the Staff Regulations of the European Communities.

2015 BUDGET IMPLEMENTATION

VI. Budgetary implementation

1. Main Facts on the implementation of the 2015 budget of F4E



2. The principles for the budgetary implementation

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

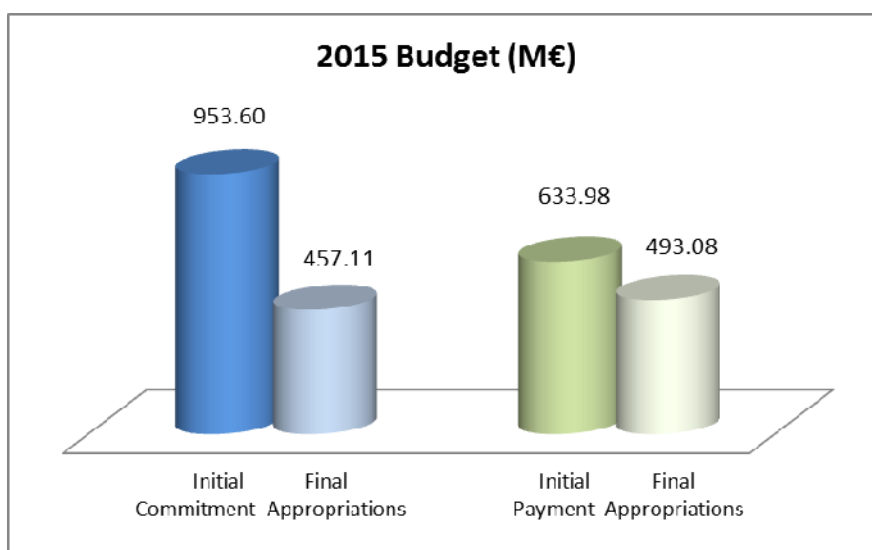
The budget is established and implemented in compliance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.

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

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

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

3. Evolution of the Budget



F4E's 2015 budget⁵ is initially adopted by F4E's GB for the amount of EUR 953.60 million in commitment appropriations and EUR 645.10 million in payment appropriations, even though the Euratom contribution in payment is decreased by EUR 11.11 million in the last steps of the EU budgetary procedure. The definitive original budget in payment appropriations is therefore EUR 633.98 million.

The budget is successively amended in the June GB meeting⁶ and the December GB meeting⁷.

⁵ Decision of the F4E Governing Board F4E(14)-GB30-09.4 adopted on 03/12/2014

⁶ Decision of the F4E Governing Board F4E(15)-GB32-11.3 adopted on 09/06/2015

⁷ Decision of the F4E Governing Board F4E(15)-GB34-12.2 adopted on 02/12/2015

The final available budget for 2015 is EUR 457.11 million in commitment appropriations and EUR 493.08 million in payment appropriations.

4. Statement of Revenue

4.1. Evolution of the Statement of Revenue

4.1.1. Evolution of the Statement of Revenue in Commitment Appropriation

Evolution of the Statement of revenue

Commitment Appropriations (EUR)

Heading of the 2015 Budget	Initial budget 03 December 2014 (1)	Amending budget 09 June 2015 (2)	Amending budget 02 December 2015 (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	838 355 057.00	-500 000 000.00		338 355 057.00		338 355 057.00
I- 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE						0.00
I- 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	43 860 000.00			43 860 000.00		43 860 000.00
I- 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	2 998 461.14			2 998 461.14		2 998 461.14
I- 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 390 000.00			4 390 000.00		4 390 000.00
I- 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	64 000 000.00			64 000 000.00		64 000 000.00
I- 4 10 MISCELLANEOUS REVENUE	p.m.		164 905.74	164 905.74	1 996 490.01	2 161 395.75
I- 5 10 OTHER ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.			p.m.	42 579.42	42 579.42
I- 5 20 OTHER ASSIGNED REVENUE FROM THE IO RESERVE FUND	p.m.			p.m.	1 301 314.76	1 301 314.76
Total Revenue	953 603 518.14	-500 000 000.00	164 905.74	453 768 423.88	3 340 384.19	457 108 808.07

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

- The reduction of EUR 500.00 million of the Euratom contribution with the first amendment, in line with the Amending Budget Nr 1 to the 2015 EU General Budget.

This reduction has been possible thanks to the request of funds within the General Budget for the European Strategic Fund for Investments (ESFI). This amount is to be given back to the ITER Project for the period 2018-2020, as confirmed in the Council Decision⁸ on the Amending Budget mentioned above

Regarding F4E internal programming, a surplus of commitment appropriations had been accumulated from the previous budgets due to the divergence between the

⁸ OJ 2015/C 214/02 26 June 2015

fixed profile from the Multiannual Financial Framework for the European Union and the actual annual needs of the project in its successive annual budgets.

Thanks to the opportunity of the transfer to ESFI, Euratom and F4E proposed a strategy for the implementation of the 2014 and 2015 budget, to move back actions foreseen in 2015 to the 2014 budget and then reduce the 2015 budget without impact on the normal advancement of the project. This strategy has been agreed at the December 2014 meeting of the GB, as described in the 2014 annual accounts of F4E⁹;

- The introduction of additional revenue amounting to EUR 164 905.74 with the second amendment to the budget in December, corresponding to the interests collected since January 2015 on the “current” F4E’s bank account and on the specific bank account receiving the Euratom contribution;
- Without direct financial impact (p.m. in the budget), the statement of revenue is also amended in December to allow the collection of “other assigned revenue” corresponding to the ITER IO Reserve Fund;
- Some additional revenue were automatically introduced and assigned to the corresponding heading of expenditure along the year according to Article 23 of the F4E financial regulation. This additional revenue amounts to EUR 3 340 384.19 and corresponds to:
 - the recovery of undue payment according to a settlement agreement between F4E and COMSA S.A.U in the frame of Building contracts,
 - the revenue from the ITER IO Reserve Fund according to the decision of the ITER IO Executive Project Board of the 09 December 2015 for the acceptance of the Project Change Request n° 711, related to the amendment to the SPIDER contract (Neutral Beam),
 - the interests received on the F4E’s bank account hosting the ITER Host State contribution,
 - the recovery of other smaller undue payments.

⁹ Final Annual Accounts – Seventh financial year – 2014, page 50

4.1.2. Evolution of the Statement of Revenue in Payment Appropriation

Evolution of the Statement of revenue
Payment appropriations (EUR)

Heading of the 2015 Budget	Initial budget 03 December 2014 (1)	Amending budget 09 June 2015 (2)	Amending budget 02 December 2015 (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	464 034 882.00	-11 111 826.00	-110 000 000.00	342 923 056.00		342 923 056.00
I-1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	19 811 838.68			19 811 838.68		19 811 838.68
I-1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	43 860 000.00	-105 088.00		43 754 912.00		43 754 912.00
I-1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	2 998 461.14			2 998 461.14		2 998 461.14
I-2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 390 000.00			4 390 000.00		4 390 000.00
I-3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	110 000 000.00	-33 000 000.00		77 000 000.00		77 000 000.00
I-4 10 MISCELLANEOUS REVENUE	p.m.		164 905.74	164 905.74	1 996 490.01	2 161 395.75
I-5 10 OTHER ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	p.m.			p.m.	42 579.42	42 579.42
I-5 20 OTHER ASSIGNED REVENUE FROM THE IO RESERVE FUND	p.m.			p.m.		0.00
Total Revenue	645 095 181.82	-44 216 914.00	-109 835 094.26	491 043 173.56	2 039 069.43	493 082 242.99

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

- For the Euratom contribution, the decrease by EUR 121 216 914.00 with the two amendments to the budget:
 - EUR 1 111 826.00 and EUR 105 088.00 corresponding to the balance between the Euratom contribution in F4E budget, and the final Euratom budget following the conclusion of the EU budgetary procedure. Those last minute reductions or correction introduced by the European Council came too late to the knowledge of F4E to be included in its proposal for the initial budget.
 - EUR 10 000 000.00 given back to Euratom in the frame of the transfer of funds to EFSI.
 - EUR 110 000 000.00 included in the 2015 Global Transfer by F4E according to the revision of payment forecasts achieved in 2015. This decrease in the budget is in particular due to the drastic decrease of the In-cash contribution to ITER IO for 2015.
- The ITER Host State contribution is decreased by EUR 33 000 000.00 in agreement with the French authorities, to take into consideration the 2014 final implementation of the budget and to balance the Euratom and the French contributions according to their respective share (80% / 20%);

- The origin and amounts of the miscellaneous and additional revenue are identical in commitment and payment appropriations (see description in chapter 4.1.1);
- The statement of revenue is also amended in payment appropriations to allow the collection of “other assigned revenue” corresponding to the ITER IO Reserve Fund, as in commitment appropriations, however without calling funds in 2015.

4.2. Implementation of the Statement of Revenue

4.2.1. Implementation of the Statement of Revenue in Commitment Appropriation

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

4.2.2. Implementation of the Statement of Revenue in Payment Appropriation

Implementation of the Statement of revenue

Payment appropriations (EUR)

Heading of the 2015 Budget	Final Revenue from B2015 (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	342 923 056.00	342 923 056.00	-	342 923 056.00	-
I - 1 11 RECOVERY FROM PREVIOUS YEARS OPERATIONAL EXPENDITURE	19 811 838.68	19 811 838.68	-	19 811 838.68	-
I - 1 20 PARTICIPATION FROM THE EUROPEAN UNION TO ADMINISTRATIVE EXPENDITURE	43 754 912.00	43 754 912.00	-	43 754 912.00	-
I - 1 21 RECOVERY FROM PREVIOUS YEARS ADMINISTRATIVE EXPENDITURE	2 998 461.14	2 998 461.14	-	2 998 461.14	-
I - 2 10 ANNUAL MEMBERSHIP CONTRIBUTIONS	4 390 000.00	4 390 000.00	30 500.00	4 410 707.34	9 792.66
I - 3 10 ASSIGNED REVENUE ACCRUING FROM THE CONTRIBUTION OF ITER HOST STATE	77 000 000.00	77 000 000.00	-	77 000 000.00	-
I - 4 10 MISCELLANEOUS REVENUE	2 161 395.75	2 299 853.10	2 222.66	2 265 922.41	36 153.35
I - 5 10 OTHER ASSIGNED REVENUE TO SPECIFIC ITEM OF EXPENDITURE	42 579.42	42 579.42	-	42 579.42	-
I - 5 20 OTHER ASSIGNED REVENUE FROM THE IO RESERVE FUND			-	0.00	-
Total Revenue	493 082 242.99	493 220 700.34	32 722.66	493 207 476.99	45 946.01

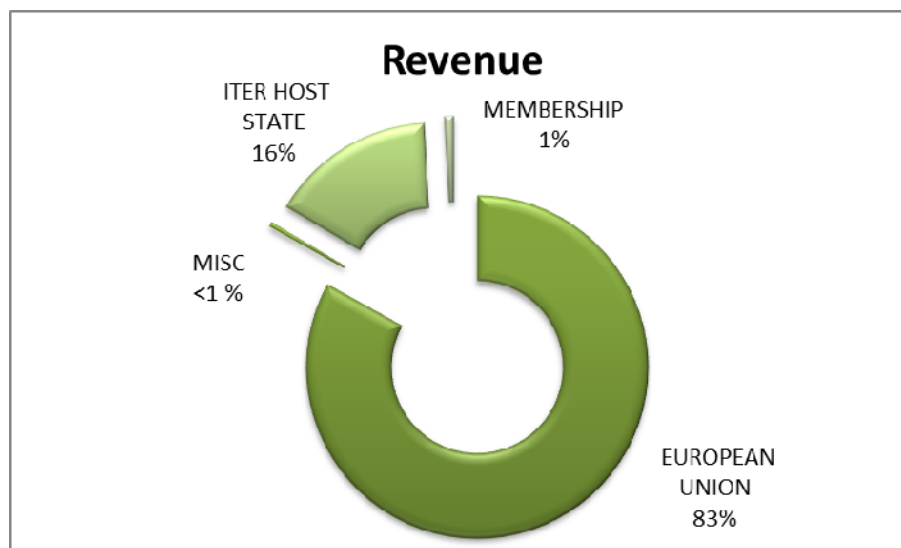
The final statement of revenue is almost entirely cashed with the following two exceptions:

- EUR 9 792.66 corresponding to the balance still due on the 2015 Membership contribution of Spain,
- EUR 36 153.35 almost entirely corresponding to the on-going recovery of the pre-financing after the anticipated termination of a contract.

It should be noted that

- All outstanding revenue from 2014 are cashed in 2015;
- Other miscellaneous revenue is collected without being introduced in the budget. This revenue, detailed in chapter 4.3 below, is cancelled;
- No payment appropriations are called to ITER IO for the Reserve Fund in 2015.

The breakdown of revenue by contributor in 2015 is as follows:



4.3. Non Budgeted Revenue

Some miscellaneous revenue is not budgeted, mainly due to incompatibility between the period of the actual cashing of the revenue and the deadline for the preparation of the amendment to the budget. This revenue covers of the settlement of the Nexans court case, the late payments of the 2014 Membership contribution from Greece and the

interests due to the late payment by Spain of past membership contributions, as well as a reimbursement from the Translation Centre.

It amounts to EUR 135 026.66 and enters in the budget outturn.

5. Statement of Expenditure

5.1. Evolution of the Statement of Expenditure

In line with the F4E budgetary procedure, the statement of expenditure adopted with the original 2015 budget was pre-defined in the 2013 edition of the Resource Estimates Plan and adjusted to the final contributions from Euratom and France.

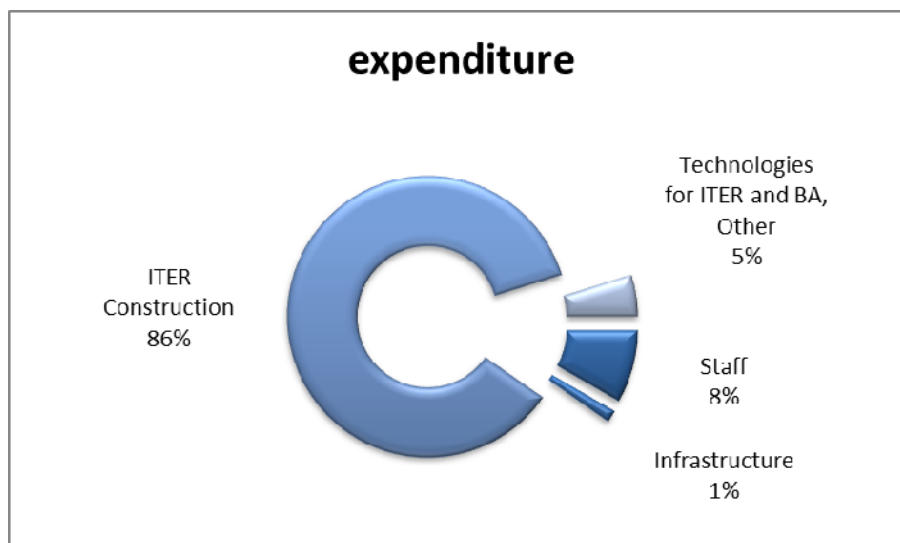
The details of the initial statement of expenditure are also adjusted according to the 2015 Work Programme (WP) in commitment appropriations and to the last forecasts of execution in payment appropriations.

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

These adjustments are implemented with the two amended budgets 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 appropriations accruing from assigned revenue at the end of 2014 were automatically carried over to 2015.

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



5.1.1. Evolution of the Administrative Expenditure

Evolution of the Statement of Administrative Expenditure (EUR)

Commitment and Payment appropriation (Non Dissociated Appropriation)

Heading of the 2015 Budget	Initial budget 03 December 2014 (1)	Amending budget 02 December 2015 (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	25 600 000.00		-625 000.00		24 975 000.00
CH 12 EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	8 200 000.00		-250 000.00		7 950 000.00
CH 13 MISSIONS AND DUTY TRAVEL	1 600 000.00	164 905.74	960 734.04	2 612.18	2 728 251.96
CH 14 MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRAFER	800 000.00		-54 000.00		746 000.00
CH 15 REPRESENTATION	15 000.00		-10 000.00		5 000.00
CH 16 TRAINING	800 000.00		-107 313.80	8 051.26	700 737.46
CH 17 OTHER STAFF MANAGEMENT EXPENDITURE	1 365 000.00		384 874.00		1 749 874.00
CH 18 TRAINEESHIPS	60 000.00		-14 900.00		45 100.00
TITLE 1 - Commitment and Payment	38 440 000.00	164 905.74	284 394.24	10 663.44	38 899 963.42
CH 21 BUILDINGS AND ASSOCIATED COSTS	1 245 000.00		-2 000.00		1 243 000.00
CH 22 INFORMATION AND COMMUNICATION TECHNOLOGIES	2 507 000.00		304 900.00		2 811 900.00
CH 23 MOVABLE PROPERTY AND ASSOCIATED COSTS	460 000.00		-275 000.00		185 000.00
CH 24 EVENTS AND COMMUNICATION	420 000.00		-153 117.03	24 799.88	291 682.85
CH 25 OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 255 000.00		-136 177.21		1 118 822.79
CH 26 POSTAGE AND TELECOMMUNICATIONS	390 000.00		-40 000.00	79.80	350 079.80
CH 27 EXPENDITURE ON FORMAL AND OTHER MEETINGS	383 000.00		17 000.00		400 000.00
TITLE 2 - Commitment and Payment	6 660 000.00	0.00	-284 394.24	24 879.68	6 400 485.44
Total TITLE 1 & 2 - Commitment & Payment	45 100 000.00	164 905.74	0.00	35 543.12	45 300 448.86

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

The first amendment to the 2015 budget has no impact on administrative expenditure, whilst the second amendment increases the administrative budget by the amount of miscellaneous revenue gained from the bank interests.

Transfers are approved by the Director for all modifications in the detailed allocation of the administrative expenditure.

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

- Chapter 13 - Missions and duty travel (+ 71%): In 2014 a sharp demand in visits to suppliers' premises became necessary to improve the monitoring of the manufacturing, as decided by the F4E management in response to the F4E's assessor's recommendation on the topic. Chapter 13 incorporates the expenditure for these unexpected missions carried out in 2014, and for all 2015 missions;
- Chapter 15 - Representation (- 67%): This adjustment has no actual impact on the budget considering the very small amounts involved;
- Chapter 16 - Training (- 12%): The decrease is due the postponement of many training actions until a revised training policy is adopted;
- Chapter 17 - Other staff management expenditure (+ 28%): Almost all expenses increase in 2015 within this chapter, the main increase is related to reimbursement of International school fees. Those fees are directly linked to the number of staff. As more staff is recruited, the number of children attending international schools has increased, leading to higher expenditure for school fees. The increase in the cost of the health insurance also falls within this chapter, with the same rationale;
- Chapter 18 - Trainee-ships (- 25%): The decrease is triggered by the decision to postpone any intake of trainees until a revised policy for traineeships is adopted;
- Chapter 22 - Information and communication technologies (+ 12%): The increase is granted for the purchase of goods and services identified as priority projects for 2015;
- Chapter 23 - Movable properties and associated cost (- 60%): The decrease of costs is mainly due to the transfer of specific activities identified as operational in nature, to the operational budget. Expenditure for technical books and scientific journals directly linked to the project were transferred. Furthermore the need for expenditure on furniture was less than expected;
- Chapter 24 - Event and Communication (- 31%): The decrease is explained by the review and fine-tuning of foreseen costs and the decision to postpone one of the negotiated procedures to 2016;
- Chapter 25 – Outsourcing and other current expenditure (- 11%): The decrease is explained by a lower need of expenditure to cover judicial proceedings and external audits than forecasted.

5.1.2. Evolution of the Operational Expenditure

The statement of operational expenditure, developed in the table next page, is modified with the two amended budgets to reflect the changes in the statement of revenue and to align the operational budget in commitment appropriations with the successive amendments to the 2015 WP in June and December 2015.

In commitment appropriations:

To be noted, the figure for the B035 chapter refers to the available appropriations for the 2015 budget only, whereas the details of the 2015 implementation by funds source provided in annexe 7.3 refers to the appropriations of the year plus the amounts left over on the commitments carried over from the previous years, respectively EUR 74 835 613.21 and EUR 398 442 579.42. This is due to the specific management of assigned revenue in the accounting system.

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

- Chapter 31 – ITER Construction (- 60%): The variation is the direct consequence of the reduction of the EUR 500 million in the statement of revenue. The corresponding cut is also applied to the 2015 WP, whilst part of the necessary activities to be launched in 2015 had already been transferred back to the 2014 WP in December 2014 and globally committed;
- Chapter 32 – Technology for ITER (- 58%): The decrease is mainly linked to activities in WP 2015 that are moved to WP2016 due to the reduction of provisions for Plasma Engineering and change in the planning of Test Blanket Modules. The later due to pending technical issues risen at the Conceptual Design Review, implying new Defined Requirements to be issued by ITER IO;
- Chapter 33 - Technology for Broader Approach and Demo (+19%) The increase is due to the introduction of additional activities for the JT-60SA domain according to the advancement of the project and also to the plan to accelerate the schedule of deliver to Japan of the TF coils for JT-60SA as requested by the BA Steering Committee;

- Chapter 34 – Other Expenditure (- 46%): The amount initially foreseen in the 2015 WP represents a ceiling according to the demands of the services. Each proposal for contract is scrutinised and the budget is adjusted at the end of the year with the actual implementation.

In payment appropriations:

The amendments to the 2015 budget align the statement of expenditure with the statement of revenue, by adjusting the payment appropriations of the chapter 31 for the changes from Euratom, Membership or Miscellaneous contributions, of the chapter 35 for the change made on the French contribution.

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

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

Heading of the 2015 Budget	Initial budget 03 December 2014 (1)	Amending budget 09 June 2015 (2)	Amending budget 02 December 2015 (3)	Transfers adopted by F4E Director (4)	Additional revenue (5)	Final budget (6)= Σ(1 to 5)	Carried over from 2014 (7)	Final budget for implementation (8)=(6)+(7)
CH 31 ITER CONSTRUCTION - INCLUDING SITE PREPARATION	810 618 418.14	-500 702 600.00	5 394 000.00	6 737 676.10	1 960 946.89	324 008 441.13		324 008 441.13
CH 32 TECHNOLOGY FOR ITER	18 409 100.00	-2 055 400.00	-3 510 000.00	-5 186 625.49		7 657 074.51		7 657 074.51
CH 33 TECHNOLOGY FOR BROADER APPROACH AND DEMO	9 976 000.00	2 758 000.00	-884 000.00			11 850 000.00		11 850 000.00
CH 34 OTHER EXPENDITURE	5 500 000.00		-1 000 000.00	-1 551 050.61		2 948 949.39		2 948 949.39
CH 35 ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	64 000 000.00				42 579.42	64 042 579.42	10 793 033.79	74 835 613.21
CH 36 APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	pm				1 301 314.76	1 301 314.76		1 301 314.76
TITLE 3 - Commitment	908 503 518.14	-500 000 000.00	0.00	0.00	3 304 841.07	411 808 359.21	10 793 033.79	422 601 393.00
CH 31 ITER CONSTRUCTION - INCLUDING SITE PREPARATION	463 495 181.82	-11 216 914.00	-110 000 000.00	13 415 683.55	1 960 946.89	357 654 898.26		357 654 898.26
CH 32 TECHNOLOGY FOR ITER	12 000 000.00			-6 657 681.89		5 342 318.11		5 342 318.11
CH 33 TECHNOLOGY FOR BROADER APPROACH AND DEMO	9 500 000.00			-3 784 740.20		5 715 259.80		5 715 259.80
CH 34 OTHER EXPENDITURE	5 000 000.00			-2 973 261.46		2 026 738.54		2 026 738.54
CH 35 ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	110 000 000.00	-33 000 000.00			42 579.42	77 042 579.42	33 000 000.00	110 042 579.42
CH 36 APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	pm					p.m.		0.00
TITLE 3 - Payment	599 995 181.82	-44 216 914.00	-110 000 000.00	0.00	2 003 526.31	447 781 794.13	33 000 000.00	480 781 794.13
Total TITLE 1 & 2 - Commitment & Payment	45 100 000.00		164 905.74	0.00	35 543.12	45 300 448.86	0.00	45 300 448.86
Total BUDGET in Commitment Appropriation	953 603 518.14	-500 000 000.00	164 905.74	0.00	3 340 384.19	457 108 808.07	10 793 033.79	467 901 841.86
Total BUDGET in Payment Appropriation	645 095 181.82	-44 216 914.00	-109 835 094.26	0.00	2 039 069.43	493 082 242.99	33 000 000.00	526 082 242.99

5.2. Implementation of the Statement of Expenditure

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

5.2.1. Implementation of the Budget in Commitment Appropriation

The entire available budget is implemented in commitment appropriations.

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

Regarding the operational expenditure 100% of the budget is implemented, of which 52% through direct individual commitment.

The lower performance in individual commitment than originally foreseen is mainly due to:

- Decrease in the amount of cash contribution requested by ITER IO,
- Decrease in the amount of cash contribution requested by Japan due to the delay of the signature of their PAs (i.e. Atmospheric Detritiation Sys) where EU contribution is foreseen,
- Postponements of contracts in areas such as Remote Handling, Diagnostics and Plasma Engineering.

The implementation of the budget is balanced with global commitments in accordance with the last amendment to the 2015 WP, for on-going procurements to be finalised in 2016. The main domains involved are:

- Buildings, for amendments or options on the main buildings contracts,
- VV, for the completion of the procurement of the main vessel.

Implementation of the Statement of Administrative Expenditure (EUR)

Heading of the 2015 Budget	Commitment Appropriation			Payment Appropriation		
	Final budget for implementation (1)	Final implementation (2)	% implementation (3)= (2)/(1)	Final budget for implementation (4)	Final implementation (5)	% implementation (6)= (5)/(4)
CH 11 - STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	24 975 000.00	24 975 000.00	100.0%	24 975 000.00	24 964 160.95	100.0%
CH 12 - EXTERNAL STAFF EXPENDITURE (CA, IS AND SNE)	7 950 000.00	7 950 000.00	100.0%	7 950 000.00	7 828 697.65	98.5%
CH 13 - MISSIONS AND DUTY TRAVEL	2 728 251.96	2 728 251.96	100.0%	2 728 251.96	1 877 362.64	68.8%
CH 14 - MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	746 000.00	746 000.00	100.0%	746 000.00	535 654.72	71.8%
CH 15 - REPRESENTATION	5 000.00	5 000.00	100.0%	5 000.00	2 790.03	55.8%
CH 16 - TRAINING	700 737.46	700 727.46	100.0%	700 737.46	376 462.32	53.7%
CH 17 - OTHER STAFF MANAGEMENT EXPENDITURE	1 749 874.00	1 749 874.00	100.0%	1 749 874.00	524 837.80	30.0%
CH 18 - TRAINEESHIPS	45 100.00	45 100.00	100.0%	45 100.00	39 120.19	86.7%
TITLE 1 Staff expenditure	38 899 963.42	38 899 953.42	100.0%	38 899 963.42	36 149 086.30	92.9%
CH 21 - BUILDINGS AND ASSOCIATED COSTS	1 243 000.00	1 243 000.00	100.0%	1 243 000.00	417 092.69	33.6%
CH 22 - INFORMATION AND COMMUNICATION TECHNOLOGIES	2 811 900.00	2 802 092.66	99.7%	2 811 900.00	1 639 229.86	58.3%
CH 23 - MOVABLE PROPERTY AND ASSOCIATED COSTS	185 000.00	185 000.00	100.0%	185 000.00	64 038.23	34.6%
CH 24 - EVENTS AND COMMUNICATION	291 682.85	266 882.97	91.5%	291 682.85	144 063.74	49.4%
CH 25 - OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 118 822.79	1 118 822.79	100.0%	1 118 822.79	638 912.27	57.1%
CH 26 - POSTAGE AND TELECOMMUNICATIONS	350 079.80	350 079.80	100.0%	350 079.80	101 323.37	28.9%
CH 27 - EXPENDITURE ON FORMAL AND OTHER MEETINGS	400 000.00	400 000.00	100.0%	400 000.00	172 420.07	43.1%
TITLE 2 -	6 400 485.44	6 365 878.22	99.5%	6 400 485.44	3 177 080.23	49.6%
Total TITLE 1 & 2 Commitment	45 300 448.86	45 265 831.64	99.9%	45 300 448.86	39 326 166.53	86.8%

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

Heading of the 2015 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 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	324 008 441.13	324 008 441.13	100.0%	357 654 898.26	357 654 898.26	100.0%
CH 32 - TECHNOLOGY FOR ITER	7 657 074.51	7 657 074.51	100.0%	5 342 318.11	5 342 317.31	100.0%
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	11 850 000.00	11 850 000.00	100.0%	5 715 259.80	5 715 259.80	100.0%
CH 34 - OTHER EXPENDITURE	2 948 949.39	2 948 949.39	100.0%	2 026 738.54	2 026 738.54	100.0%
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	74 835 613.21	74 835 613.21	100.0%	110 042 579.42	110 042 579.29	100.0%
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	1 301 314.76	1 301 314.76	-	p.m.	p.m.	-
TITLE 3	422 601 393.00	422 601 393.00	100.0%	480 781 794.13	480 781 793.20	100.0%
Total implementation	467 901 841.86	467 867 224.64	100.0%	526 082 242.99	520 107 959.73	98.9%

5.2.2. Implementation of the Budget in Payment Appropriation

The implementation rate of the 2015 final available budget is 98% in payment appropriations:

- 87% of implementation of the administrative expenditure, slightly lower than the performance of the previous year. The balance available is almost entirely carried over to the 2016 budget according to the rules on Non-Dissociated Appropriations, for the actions launched during 2015 but not yet paid at the end of the year,
- 100% of the total operational expenditure.

5.3. Additional information on the final implementation of the 2014 Budget

5.3.1. Final implementation of the administrative expenditure 2014

The payment appropriations linked to open administrative commitments at the end of 2014, corresponding to legal obligations not yet paid, were automatically carried over to 2015 according to the rules for non-dissociated appropriations for an amount of EUR 4 684 370.53. 80% of the appropriations or EUR 3 758 587.49 are paid in 2015.

The balance amounting to EUR 925 783.04 is cancelled and enters in the budgetary outturn as shown in the table at the chapter 5.6.2 below.

5.3.2. Final implementation of the Global Commitments 2014

Final implementation of the 2014 Global Commitments	Appropriation available (EUR)	Implementation (EUR)	%
individual Commitments placed on 31/12/2015	673 820 844.80	390 686 070.00	58.0%

The total amount available for implementation of individual commitments from the 2014 Global commitments is EUR 673.82 million, during 2015.

Only EUR 390.68 million of individual contracts are signed at the end of 2015, 58% of the total. The balance still available at the end of 2015 is cancelled.

The lower level of forecasted implementation of the GC2014 is mainly due to:

- Move of the signature of the TB13 contract (Electrical Power Distribution - Diesel Generators including buildings) to later years;
- Move of the signature of the contract on Insurance of the TFWP during insertion process to 2016 to be aligned with the start of the activities;

- Move of the signature of the second part of the TB03 (Construction of Tokamak Complex) amendment to 2016;
- Use of GC2013 for the signature of the NB contract OPE-083 (Procurement of MITICA & HNBs High Voltage Deck1 & Bushing).

5.4. Open commitments at 31 December 2015

The F4E obligations amount to EUR 2 150.73 million at the closure of the 2015 budget. It corresponds to the total amount left over on open budgetary commitment and is detailed as follows:

Open commitments carried forward from 2015 to 2016

2015 budget Heading	Open Commitments				
	from previous year (1)	from 2015 budget (2)	Total (3)=(1)+(2)	To be de-committed (4)	Net Total (5)=(3)-(4)
TITLE 1 - STAFF EXPENDITURE	104 182.47	2 750 867.12	2 855 049.59	136 600.86	2 718 448.73
TITLE 2 - OTHER OPERATING EXPEND.	238 715.98	3 188 797.99	3 427 513.97	238 715.98	3 188 797.99
Total TITLE 1 & 2	342 898.45	5 939 665.11	6 282 563.56	375 316.84	5 907 246.72
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	1 787 808 222.12	313 753 944.42	2 101 562 166.54	270 005 311.02	1 831 556 855.52
CH 32 - TECHNOLOGY FOR ITER	12 643 707.09	6 976 431.97	19 620 139.06	17 916.48	19 602 222.58
CH 33 - TECHNOLOGY FOR BROADER APPROACH AND DEMO	7 887 818.91	10 730 033.25	18 617 852.16	4 472 447.00	14 145 405.16
CH 34 - OTHER EXPENDITURE	1 660 709.21	1 597 268.12	3 257 977.33	0.00	3 257 977.33
CH 35 - ITER CONSTRUCTION - APPROPRIATIONS ACCRUING FROM THE HOST STATE CONTRIBUTION	246 774 152.64	41 625 847.49	288 400 000.13	13 436 039.04	274 963 961.09
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	0.00	1 301 314.76	1 301 314.76	0.00	1 301 314.76
Total TITLE 3	2 056 774 609.97	375 984 840.01	2 432 759 449.98	287 931 713.54	2 144 827 736.44
Total	2 057 117 508.42	381 924 505.12	2 439 042 013.54	288 307 030.38	2 150 734 983.16

The total amount of open commitments is stable compared to the situation at the end of 2014 (decrease of EUR 34 million or 1.5%)

Note :

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

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

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

The 2015 global commitments are carried over for one year, to be implemented in individual commitments/contracts by the 31 of December 2016.

5.5. Status for non-budgeted commitment appropriation

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

The corresponding amounts are provided in the table below:

Commitment appropriation for operational expenditure (EUR)		B031-B034 Budgets	B035 Assigned revenue
Amount de-committed as of the 31/12/2015 (since 2008)	+	265 560 139.27	121 461 961.01
Amount budgeted again or carried over (since 2008)	-	9 759 760.00	121 461 961.01
Amount to be de-committed	+	274 495 674.50	13 436 039.04
Amount available for future budgets	=	530 296 053.77	-
Amount carried over to 2016	=	-	13 436 039.04

From 2008 to 2015, the total of de-commitments amounts to EUR 387.02 million, mainly due to the partial implementation of the global commitments in individual contracts. From this amount:

- EUR 9.76 million have been reintroduced in the 2011 budget (first amendment);
- EUR 121.46 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 outdated balance on the 2014 global commitments.

It results in a cumulative amount of unassigned commitment appropriations of EUR 530.30 million, to be entered in future F4E Budget.

5.6. Cancelled Payment appropriation

5.6.1. Cancelled Payment appropriation from the 2015 budget

2015 budget Heading	Unused Appropriations (1)	Appropriations carried over to 2016 (2)	Cancelled appropriation (3)=(1)-(2)
TITLE 1	2 750 877.12	2 718 448.73	32 428.39
TITLE 2	3 223 405.21	3 213 597.87	9 807.34
Total TITLE 1 & 2 Payment	5 974 282.33	5 932 046.60	42 235.73
CH 31 - ITER CONSTRUCTION INCLUDING ITER SITE PREPARATION	0.00	0.00	0.00
CH 32 - TECHNOLOGY FOR ITER	0.80	0.00	0.80
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	0.13	0.13	0.00
CH 36 - APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	p.m.	p.m.	p.m.
TITLE 3 - Payment	0.93	0.13	0.80
Total BUDGET in Payment	5 974 283.26	5 932 046.73	42 236.53

The full implementation of the 2015 budget makes the level of cancelled appropriations very low for 2015, representing less than 0.1% of the budget

The Payment appropriations not used on the 31/12/2015 are cancelled except the amount automatically carried over for Non Dissociated Appropriations (Title 1 and Title 2) and assigned revenue (B035), according to the respective rules in F4E Financial Regulation.

5.6.2. Cancelled Payment appropriation carried over from the 2014 budget

Administrative appropriation carried over from B 2014 to B 2015	Appropriation available (EUR) (1)	Implementation (EUR) (2)	Cancelled appropriation (3)=(1)-(2)
TITLE 1	911 943.64	753 810.39	158 133.25
TITLE 2	3 772 426.89	3 004 777.10	767 649.79
Total TITLE 1 & 2 Payment	4 684 370.53	3 758 587.49	925 783.04

The cancelled appropriations correspond to the amounts not paid in 2015 on open administrative commitments carried over from 2014.

6. Budget Outturn account 2015

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

Budget Outturn Account (EUR)		2015	2014
REVENUE			
Euratom contribution	+	409 488 267.82	422 982 076.93
ITER Host state and Membership contributions	+	81 410 707.34	127 369 500.00
Other revenue	+	2 308 501.83	218 247.16
TOTAL REVENUE (a)		493 207 476.99	550 569 824.09
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	36 149 086.30	35 581 978.94
Appropriations carried over	-	2 718 448.73	911 943.64
<i>Title II: Infrastructure Expenditure</i>			
Payments	-	3 177 080.23	3 312 548.42
Appropriations carried over	-	3 213 597.87	3 772 426.89
<i>Title III: Operational Expenditure</i>			
Payments	-	480 781 793.20	463 726 295.43
Appropriations carried over	-	0.13	33 000 000.00
<i>Total Payments (b)</i>		<i>520 107 959.73</i>	<i>502 620 822.79</i>
<i>Total Appropriations carried over (c)</i>		<i>5 932 046.73</i>	<i>37 684 370.53</i>
TOTAL EXPENDITURE (d)=(b)+(c)		526 040 006.46	540 305 193.32
OUTTURN FOR THE FINANCIAL YEAR (a-d)			
		-32 832 529.47	10 264 630.77
Cancellation of unused payment appropriations carried over from previous year	+	925 783.04	1 024 717.48
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	33 000 000.00	17 021 674.33
Exchange differences for the year (gain +/-)	+/-	-19 985.83	-22 130.70
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		1 073 267.74	28 288 891.88
Of which Administrative expenditure		1 052 559.60	1 028 046.01
Of which Operational expenditure		20 708.14	27 260 845.87

For the 2015 financial year, the balance of the budget outturn amounts to EUR 1.07 million.

According to its nature, part of the non-budgeted revenue described at the chapter 4.3, amounting to EUR 104 526.66, has been assigned to the administrative outturn.

7. Annexes

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

Year	Commitments	Paid <=2007	Paid 2008	Paid 2009	Paid 2010	Paid 2011	Paid 2012	Paid 2013	Paid 2014	Paid 2015	Outstanding amount
<= 2007	116 245 438.21	44 786 869.53	17 483 367.00	22 159 849.68	6 661 575.00	5 814 938.04	10 677 563.35	5 536 846.81	2 062 547.93	261 880.87	800 000.00
2008	162 505 480.01	-	66 535 002.37	25 675 909.44	12 397 585.34	22 041 158.79	16 926 171.12	10 755 158.98	8 026 734.12	-	147 759.85
2009	295 863 671.49	-	-	63 201 452.03	40 413 138.03	72 962 663.48	34 136 990.20	23 997 122.64	26 549 875.43	13 259 338.45	21 343 091.23
2010	392 345 805.90	-	-	-	102 542 780.43	60 943 579.59	58 266 404.13	52 784 759.28	34 717 587.59	39 227 964.72	43 862 730.16
2011	371 508 879.29	-	-	-	-	57 876 015.77	118 112 199.21	48 623 561.70	29 962 742.34	26 739 952.54	90 194 407.73
2012	1 130 505 482.46	-	-	-	-	-	83 739 910.79	144 231 319.33	128 364 796.05	164 239 683.64	609 929 772.65
2013	902 617 937.84	-	-	-	-	-	-	67 053 699.98	181 415 330.39	96 759 662.07	557 389 245.40
2014	591 479 328.92	-	-	-	-	-	-	-	52 626 681.58	93 676 757.92	445 175 889.42
2015	422 601 393.00	-	-	-	-	-	-	-	-	46 616 552.99	375 984 840.01
Total	4 385 673 417.12	44 786 869.53	84 018 369.37	111 037 211.15	162 015 078.80	219 638 355.67	321 859 238.80	352 982 468.72	463 726 295.43	480 781 793.20	2 144 827 736.45

Notes:

- The actions accounted to F4E projects and implemented by the EC and the CEA before F4E financial autonomy in 2008 are included.
- The global commitments from 2015 to be individually committed in 2016 are included in full in the 2015 commitments.

7.2. Reconciliation between budgetary and accrual based accounts

	sign +/-	Amount (EUR)
Economic result (+ for surplus and - for deficit)	+/-	-133 497 680.20
<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)	-	10 642 734.05
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	11 602 921.85
Unpaid invoices at year end but booked in charges (class 6)	+	96 108 949.65
Depreciation of intangible and tangible assets	+	12 471 532.25
Provisions (impact of the year)	+	-184 112.79
Recovery Orders issued in 2015 in class 7 and not yet cashed	-	-9 792.66
Prefinancing given in previous year and cleared in the year	+	46 290 187.43
Prefinancing received in previous year and cleared in the year	-	0.00
Payments made from carry over of payment appropriations	+	3 758 587.49
Change in inventories (production material) and retention payment	+/-	-15 368 988.04
<i>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-	-909 733.46
New pre-financing paid in the year 2015 and remaining open as at 31.12.2015	-	-27 768 299.42
New pre-financing received in the year 2015 and remaining open as at. 31.12.2015	+	
Budgetary recovery orders issued before 2015 and cashed in the year	+	32 722.66
Budgetary recovery orders issued in 2015 on balance sheet accounts (not 7 or 6 accounts) and cashed	+	1 985 746.77
Payment appropriations carried over to 2016	-	-5 932 046.73
Cancellation of unused carried over payment appropriations from previous year	+	925 783.04
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	33 000 000.00
Invoices paid in 2015 but booked in charges in previous years	+/-	-32 075 174.13
total		1 073 337.76
Budgetary result (+ for surplus)	+/-	1 073 267.74
Including amount of exchange rate differences		-19 985.83
Delta not explained		70.02

7.3. 2015 Budget implementation – Details by fund source

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A01100	STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	24 975 000.00	24 975 000.00	100.00%	24 975 000.00	24 964 160.95	99.96%
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	7 950 000.00	7 950 000.00	100.00%	7 950 000.00	7 828 697.65	98.47%
A01300	MISSIONS AND DUTY TRAVEL	2 725 639.78	2 725 639.78	100.00%	2 725 639.78	1 874 750.46	68.78%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	746 000.00	746 000.00	100.00%	746 000.00	535 654.72	71.80%
A01500	REPRESENTATION	5 000.00	5 000.00	100.00%	5 000.00	2 790.03	55.80%
A01600	TRAINING	692 686.20	692 676.20	100.00%	692 686.20	368 411.06	53.19%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	1 749 874.00	1 749 874.00	100.00%	1 749 874.00	524 837.80	29.99%
A01800	TRAINEESHIPS	45 100.00	45 100.00	100.00%	45 100.00	39 120.19	86.74%
Total Title 1		38 889 299.98	38 889 289.98	100.00%	38 889 299.98	36 138 422.86	92.93%

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	1 243 000.00	1 243 000.00	100.00%	1 243 000.00	417 092.69	33.56%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	2 811 900.00	2 802 092.66	99.65%	2 811 900.00	1 639 229.86	58.30%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	185 000.00	185 000.00	100.00%	185 000.00	64 038.23	34.62%
A02400	EVENTS and COMMUNICATION	266 882.97	266 882.97	100.00%	266 882.97	144 063.74	53.98%
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	1 118 822.79	1 118 822.79	100.00%	1 118 822.79	638 912.27	57.11%
A02600	POSTAGE AND TELECOMMUNICATIONS	350 000.00	350 000.00	100.00%	350 000.00	101 323.37	28.95%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	400 000.00	400 000.00	100.00%	400 000.00	172 420.07	43.11%
Total Title 2		6 375 605.76	6 365 798.42	99.85%	6 375 605.76	3 177 080.23	49.83%

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	322 047 494.24	322 047 494.24	100.00%	355 693 951.37	355 693 951.37	100.00%
B03200	TECHNOLOGY FOR ITER	7 657 074.51	7 657 074.51	100.00%	5 342 318.11	5 342 317.31	100.00%
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	11 850 000.00	11 850 000.00	100.00%	5 715 259.80	5 715 259.80	100.00%
B03400	OTHER EXPENDITURE	2 948 949.39	2 948 949.39	100.00%	2 026 738.54	2 026 738.54	100.00%
Total Title 3		344 503 518.14	344 503 518.14	100.00%	368 778 267.82	368 778 267.02	100.00%
Total C1		389 768 423.88	389 758 606.54	100.00%	414 043 173.56	408 093 770.11	98.56%

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)
A01300	MISSIONS AND DUTY TRAVEL	2 612.18	2 612.18	100.00%	2 612.18	2 612.18	100.00%
A01600	TRAINING	8 051.26	8 051.26	100.00%	8 051.26	8 051.26	100.00%
Total Title 1		10 663.44	10 663.44	100.00%	10 663.44	10 663.44	100.00%

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)
A02400	EVENTS and COMMUNICATION	24 799.88		0.00%	24 799.88		0.00%
A02600	POSTAGE AND TELECOMMUNICATIONS	79.80	79.80	100.00%	79.80		0.00%
Total Title 2		24 879.68	79.80	0.32%	24 879.68	0.00	0.00%

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	1 960 946.89	1 960 946.89	100.00%	1 960 946.89	1 960 946.89	100.00%
Total Title 3		1 960 946.89	1 960 946.89	100.00%	1 960 946.89	1 960 946.89	100.00%
Total C4		1 996 490.01	1 971 690.13	98.76%	1 996 490.01	1 971 610.33	98.75%

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)	190 630.29	174 244.82	91.40%	190 630.29	160 516.96	84.20%
A01300	MISSIONS AND DUTY TRAVEL	116 878.08	116 878.08	100.00%	116 878.08	116 878.08	100.00%
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	59 830.72	59 830.72	100.00%	59 830.72	42 599.32	71.20%
A01500	REPRESENTATION	7 413.88	81.54	1.10%	7 413.88	81.54	1.10%
A01600	TRAINING	262 892.59	262 892.59	100.00%	262 892.59	222 189.96	84.52%
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	268 885.28	238 652.31	88.76%	268 885.28	209 913.46	78.07%
A01800	TRAINEESHIPS	5 412.80	5 412.80	100.00%	5 412.80	1 631.07	30.13%
Total Title 1		911 943.64	857 992.86	94.08%	911 943.64	753 810.39	82.66%

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	988 319.50	875 001.52	88.53%	988 319.50	853 680.15	86.38%
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	1 005 443.13	931 126.04	92.61%	1 005 443.13	927 252.41	92.22%
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	405 988.27	367 454.36	90.51%	405 988.27	367 454.36	90.51%
A02400	EVENTS and COMMUNICATION	183 755.59	126 914.77	69.07%	183 755.59	68 587.77	37.33%
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	616 330.69	456 394.29	74.05%	616 330.69	354 966.38	57.59%
A02600	POSTAGE AND TELECOMMUNICATIONS	367 103.69	308 090.94	83.92%	367 103.69	303 438.64	82.66%
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	205 486.02	178 511.16	86.87%	205 486.02	129 397.39	62.97%
Total Title 2		3 772 426.89	3 243 493.08	85.98%	3 772 426.89	3 004 777.10	79.65%

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

(cont'd)

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03100	ITER CONSTRUCTION - INCL. SITE PREPARATION	2 219 944 640.77	2 135 208 623.67	96.18%	Payment appropriations under C1 Fund source		
B03200	TECHNOLOGY FOR ITER	18 127 685.04	17 305 381.86	95.46%			
B03300	TECHNOLOGY FOR BROADER APPROACH AND DEMO	13 386 043.98	12 483 111.96	93.25%			
B03400	OTHER EXPENDITURE	2 589 219.27	2 335 766.48	90.21%			
Total Title 3		2 254 047 589.06	2 167 332 883.97	96.15%			
Total C8		2 258 731 959.59	2 171 434 369.91	96.14%	4 684 370.53	3 758 587.49	80.24%

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

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A01100	STAFF EXPENDITURE IN THE ESTABLISHMENT PLAN	1 604.81		-			-
A01200	EXTERNAL STAFF EXPENDITURE (CA, SNE, INTERIM STAFF)	114 613.53		-			-
A01300	MISSIONS AND DUTY TRAVEL	6 019.13					
A01400	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT	79 758.65		-			-
A01500	REPRESENTATION	3 659.92					
A01600	TRAINING	182 088.74		-			-
A01700	OTHER STAFF MANAGEMENT EXPENDITURE	59 123.00					
A01800	TRAINEESHIPS	4 697.42		-			-
Total Title 1		451 565.20	-	-	-	-	-

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

(cont'd)

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
A02100	BUILDINGS AND ASSOCIATED COSTS	40 385.45		-			-
A02200	INFORMATION AND COMMUNICATION TECHNOLOGIES	59 863.02		-			-
A02300	MOVABLE PROPERTY AND ASSOCIATED COSTS	47 364.53		-			-
A02400	EVENTS and COMMUNICATION	15 257.62		-			-
A02500	OUTSOURCING AND OTHER CURRENT EXPENDITURE	121 677.13		-			-
A02600	POSTAGE AND TELECOMMUNICATIONS	58 207.97		-			-
A02700	EXPENDITURE ON FORMAL AND OTHER MEETINGS	46 378.10		-			-
Total Title 2		389 133.82	-	-	-	-	-
Total C9		840 699.02	-	-	-	-	-

Fund Source: R0 - Assigned revenues (EUR)

Budget Line Position	Budget Line Description	Commit.Approp. Amount (1)	Commitment Amount Accepted (2)	% Committed (2)/(1)	Paym.Approp. Amount (4)	Payment Amount Accepted (5)	% Paid (5)/(4)
B03500	ITER CONSTRUCTION - APPROPRIATION ACCRUING FROM THE ITER HOST STATE CONTRIBUTION	398 442 579.42	398 442 579.42	100.00%	110 042 579.42	110 042 579.29	100.00%
B03600	APPROPRIATION ACCRUING FROM THIRD PARTIES TO SPECIFIC ITEM OF EXPENDITURE	1 301 314.76	1 301 314.76	100.00%	0.00		0.00%
Total Title 3		399 743 894.18	399 743 894.18	100.00%	110 042 579.42	110 042 579.29	100.00%
Total R0		399 743 894.18	399 743 894.18	100.00%	110 042 579.42	110 042 579.29	100.00%

7.4. Establishment plan 2015

Function group and grade	2015 Budget			
	Authorised under the EU Budget		Filled as 31/12/2015	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15		1		
AD 14				1
AD 13	13	4	8	3
AD 12	17	8	9	2
AD 11	5	12	3	5
AD 10	3	30	4	25
AD 9	2	18	2	22
AD 8		20	1	24
AD 7		57	7	45
AD 6		30	2	47
AD 5			1	
AD total	40	180	37	174
AST 11	3			
AST 10	3		1	
AST 9	3		1	
AST 8	1		1	
AST 7	1		1	
AST 6	2	2	3	
AST 5	3	9	2	1
AST 4		14	2	12
AST 3		1	1	13
AST 2			2	
AST 1			1	
AST total	16	26	15	26
AST/SC total	0	0	0	0
TOTAL	56	206	52	200
GRAND TOTAL	262		252	

FINANCIAL INFORMATION SYSTEM

1. Legal Framework – Accrual accounting standards in F4E

F4E being fully consolidated in the EU accounts, the 2015 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 2015 has been transmitted to the President of the European Court of Auditors (ECA) in a separate note. It includes no reservation from F4E Accounting Officer.

In line with Article 208 of the Financial Regulation applicable to the general budget of the EU, PKF Littlejohn LLP has been appointed as independent external auditor in order to verify that the 2015 annual accounts properly present the income, expenditure and financial position of F4E.

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

2. 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.

3. 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 (2015 ABAC contribution to the EC has been EUR 165 000). With the exception of the maintenance of the Testa II router, F4E IT department has been able to focus on its core business and avoid spending time on financial applications maintenance. The ABAC Service Level Agreement between DG BUDG and F4E has been signed in September 2007.

2015, as the seventh 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 2015 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.).

4. 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 50 of F4E Financial Regulation.

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

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

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

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

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