

**ITER Organization**  
2007 Financial Statements

*Report from the Director-General*

**the way to new energy**

The ITER logo consists of a white semi-circle at the bottom of the page. Inside the white area, the word "iter" is written in a bold, lowercase, sans-serif font. The letters are blue, matching the background color of the page.

**iter**

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*Celebrating the birth on the new International Organization: ITER Director-General, Kaname Ikeda and the Principal Deputy Director-General, Norbert Holtkamp unveiling the sign on the main building in Cadarache on 24 October 2007.*

## **Foreword by the Director-General**

The ITER Organization (IO) started its activities provisionally with the signature of the ITER Agreement on 21 November 2006 and over the course of 2007 has changed and grown substantially. In October 2007, the ITER Agreement entered into force after ratification by the Members and one month later the Headquarters Agreement with the Host State was signed, setting out the terms of cooperation between the IO and France. Meanwhile, the IO team more or less doubled in size and made the move from design and planning to placing contracts and work on the construction site.

The first meeting of the ITER Council was held in November. Sir Chris Llewellyn Smith was elected as Chair of the Council and I was formally appointed as Director-General of the ITER Organization along with my Deputy Director Generals. The Council also approved arrangements for cooperation with CERN and the Principality of Monaco.

A major milestone in the year was the completion of the Design Review at the end of September. This 10 month Review saw eight working groups examine over 500 issues of which 55 were accepted in the ITER Baseline. I would like to congratulate all those involved in this huge and immensely important exercise. As a result, a sound basis for the 2007 Baseline Design has been established. The Project Specification, which describes the technical scope of the Project, was provisionally approved by the Council in November. The ITER Project Plan and Resource Estimates are being developed aiming for approval at the next meeting of the Council scheduled in June 2008.

Another important step forward was taken with the signature of the first Procurement Arrangements for the Toroidal Field Conductors between the IO and the Domestic Agencies of Japan and the EU.

Towards the end of 2007, the IO formally submitted to the French Authorities all the files required, including the Preliminary Safety Report, for the creation of the ITER Facilities, and with this the nuclear licensing process of ITER formally started. This was an important milestone requested by the ITER Council, and it was complemented by the submission of the "Permis de Construire" application to the French local authorities at the end of September. This also, by defacto, separated the licensing processes from those for the construction and operation of the facilities.

On the construction site, work has progressed from ground clearance and erection of the perimeter fence during the first three months of the year to the start of work on access roads and levelling of the site. Additional temporary office buildings were installed on the Cadarache site to accommodate the increasing staff numbers.

The International School for the ITER staff children and local children opened in Manosque with 104 pupils between the ages of 3 and 18 in six foreign language sections in the French Public Education System. This school is very important for the recruitment of staff with families and for the integration of the IO in the local community.

2007 has been an extremely challenging year for the IO; still, I am proud of the way the team has worked and has made progress and I am confident that they will tackle the work of 2008 with the same spirit and energy.

**Kaname Ikeda**  
*Cadarache April 2008*

## **Certificate**

The Financial Statements of the ITER Organization have been prepared in accordance with the ITER Rules and Regulations as well as the international accounting rules and methods in so far as these are not replaced by ITER rules.

I hereby certify that, based on the information provided by the Authorising Officer, I have reasonable assurance that these accounts present a true and fair view of the financial transactions in the year 2007 and of the financial position of the ITER Organization in all material aspects as at the end of 2007.

**Hans Spoor**

*Head of the Finance and Budget Division  
Accounting Officer*

## ***Statement of the Director-General***

I, the undersigned, Director-General of the ITER Organization, in my capacity of Authorising Officer,

- Declare that the information contained in this report gives a true and fair view.
- State that I have reasonable assurance that the resources have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal.

- Confirm that I am not aware of anything not reported here which could harm the interests of the ITER Organization.

**Kaname Ikeda**

*Director-General*

*Authorising Officer*

# Commentary of the Financial Management

of the IO during the period 21 November 2006–31 December 2007

## Introduction

The ITER Organization is a joint international research and development project that aims to demonstrate the scientific and technical feasibility of fusion power. The Members of the Organization are the European Union (represented by EURATOM), Japan, and the People's Republic of China, the Republic of India, the Republic of Korea, the Russian Federation and the United States of America.

The purpose, functions and other organizational aspects of the ITER Organization are set out in the 'Agreement on the Establishment of the ITER International Fusion Energy Organization for the Joint Implementation of the ITER Project' (the ITER Agreement). This Agreement, which has an initial duration of 35 years, was signed by the Members of the IO in Paris on 21 November 2006. The activities of the ITER Organization started on 21 November 2006, and the first "Annual Accounts", therefore, cover the period from that date until 31 December 2007.

The ITER Organization has an international legal personality including the capacity to conclude agreements with States and / or international organizations, and is governed by a Council composed of Representatives of each of the Members. Each Member has appointed up to four Representatives to the Council. The Council elects from among its Members a Chair and a Vice-Chair who shall each serve for a term of one year and who may be re-elected up to three times for a maximum period of four years.

The purpose of the ITER Organization is to construct, operate and deactivate the ITER facilities in accordance with prescribed technical objectives and specifications and any supplemental technical requirements that may be necessary. The decommissioning of the ITER Organization facility will be financed by the Members upon completion of the Project and will be carried out by the Host state.

The resources to carry out the Project will comprise contributions in-kind and financial contributions from the Members. The cost estimates for the construction and operation phases of the ITER Project have been quantified using the 'IUA' unit of currency (ITER Unit of Account). The 'IUA' is an internal currency unit used for budgetary purposes of the ITER Organization. The basis of conversion from 'kIUA' to Euro has been agreed between the Members and is updated each year.

The cost estimate and duration for each phase are the following:

- Construction phase over 10 years 3 577.7 kIUA
- Operations phase over 20 years 188.0 kIUA per annum
- Deactivation phase over 5 years 281 million €
- Decommissioning (host state responsibility) 530 million €

The kIUA / Euro conversion rate for 2007 was 1 kIUA equals 1.47 million €. The Euro figures for deactivation and decommissioning are based on January 2001 values.

Following a decision taken in June 2005, the ITER facility is to be constructed in Europe, at Cadarache in the South of France. The address of the ITER Organization's registered office is St Paul-lez-Durance, Bouches-du-Rhône, France. The land on which the assets are constructed is being provided by the French State through the CEA (Commissariat à l'Énergie Atomique).

The main activities of the ITER Organization during 2007 included, in particular, technical investigations and analyses concerning the design specifications, which are being reviewed, more general Project planning and preparatory logistics for the preparation of the site and temporary offices.

Under Articles 7 and 9 of the ITER Agreement, the Director-General and the staff of the ITER Organization must prepare and submit to the ITER Council the Annual Accounts.

The financial activities of the IO for the period from 21 November 2006 to 31 December 2007 are summarised in the following paragraphs. This first accounting period covers just over one calendar year, which is referred to as "year" in these Annual Accounts. All figures are in Euro.

### **Annual Accounts 2007**

These Annual Accounts 2007 cover the period from 21 November 2006 to 31 December 2007, starting from the date when the ITER Agreement was signed. There are five main accounting schedules in these Accounts, i.e.:

*Schedule 1: Balance Sheet*

*Schedule 2: Commitments Account*

*Schedule 3: Payments Account*

*Schedule 4: Cash Income Account*

*Schedule 5: In-Kind Contributions*

The Notes to the Accounts (Notes 1-15) are an integral part of the Accounts.

Further explanatory Schedules and Annexes are:

*Unpaid Commitments (Schedule 6)*

*Special Account (Schedule 7)*

*Cash Breakdown (Schedule 8)*

*Budgetary evolution (Annexes 1,2 and 3, with details of the initial Commitments, Payments and Income Budgetary positions 2007.)*

### **Budget and Financial Outturn Presentation**

At its first meeting in November 2006, the Interim ITER Council adopted Commitments, Income and Payments Budgets, all at the same level of 43.882 M€. The Commitments, Payments and Income Budgets and the financial schedules in these accounts are subdivided into Titles, Chapters and Articles.

### **Budget Transfers**

At its second meeting on 11/12 July 2007, the Interim ITER Council approved the transfer of the total Commitment and Payments Appropriations from Title II: R&D Expenditure to Title I: Direct Investments. At the first ITER Council meeting on 27 November 2007, the ITER Council noted the anticipated 2007 Budget execution and the transfers required in both the Commitments and Payments Budgets to match this estimated outturn.

Due to further commitments late in the year, it became clear that more transfers were required in order to better align and utilise the 2007 Commitments and Payments Budgets. These transfers were approved by the ITER Council by written procedure in March 2008.

The allocation of the original appropriations and the transfers subsequently noted and approved by the ITER Council are shown in the Commitments and Payments Accounts forming part of these Annual Accounts.

### **Summary of Commitments Account (Schedule 2)**

The Commitments Appropriations available for the accounting period and the commitments made are shown in detail in Schedule 2. A summary of the figures concerned is set out below:

“Year” 2007

<b>2007</b>	<b>Budget in MEuro</b>	<b>Committed MEuro</b>	<b>Carry forward MEuro</b>
<i>Title I: Direct Investment</i>	–	–	–
<i>Title II: R&amp;D Expenditure</i>	8.223	7.816	0.407
<i>Title III: Direct Expenditure</i>	38.269	38.269	–
<b>Total</b>	<b>46.492</b>	<b>46.085</b>	<b>0.407</b>

The final total Appropriations for the “year” 2007 were 46,492,000€, including the amount of 2,610,000€ for the Internal Taxation, against which commitments of 46,085,297€ were made, leaving a balance of unused Appropriations of 406,703€ (0.9%) to be carried forward to 2008.

Unpaid commitments at 31 December 2007 were 22,009,387€. Unpaid commitments are defined as the amounts for which the ITER Organization is liable, some of which may be mature and due for payment, and others which are not yet mature and due for payment.

### **Summary of Payments Account (Schedule 3)**

Payments are accounted for on a cash basis and therefore only those physically made within the reporting period are allocated against the “year” 2007 appropriations.

The Payments Appropriations available for the reporting period and the payments made in the “year” 2007 are shown in detail in Schedule 3. A summary of the figures is set out below.

“Year” 2007

<b>2007</b>	<b>Budget in MEuro</b>	<b>Cancellation of Budget in MEuro</b>	<b>Payments in MEuro</b>	<b>Carry Forward to Special Accounts in MEuro</b>
<i>Title I: Direct Investment</i>	–	–	–	–
<i>Title II: R&amp;D Expenditure</i>	8.221	0.405	1.467	6.349
<i>Title III: Direct Expenditure</i>	38.269	–	22.609	15.660
<b>Total</b>	<b>46.490</b>	<b>0.405</b>	<b>24.076</b>	<b>22.009</b>

The final total Appropriations for the “year” were 46,490,000€, including the amount of 2,610,000€ for the Internal Taxation, against which payments of 24,075,910€ were made, leaving a balance of unspent Appropriations of 22,414,090€ (48%) of which 22,009,387€ has been transferred to the Special Account to settle specific unpaid commitments at 31 December 2007.

The balance of unspent Appropriations, after transfers to the Special Account, at the level of 404,703€ has been transferred to the Income Account and will be used to offset Members’ future contributions.



### **Special Account (Schedule 7)**

The Special Account has been established in accordance with Article III.6 of the ITER Project Resource Management Regulations (PRMR) to carry forward unspent Payment Appropriations. At 31 December 2007, the amount transferred to the Special Account was 22,009,387€, representing the total balance of the unused Payments Budget, in so far as the amounts could be set against unpaid commitments.

### **Income Account (Schedule 4)**

The Income Budget is set to equal the Payments Budget for the "year". The initial Budget of 43.882 M€ was set entirely against Members' cash contributions. The requested contributions had been rounded off, as shown in Column 4, which has led to an overall lower amount than initially budgeted, and has also caused different contribution requests than amounts due for the year; the position at the year-end shown in the amounts brought forward to 2008, reflects the open amounts. The total call for contributions for 2007 was 2,000€ less than budgeted and has effectively reduced the Payments Budget by the same amount. The next calls for contributions will take into account the differences concerned.

During the "year", a transfer of 2,610,000€ relating to the credits for Internal Taxation was made from the Payment Appropriations to the Income Budget.

A summary of the income for the "year" is:

"Year" 2007

	<b>Final Budget in MEuro</b>	<b>Cancellation of Budget in MEuro</b>	<b>Actual Income in MEuro</b>	<b>Due for 2006 in MEuro</b>	<b>Excess (Shortfall) in MEuro</b>
Members' Contributions	43.800	–	67.571	-0.159	23.532
Internal Tax	2.610	–	2.352	–	(0.258)
Financial Income	–	–	0.450	–	0.450
Other Income	–	0.404	3.263	0.159	3.826
<b>Total</b>	<b>46.490</b>	<b>0.404</b>	<b>73.636</b>	<b>–</b>	<b>27.550</b>

### **Summary of In-cash Income and Payments Budgets and Accounts**

A summary of the figures of the Income and Payments Budgets and Accounts for the "year" 2007 is set out in the following table.

	€	€
Income Budget		46,490,000
Excess - actual income higher than Budget		27,550,448
		74,040,448
Less Payments from the Budget		24,075,910
		49,964,538
Representing		
Members' Contributions received in advance (net)	23,532,033	
Cancelled Payment appropriations (transferred to Income)	404,703	
Amounts carried forward to offset future contributions	4,018,415	
Transfers to the Special Account	22,009,387	
		49,964,538

### ***In-kind Contributions (Schedule 5)***

In addition to the cash contributions, the resources of the ITER Organization also include in-kind contributions from the Members. During the "year" the in-kind contributions comprised only credits for staff seconded by the Members.

Credits are allocated to the seconding Members based on the salary the seconded staff would have received if directly employed, plus the employer's charges that ITER would have incurred.

During the "year", a larger number of staff than foreseen maintained their secondment status, resulting in a substantially higher spending than foreseen in the initial Budget of 6.868 M€, i.e. in the "year" the ITER Organization had in total 59.18 PPY, and at 31 December 2007 there were 83 staff, representing a total amount of in-kind contributions of 8.010 M€. The breakdown by Member is shown in Schedule 5.

### ***Staff Numbers***

The staff numbers at 31 December 2007 are summarised as follows:

<i>ITER employees</i>	155
<i>Employees on secondment</i>	38
<b>Total</b>	<b>193</b>

By category the numbers are as follows:

<i>Professional staff</i>	159
<i>Support staff</i>	34
<b>Total</b>	<b>193</b>

### ***General***

The notes on pages 17 to 20 form part of these Accounts.

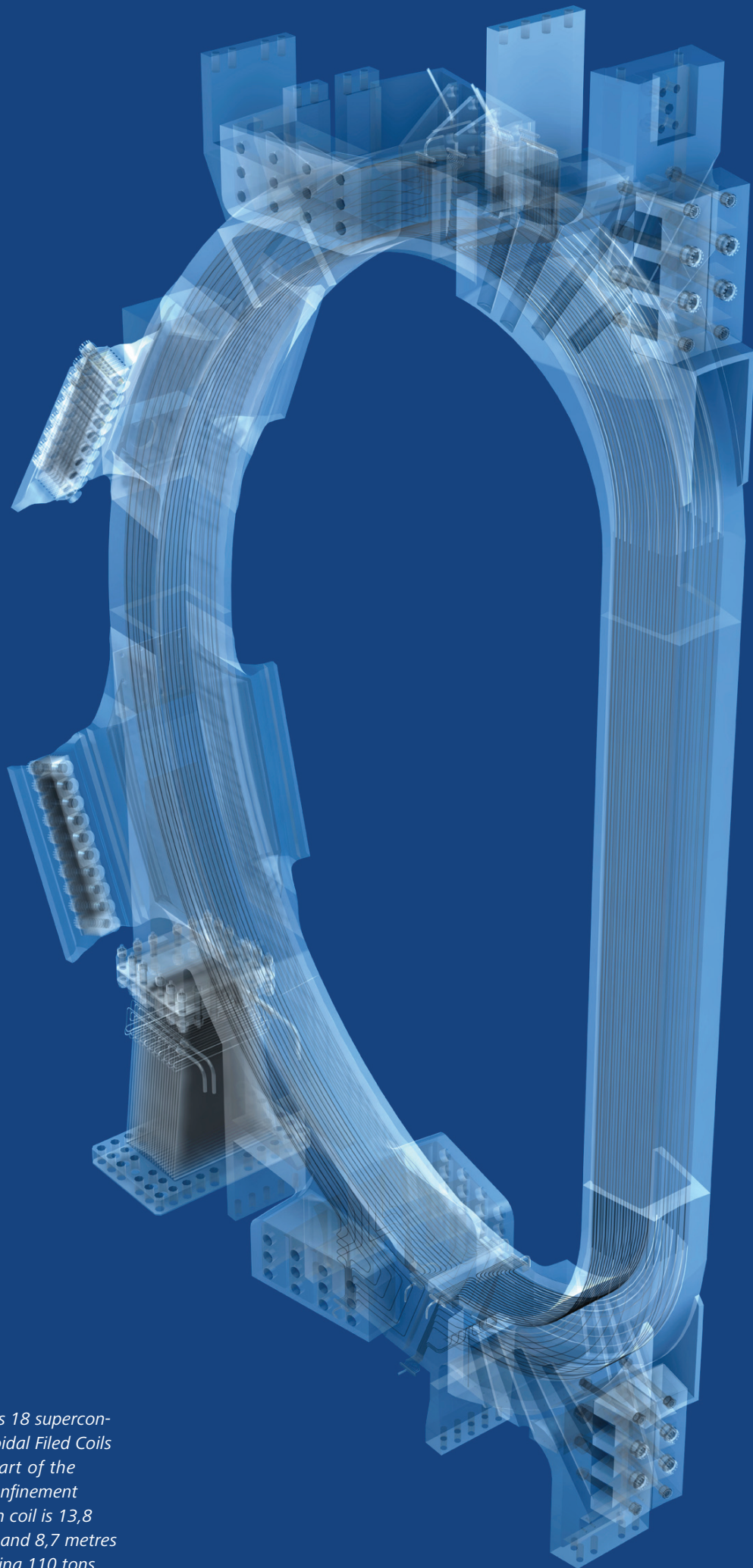
The main schedules to the Accounts are contained in pages 12 - 16, followed by detailed Notes to the Accounts, and supplemented with supporting tables in pages 21 - 26.

The ITER Organization has contracted out a conservatively managed defined-contribution pension and medical insurance scheme with private companies. The ITER Organization contributes the employer's contributions into these schemes, and transfers the employees' contributions which are withheld from the staff salaries. The operation of the scheme and any risk for the staff from the investments, are due to be reported by the pension and medical Insurance companies.

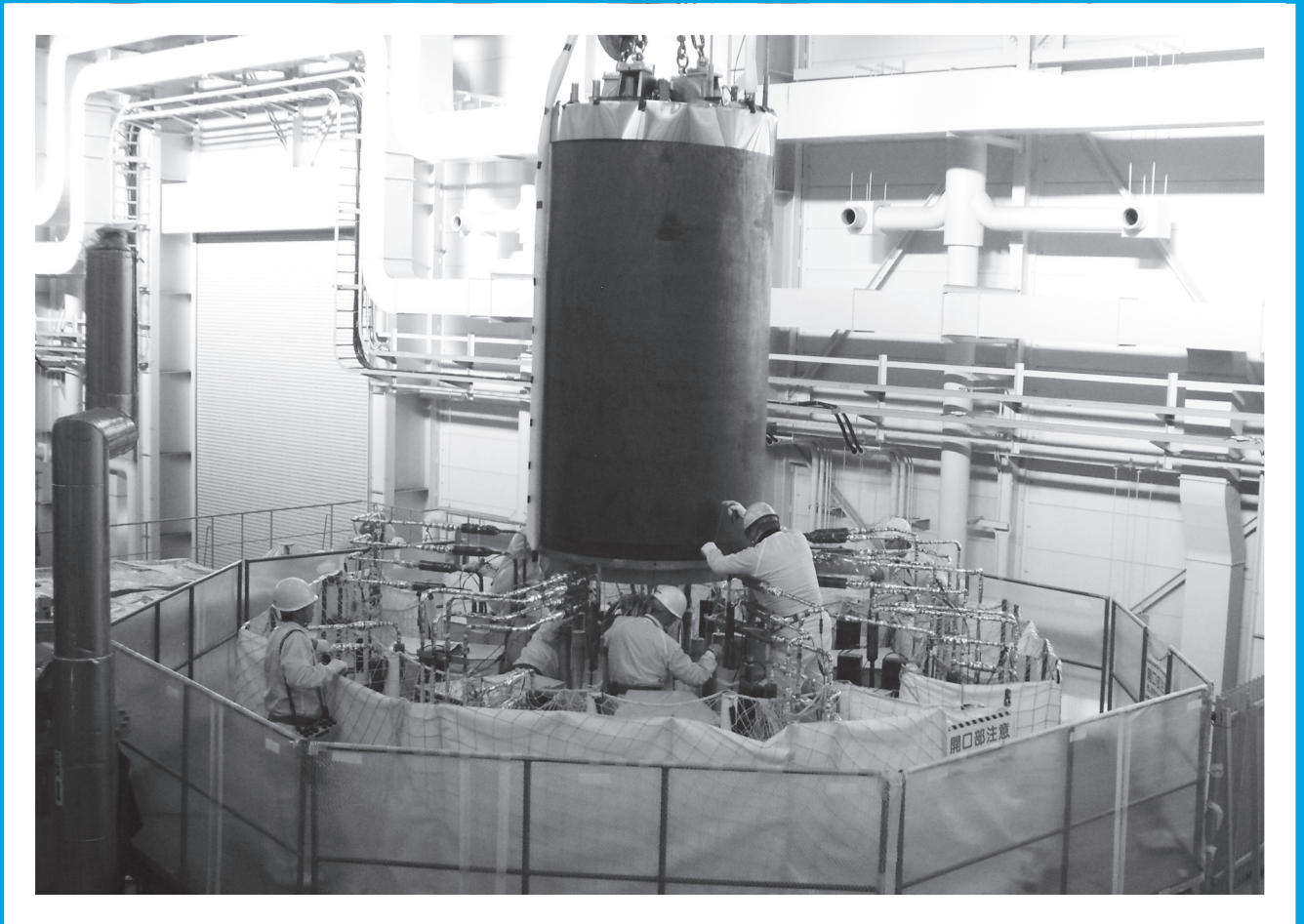
For the purpose of complying with the general costing principles, all expenditure made in acquiring the ITER machine are considered to be part of the capitalisation costs of the machine when realised. For this purpose the cumulative expenditures to the end of the year shown in Schedule 3 in these financial statements reflect this capitalisation value at the level of 24,075,910 Euros.

The ITER Organization maintains accounts and reports in accordance with its specific rules concerning Income on an accrual basis, Payments on a cash basis and Commitments, representing its financial liabilities and does not maintain a commercial full accrual accounting system; for this reason it does not present a traditional statement of Financial Performance.

Although the Accounts are kept in Euro, for the purpose of comparing actual expenditures and income with base date values, expenditures and in-kind contributions are calculated back in KIUA, at the agreed rate of 1 KIUA equals 1.47 M€ for the "year".



*One of ITER's 18 superconducting Toroidal Field Coils that form part of the magnetic confinement system. Each coil is 13,8 metres high and 8,7 metres wide, weighing 110 tons.*



*The Poloidal Field Insert Coil being installed into the bore of the Central Solenoid Model Coil in the test facility at Naka, JAEA.*

# Balance Sheet

as of 31 December 2007 (Schedule 1)

ASSETS	Notes	(in Euro)	(in Euro)
<b>Current Assets</b>			
<b>Bank Account</b>	4		
Balances: Fixed Term Deposits			24,000,000
Balances: Other Deposits			24,334,520
Debtors			
Members' Contributions	5		1,702,667
Recoverable VAT	6		1,225,315
<b>Non-current Assets</b>			
<b>Property, Plant and Equipment</b>		544,000	
Assets in Progress		1,256,000	
Less depreciation		40,000	1,760,000
Intangible Fixed Assets		533,000	
Less depreciation		37,000	496,000
<b>Members In-kind Contributions</b>	8		<b>8,009,974</b>
<b>Total Assets</b>			<b>61,528,476</b>
<b>LIABILITIES</b>			
Capital items after depreciation from cash contributions	13		2,256,000
Members' Contributions	9		25,234,700
Special Account			
• Creditors	10		8,041,000
• unpaid commitments non-creditors	11		13,968,387
Amounts Carried Forward to Reduce Members' Future contributions	12		4,018,415
<b>Members Contributions In-kind</b>	8		<b>8,009,974</b>
<b>Total Liabilities</b>			<b>61,528,476</b>

Amounts in Euro

# Commitments Account

for "Year" 2007—Commitments (Schedule 2)

Budget Heading	Unused Commitment Appropriations from 2006	Initial Commitment Appropriations 2007	Transfers	Final Commitment Appropriations 2007	Commitments at 31/12/07	%	Unused Commitment Appropriations carried forward to 2008
	1	2	3	4 = 1 + 2 + 3	5	6 = 5 / 4	7 = 4 - 5
<b>Title I:</b>							
<b>Direct Investment (Fund)</b>	-	-	-	-	-	N/A	-
<b>Title II:</b>							
<b>R&amp;D Expenditure</b>	-	14,000,000	(5,776,658)	8,223,342	7,816,639	95.05%	406,703
<b>Title III:</b>							
<b>Direct Expenditure</b>	-	29,882,000	8,386,658	38,268,658	38,268,658	100.00%	-
<b>Chapter 31:</b>							
<b>Staff Expenditure</b>	-	20,100,000	(4,045,834)	16,054,166	16,054,166	100.00%	-
Article 311: Professional staff salary costs	-	9,447,000	2,957,723	12,404,723	12,404,723	100.00%	-
Article 312: Technical Support staff salary costs	-	5,680,000	(3,998,480)	1,681,520	1,681,520	100.00%	-
Article 313: Travel and subsistence	-	1,600,000	75,000	1,675,000	1,675,000	100.00%	-
Article 314: Secondment allowances	-	2,693,000	(2,693,000)	-	-	NA	-
Article 315: Removal expenses	-	680,000	(387,077)	292,923	292,923	100.00%	-
Internal tax	-	-	-	-	-	N/A	-
<b>Chapter 32:</b>							
<b>Organizational Expenditure</b>	-	9,782,000	12,432,492	22,214,492	22,214,492	100.00%	-
Article 321: General services	-	600,000	2,007,422	2,607,422	2,607,422	100.00%	-
Article 322: Administrative services	-	1,000,000	1,567,742	2,567,742	2,567,742	100.00%	-
Article 323: Equipment	-	3,800,000	(899,525)	2,900,475	2,900,475	100.00%	-
Article 324: External specialised services	-	3,800,000	10,338,853	14,138,853	14,138,853	100.00%	-
Article 325: Public relations	-	582,000	(582,000)	-	-	N/A	-
<b>Total Expenditure</b>	-	43,882,000	2,610,000	46,492,000	46,085,297	99.13%	406,703

Amounts in Euro

# Payment Account

for the "Year" Ended 31 December 2007 (Schedule 3)

Budget Heading	Special Account 2007	Initial Payment Appropriations 2007	Transfers of Payment Appropriations 2007	Final Payment Appropriations 2007	Payments Against Special Account at 31/12/07	%	Payments Against Appropriations at 31/12/07	%	Cancellation from Special Account 2006 (back to Income 2008)	Cancellation from Payment Appropriations 2007 (back to Income 2008)	Balance of Special Account 2006 carried forward to 2008	Balance of Payment Appropriations of 2007	Special Account 2008
	1	2	3	4=2+3	5	6=5/1	7	8=7/4	9	10	11=1-5-9	12=4-7-10	13=11+12
<b>Title I: Direct Investment (Fund)</b>	-	-	-	-	-	NA	-	NA	-	-	-	-	-
<b>Title II: RGD Expenditure</b>	-	13,998,000	(5,776,658)	8,221,342	-	N/A	1,467,046	17.84%	-	404,703	-	6,349,593	6,349,593
<b>Title III: Direct Expenditure</b>	-	29,882,000	8,386,658	38,268,658	-	N/A	22,608,864	59.08%	-	-	-	15,659,794	15,659,794
<b>Chapter 31: Staff Expenditure</b>	-	20,100,000	(4,045,834)	16,054,166	-	N/A	14,283,387	88.97%	-	-	-	1,770,779	1,770,779
Article 311: Professional staff	-	9,447,000	2,957,723	12,404,723	-	N/A	11,373,775	91.69%	-	-	-	1,030,948	1,030,948
Article 312: Technical Support	-	5,680,000	(3,998,480)	1,681,520	-	N/A	1,542,074	91.71%	-	-	-	139,446	139,446
Article 313: Travel and subsistence	-	1,600,000	75,000	1,675,000	-	N/A	1,133,844	67.69%	-	-	-	541,156	541,156
Article 314: Secondment allow	-	2,693,000	(2,693,000)	-	-	N/A	-	NA	-	-	-	-	-
Article 315: Removal expenses	-	680,000	(387,077)	292,923	-	N/A	233,694	79.78%	-	-	-	59,229	59,229
Internal Tax	-	-	-	-	-	NA	-	NA	-	-	-	-	-
<b>Chapter 32: Organizational Expenditure</b>	-	9,782,000	12,432,492	22,214,492	-	N/A	8,325,477	37.48%	-	-	-	13,889,015	13,889,015
Article 321: General services	-	600,000	2,007,422	2,607,422	-	N/A	651,985	25.00%	-	-	-	1,955,437	1,955,437
Article 322: Administrative services	-	1,000,000	1,567,742	2,567,742	-	N/A	1,246,739	48.55%	-	-	-	1,321,003	1,321,003
Article 323: Equipment	-	3,800,000	(899,525)	2,900,475	-	N/A	2,118,047	73.02%	-	-	-	782,428	782,428
Article 324: Extern. special services	-	3,800,000	10,338,853	14,138,853	-	N/A	4,308,706	30.47%	-	-	-	9,830,147	9,830,147
Article 325: Public relations	-	582,000	(582,000)	-	-	NA	-	NA	-	-	-	-	-
<b>Total Expenditure</b>	-	43,880,000	2,610,000	46,490,000	-	NA	24,075,910	51.79%	-	404,703	-	22,009,387	22,009,387

Amounts in Euro

# Income Account—Cash

for the “Year” 2007—Cash Income (Schedule 4)

Budget Heading	Budgeted Income 2007	Transfers	Total Budgeted Income 2007	Requested Income 2007	Adjustments due to rounding	Carry forward from 2006	Cancellation of Appropriations	Total Income received in 2007	Carry forward to 2008
	1	2	3=1+2	4	5=3-4	6	7	8	9=5+6+7+8-3
<b>Title VII: Income</b>	<b>43,882,000</b>	<b>2,608,000</b>	<b>46,490,000</b>	<b>46,490,000</b>	<b>–</b>	<b>–</b>	<b>404,703</b>	<b>73,635,745</b>	<b>27,550,448</b>
<b>Chapter 71: Contributions</b>	<b>43,882,000</b>	<b>(2,000)</b>	<b>43,880,000</b>	<b>43,880,000</b>	<b>–</b>	<b>(159,200)</b>	<b>–</b>	<b>67,571,233</b>	<b>23,532,033</b>
Article 711: Contribution EURATOM	19,948,756	(908)	19,947,848	19,970,000	(22,152)	–	–	38,598,870	18,628,870
Article 712: Contribution CHINA	3,988,874	(182)	3,988,692	3,985,000	3,692	–	–	3,985,000	–
Article 713: Contribution INDIA	3,988,874	(182)	3,988,692	3,985,000	3,692	(200)	–	3,985,000	(200)
Article 714: Contribution JAPAN	3,988,874	(182)	3,988,692	3,985,000	3,692	–	–	2,282,533	(1,702,467)
Article 715: Contribution KOREA	3,988,874	(182)	3,988,692	3,985,000	3,692	–	–	3,985,000	–
Article 716: Contrib. RUSSIAN FED	3,988,874	(182)	3,988,692	3,985,000	3,692	(159,000)	–	10,749,805	6,605,805
Article 717: Contribution USA	3,988,874	(182)	3,988,692	3,985,000	3,692	–	–	3,985,026	26
<b>Chapter 72: Internal Tax</b>	<b>–</b>	<b>2,610,000</b>	<b>2,610,000</b>	<b>2,610,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,351,830</b>	<b>(258,170)</b>
Article 721: Intern. Tax Professionals	–	2,200,000	2,200,000	2,200,000	–	–	–	2,101,528	(98,472)
Article 722: Intern. Tax Techn. Staff	–	410,000	410,000	410,000	–	–	–	250,302	(159,698)
<b>Chapter 73: Financial Income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>450,087</b>	<b>450,087</b>
Article 731: Financial interests	–	–	–	–	–	–	–	424,572	424,572
Article 732: Exchange rate Income	–	–	–	–	–	–	–	25,515	25,515
<b>Chapter 74: Other Income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>159,200</b>	<b>404,703</b>	<b>3,262,595</b>	<b>3,826,498</b>
Article 741: Cancellation of Appropriations for current “year”	–	–	–	–	–	–	404,703	–	404,703
Article 742: Cancellation of Appropriations for previous “year” (s)	–	–	–	–	–	–	–	–	–
Article 743: Miscellaneous income	–	–	–	–	–	159,200	–	3,262,595	3,421,795
<b>Total Income</b>	<b>43,882,000</b>	<b>2,608,000</b>	<b>46,490,000</b>	<b>46,490,000</b>	<b>–</b>	<b>–</b>	<b>404,703</b>	<b>73,635,745</b>	<b>27,550,448</b>

Amounts in Euro



## **Income Account—In-kind** for 2007—In-kind Contributions (Schedule 5)

<b>Member</b>	<b>In Euro</b>	<b>in IUA</b>
EURATOM	5,814,255	3,962.4
China	0	0.0
India	0	0.0
Japan	873,634	595.4
Republic of Korea	398,933	271.9
Russian Federation	0	0.0
United States of America	923,152	629.1
<b>Total</b>	<b>8,009,974</b>	<b>5,458.8</b>

1,467.34 Euro = 1 IUA

# Notes to the Annual Accounts

## for the "Year" 2007

### General Points

#### Accounting Policies

The Annual Accounts are prepared on the historical cost basis and presented in Euro. The Income Account includes amounts due to and from the Organization whereas the Payments account is maintained on a cash basis only.

The financial statements have been prepared in accordance with Article III.17 of the Project Resource Management Regulations and where these are not specific, with International Public Sector Accounting Standards (IPSAS) published by the International Public Sector Accounting Standards Board (IPSASB).

#### Foreign Exchange Accounting

Transactions in foreign currencies are translated into Euros at exchange rates prevailing at the dates of the transactions. Any gains arising from these transactions are included in the Income Account, and any losses included in the Payments Account.

#### Format of the Accounts

These Annual Accounts show five main accounting Schedules (1 to 5), Notes to the Accounts (Notes 1 - 15), explanatory Schedules (6 to 8) and Annexes (1 to 3).

#### Balance Sheet (Schedule 1)

##### Bank Balances: 48,334,520€

These balances are held in Euro and Yen current and fixed rate deposit accounts, and in securities.

##### Members' Contributions: 1,702,667€

Apart from one Member, all requested contributions for 2007 were received.

The individual contributions were requested on a rounded figure basis, resulting in small under-payments compared to the Budget. A correcting adjustment will be made in the next call for contributions.

Remaining outstanding contributions are due to be received in the course of 2008.

Details of these outstanding amounts are shown in Column 9 of the Cash Income Account (Schedule 4).

##### Recoverable VAT: 1,225,315€

The ITER Organization is exempt from taxes (corporate income, business licence and value added tax). Value added tax paid to suppliers for purchases of goods and services is recovered by requesting the reimbursement from the states in which the VAT was collected. In respect of actual payments made in 2007, there was a total VAT amount of 1,225,315€ to be recovered.

##### Non-current Assets: 2,256,000€

The value of non-current assets after depreciation, concerning Property, Plant and Equipment and Assets in Progress, amounts to 1,760,000€ and of Intangible Fixed Assets to 496,000€.

Payments made in 2007 for capital items have been accounted for in full in the Payments Account (Schedule 3). However in accordance with International Accounting Standards, expenditure on both tangible and intangible assets is to be capitalised and depreciated over the estimated useful life of the asset.

The detailed figures of the Special Account are shown in Schedule 7 of these Accounts.

##### In-kind Contributions: 8,009,974€

Contributions from Members may be made in the form of cash contributions or in-kind contributions involving non-cash assets, other goods and services and staff seconded by the Members.

During the "year" 2007 in-kind contributions comprised only the provision of staff seconded to the ITER Organization by the Members.

##### Members' Contributions: 25,234,700€

The amount in the Balance Sheet represents advance contributions for 2008 that the IO had received from three Members in 2007.

##### Special Account Creditors: 8,041,000€

Creditors represent outstanding invoices received in respect of supplies made and services rendered to the Organization in 2007, which had not yet been paid at the year-end.

##### Special Account Non-creditor unpaid commitments: 13,968,387€

The Special Account has been created to carry forward unspent Payment Appropriations to settle commitments unpaid at the end of the financial "year" 2007, in 2008 or later.

Funds transferred to the Special Account at 31 December 2007 are to settle:

- Creditors, representing outstanding invoices received in respect of supplies made and services rendered to the ITER Organization in the "year" 2007" for 8,041,256€,
- Other unpaid commitments, for an amount of 13,968,387€, all expected to be payable after 2007.

**Amounts Carried Forward To Reduce Members' Future Contributions: 4,018,415€**

This represents excess income received over and above the 2007 Budget, largely related to unused funds of the Common Fund managed by the IAEA. This Common Fund is in the process of being closed.

**Cash Income Account (Schedule 4)**

**Members' Contributions**

- (a) Members' contributions have been established as follows:
  - (i) 45.46% from the EU
  - (ii) 9.09% from each of the other six Members
- (b) In 2007 the contributions were established on the basis of the Income budget by the ITER Council and rounded, Requests for contributions have also been rounded. This meant that at the end of 2007 not all income had been requested. The balances for the Members are due to be requested in 2008.
- (c) From the cash-contributions, capital items were purchased in 2007 and were partially depreciated, related in particular to equipment, assets in progress and licences; the balance of 2,256,000 € is included in the Balance sheet.

**Other Income**

- (a) Internal Tax

An internal tax is applied to basic salary costs including overtime and night work. This tax is collected by the ITER Organization by withholding from monthly salary payments. In order to comply with Article III.2.2 of the Project Resource Management Regulations - 'there shall be no offset of income against expenditure, ...' - the Internal Tax withheld, is to be treated as income. The budgeted negative Appropriations of 2,610,000€ were transferred from the Payments Account. The actual amount withheld was 2,351,830€, resulting in a shortfall of income of 258,170€. This shortfall is compensated by excess income on other Chapter headings.
- (b) Financial Income

The interest earned on funds held in current and deposit accounts amounted to 424,572€. No budget had been set for this Chapter, and the total amount is carried forward as excess income, to be set off against future contributions; the exchange rate income was 25,515€ in 2007.
- (c) Cancellation of Appropriations

Unused 2007 Payment Appropriations, neither paid nor transferred to the Special Account at the level of 404,703€, have been transferred to the Income Account and form part of the total excess income, to be set off against Members' contributions in future years.

(d) Miscellaneous Income

The amount of 3,421,795€ represents the cash received in 2007 in respect of the remaining unused balance of funds of the ITER Common Fund.

The ITER Common fund was established as a Trust Fund at the IAEA, who collected the Members' contributions and distributed funds at the instruction of the ITER Nominee Director-General. The total budget of the Common Fund was 4,500,000€. Its shortfall of 159,200€ in Members' contributions was managed in conjunction with the contributions towards the ITER Budget 2007 (shown in Column 5 of the Income Account). Total expenditure from the Common Fund amounted to 669,405€, leaving an unspent balance of 3,830,595€. Of this amount, 3,421,795 was credited in 2007 (shown in Column 8 of the Income Account), and the balance of 408,800€ will be paid by the IAEA in 2008.

This unspent balance will be treated as Income in the ITER 2008 Budget, and the 2008 in-cash contributions from the Members will be reduced by the budgeted amount concerned.

**In-kind Contributions: 8,009,974€ (Schedule 5)**

The in-kind contributions received in the "year" 2007 relate to staff who have been seconded by the Members in the course of 2007. The amount will be used to set off against other/ future contributions. The amounts in the income account represent the salary costs ITER would have paid for the staff concerned, in Euro, and converted to KIUA at the rate of the year, for the purpose of crediting the Members concerned.

# Statement of Unpaid Commitments

at 31 December 2007 (Schedule 6)

Budget Heading	Final Commitment Appropriations 2007	Commitments at 31/12/07	%	Final Payment Appropriations 2007	Payments Against Special Account at 31/12/07	%	Payments Against Appropriations at 31/12/07	%	Unpaid Commitments
	1	2	3=2/1	4	5	6=5/4	7	8=7/4	9=2-5-7
<b>Title I:</b>									
<b>Direct Investment (Fund)</b>	–	–	N/A	–	–	N/A	–	N/A	–
<b>Title II:</b>									
<b>R&amp;D Expenditure</b>	8,223,342	7,816,639	95.05%	8,221,342	–	N/A	1,467,046	17.84%	6,349,593
<b>Title III:</b>									
<b>Direct Expenditure</b>	38,268,658	38,268,658	100.00%	38,268,658	–	N/A	22,608,864	59.08%	15,659,794
<b>Chapter 31:</b>									
<b>Staff Expenditure</b>	16,054,166	16,054,166	100.00%	16,054,166	–	N/A	14,283,387	88.97%	1,770,779
Article 311: Prof. salary costs	12,404,723	12,404,723	100.00%	12,404,723	–	N/A	11,373,775	91.69%	1,030,948
Article 312: Techn. Support salary costs	1,681,520	1,681,520	100.00%	1,681,520	–	N/A	1,542,074	91.71%	139,446
Article 313: Travel and subsistence	1,675,000	1,675,000	100.00%	1,675,000	–	N/A	1,133,844	67.69%	541,156
Article 314: Secondment Allow.	–	–	N/A	–	–	N/A	–	N/A	–
Article 315: Removal expenses	292,923	292,923	100.00%	292,923	–	N/A	233,694	79.78%	59,229
Internal Tax	–	–	N/A	–	–	N/A	–	N/A	–
<b>Chapter 32:</b>									
<b>Organizational Expenditure</b>	22,214,492	22,214,492	100.00%	22,214,492	–	N/A	8,325,477	37.48%	13,889,015
Article 321: General services	2,607,422	2,607,422	100.00%	2,607,422	–	N/A	651,985	25.00%	1,955,437
Article 322: Administrative services	2,567,742	2,567,742	100.00%	2,567,742	–	N/A	1,246,739	48.55%	1,321,003
Article 323: Equipment	2,900,475	2,900,475	100.00%	2,900,475	–	N/A	2,118,047	73.02%	782,428
Article 324: Extern. specialised services	14,138,853	14,138,853	100.00%	14,138,853	–	N/A	4,308,706	30.47%	9,830,147
Article 325: Public relations	–	–	N/A	–	–	N/A	–	N/A	–
<b>Total Expenditure</b>	<b>46,492,000</b>	<b>46,085,297</b>	<b>99.13%</b>	<b>46,490,000</b>	<b>–</b>	<b>N/A</b>	<b>24,075,910</b>	<b>51.79%</b>	<b>22,009,387</b>

Amounts in Euro

# **The Special Account**

at 31 December 2007 (Schedule 7)

## **Reserve for future payments to be made against Specific Unpaid Commitments**

<i>Balance of Unspent Payments Appropriations at the beginning of the "year" 2007</i>	<i>0</i>
<i>Transfers to the Special Account at the end of 2007</i>	
• <i>Covered by identified Creditors</i>	<i>8,041,000</i>
• <i>Covered by other unpaid commitments</i>	<i>13,968,387</i>
<b><i>Balance of Unspent Payments Appropriations</i></b>	<b><i>22,009,387</i></b>

**Amounts in Euro**

# Cash Breakdown

(Schedule 8)

<b>Total cash Income</b>	<b>73,635,745</b>
<i>2007 Contributions from the Members</i>	42,177,333
<i>Advances on contributions</i>	25,234,700
<i>Internal tax</i>	2,351,830
<i>Interests from bank</i>	424,572
<i>Exchange rate income</i>	25,515
<i>Common Fund</i>	3,421,795
<b>Total disbursement</b>	<b>25,301,225</b>
<i>Payments against budget</i>	24,075,910
<i>Balance of VAT to be recovered</i>	1,225,315
<b>Balance in cash</b>	<b>48,334,520</b>
<b>Cash balance at 31/12/2007</b>	<b>48,334,520</b>
<i>BNP Account in €</i>	23,422,875
<i>BNP Account in YEN</i>	411,346
<i>Sicav-holding</i>	500,289
<i>DAT 1 (till 29/01/2008)</i>	20,000,000
<i>DAT 2 (till 14/01/2008)</i>	4,000,000
<i>Petty cash</i>	10

Amounts in Euro

# Commitments Budget 2007 Annexes 1, 2 and 3

## Transfers in 2007—Annex 1

Budget Heading	Commitments Budget 2007	Transfers Tokyo (11/12/07)	New Commitments Budget 2007	Transfers Cadarache (27/28/11/07)	Current Commitments Budget 2007	Transfers by written procedure	Final Commitments Budget 2007
	1	2	3 = 1 + 2	4	5 = 3 + 4	6	7 = 5 + 6
<b>Title I:</b>							
<b>Direct Investment (Fund)</b>	–	2,660,000	2,660,000	–	2,660,000	(2,660,000)	–
<b>Title II:</b>							
<b>R&amp;D Expenditure</b>	14,000,000	(2,660,000)	11,340,000	–	11,340,000	(3,116,658)	8,223,342
<b>Title III:</b>							
<b>Direct Expenditure</b>	29,882,000	–	29,882,000	–	29,882,000	8,386,658	38,268,658
<b>Chapter 31:</b>							
<b>Staff Expenditure</b>	20,100,000	–	20,100,000	(7,890,000)	12,210,000	3,844,166	16,054,166
Article 311: Professional staff salary costs	9,447,000	–	9,447,000	2,600,000	12,047,000	357,723	12,404,723
Article 312: Technical Support staff salary costs	5,680,000	–	5,680,000	(4,100,000)	1,580,000	101,520	1,681,520
Article 313: Travel and subsistence	1,600,000	–	1,600,000	(667,000)	933,000	742,000	1,675,000
Article 314: Secondment allowances	2,693,000	–	2,693,000	(2,693,000)	–	–	–
Article 315: Removal expenses	680,000	–	680,000	(420,000)	260,000	32,923	292,923
Internal tax	–	–	–	(2,610,000)	(2,610,000)	2,610,000	–
<b>Chapter 32:</b>							
<b>Organizational Expenditure</b>	9,782,000	–	9,782,000	7,890,000	17,672,000	4,542,492	22,214,492
Article 321: General services	600,000	–	600,000	1,850,000	2,450,000	157,422	2,607,422
Article 322: Administrative services	1,000,000	–	1,000,000	(168,000)	832,000	1,735,742	2,567,742
Article 323: Equipment	3,800,000	–	3,800,000	(1,080,000)	2,720,000	180,475	2,900,475
Article 324: External specialised services	3,800,000	–	3,800,000	7,870,000	11,670,000	2,468,853	14,138,853
Article 325: Public relations	582,000	–	582,000	(582,000)	–	–	–
<b>Total Expenditure</b>	<b>43,882,000</b>	<b>–</b>	<b>43,882,000</b>	<b>–</b>	<b>43,882,000</b>	<b>2,610,000</b>	<b>46,492,000</b>

Amounts in Euro

# Payments Budget 2007

## Transfers in 2007—Annex 2

Budget Heading	Payments Budget 2007	Transfers Tokyo (11&12/7/07)	New Payments Budget 2007	Transfers Cadarache (27&28/11/07)	Current Payments Budget 2007	Transfers by written procedure	Final Payments Budget 2007
	1	2	3 = 1 + 2	4	5 = 3 + 4	6	7 = 5 + 6
<b>Title I:</b>							
<b>Direct Investment (Fund)</b>	–	2,660,000	2,660,000	–	2,660,000	(2,660,000)	–
<b>Title II:</b>							
<b>R&amp;D Expenditure</b>	14,000,000	(2,660,000)	11,340,000	–	11,340,000	(3,118,658)	8,221,342
<b>Title III:</b>							
<b>Direct Expenditure</b>	29,882,000	–	29,882,000	–	29,882,000	8,386,658	38,268,658
<b>Chapter 31:</b>							
<b>Staff Expenditure</b>	20,100,000	–	20,100,000	(7,890,000)	12,210,000	3,844,166	16,054,166
Article 311: Professional staff salary costs	9,447,000	–	9,447,000	2,600,000	12,047,000	357,723	12,404,723
Article 312: Technical Support staff salary costs	5,680,000	–	5,680,000	(4,100,000)	1,580,000	101,520	1,681,520
Article 313: Travel and subsistence	1,600,000	–	1,600,000	(667,000)	933,000	742,000	1,675,000
Article 314: Secondment allowances	2,693,000	–	2,693,000	(2,693,000)	–	–	–
Article 315: Removal expenses	680,000	–	680,000	(420,000)	260,000	32,923	292,923
Internal tax	–	–	–	(2,610,000)	(2,610,000)	2,610,000	–
<b>Chapter 32:</b>							
<b>Organizational Expenditure</b>	9,782,000	–	9,782,000	7,890,000	17,672,000	4,542,492	22,214,492
Article 321: General services	600,000	–	600,000	1,850,000	2,450,000	157,422	2,607,422
Article 322: Administrative services	1,000,000	–	1,000,000	(168,000)	832,000	1,735,742	2,567,742
Article 323: Equipment	3,800,000	–	3,800,000	(1,080,000)	2,720,000	180,475	2,900,475
Article 324: External specialised services	3,800,000	–	3,800,000	7,870,000	11,670,000	2,468,853	14,138,853
Article 325: Public relations	582,000	–	582,000	(582,000)	–	–	–
<b>Total Expenditure</b>	<b>43,882,000</b>	<b>–</b>	<b>43,882,000</b>	<b>–</b>	<b>43,882,000</b>	<b>2,608,000</b>	<b>46,490,000</b>

Amounts in Euro



# Income Budget 2007

## Transfers in 2007—Annex 3

Budget Heading	Budgeted Income 2007	Transfers	Total Budgeted Income 2007
	1	2	3=1+2
<b>Title VII: Income</b>	<b>43,882,000</b>	<b>2,608,000</b>	<b>46,490,000</b>
<b>Chapter 71: Contributions</b>	<b>43,882,000</b>	<b>(2,000)</b>	<b>43,880,000</b>
Article 711: Contribution EURATOM	19,948,756	(908)	19,947,848
Article 712: Contribution CHINA	3,988,874	(182)	3,988,692
Article 713: Contribution INDIA	3,988,874	(182)	3,988,692
Article 714: Contribution JAPAN	3,988,874	(182)	3,988,692
Article 715: Contribution KOREA	3,988,874	(182)	3,988,692
Article 716: Contrib. RUSSIAN FED	3,988,874	(182)	3,988,692
Article 717: Contribution USA	3,988,874	(182)	3,988,692
<b>Chapter 72: Internal Tax</b>	<b>–</b>	<b>2,610,000</b>	<b>2,610,000</b>
Article 721: Intern. Tax Professionals	–	2,200,000	2,200,000
Article 722: Intern. Tax Techn. Staff	–	410,000	410,000
<b>Chapter 73: Financial Income</b>	<b>–</b>	<b>–</b>	<b>–</b>
Article 731: Financial interests	–	–	–
Article 732: Exchange rate Income	–	–	–
<b>Chapter 74: Other Income</b>	<b>–</b>	<b>–</b>	<b>–</b>
Article 741: Cancellation of Appropriations for current "year"	–	–	–
Article 742: Cancellation of Appropriations for previous "year"(s)	–	–	–
Article 743: Miscellaneous income	–	–	–
<b>Total Income</b>	<b>43,882,000</b>	<b>2,608,000</b>	<b>46,490,000</b>

Amounts in Euro

# ITER Organization

Winter 2008



*The team of the ITER  
Organization in Cadarache  
in February 2008.*



**the way to new energy**



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