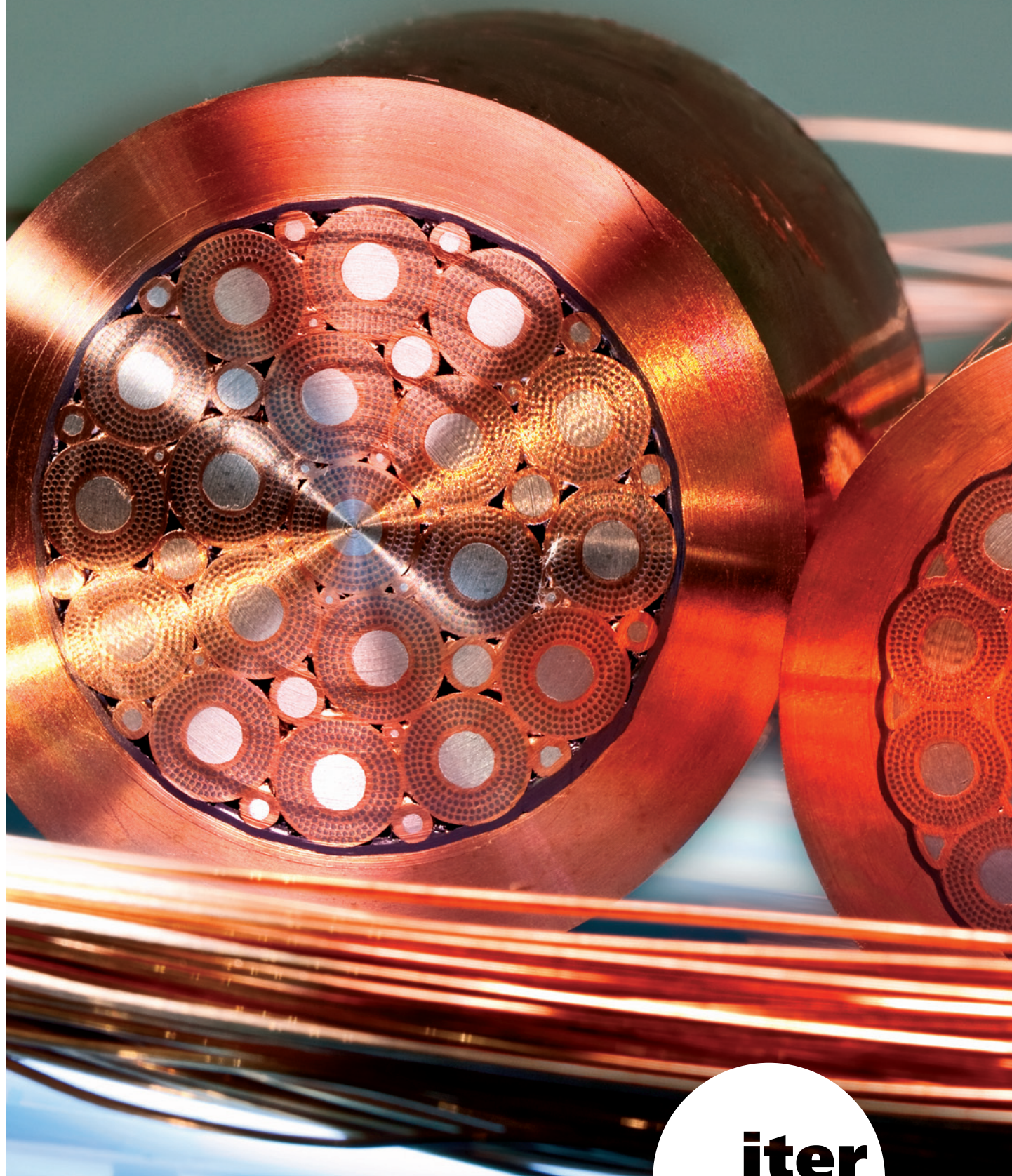


ITER Organization

2009 Financial Statements



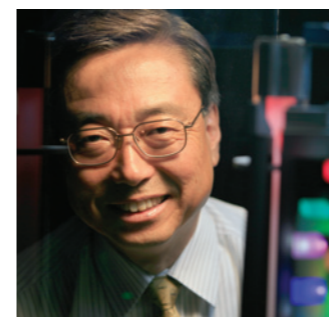
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Foreword

From the Director-General



I am pleased to present the ITER Organization Financial Statements 2009. Financial accountability and rigour are the foundations of the ITER project. In the report that follows, you will find a clear presentation of financial data and the report on these annual accounts from the independent Financial Audit Board. 2009 was the ITER Organization's second full year of activities, and one during which management systems, reporting processes, and cost and risk methodologies were consolidated, reflecting the growing maturity of our organization.

The collaborative nature of our project took on particular significance during this productive and challenging year. The ability of the seven ITER Members - Japan, the People's Republic of China, the European Union, the Republic of India, the Republic of Korea, the Russian Federation and the United States of America - to work together on a range of issues proved crucial to the year's momentum.

An organization-wide effort to complete the Project Baseline was carried out, involving significant resources both at the ITER Organization and the Domestic Agencies. This Baseline will be presented at the June 2010 meeting of the ITER Council to finally establish the technical scope, cost and schedule of the project, and it will serve as the ITER Organization's blueprint throughout the Construction Phase of the project.

Eighteen Procurement Arrangements were signed in 2009, each one representing a concrete step forward to construction. This is almost twice the number signed in 2008, and the momentum will continue. The conclusion of Procurement Arrangements remains a top priority; to this end, several measures were implemented in 2009 that permit a greater coordination between the ITER Organization and the Domestic Agencies, including monthly meetings, dedicated product teams for the most technically-challenging components, and collaborative procurement sharing between Members on some critical items.

Site construction works launched back in 2007 came to fruition in 2009: the ITER platform was completed in April; the first half of the International School of Manosque was delivered in October; and 106 kilometres of road works along the ITER Itinerary were completed in December – only the finishing touches to the Port de la Pointe harbour at Fos, near Marseille, remain to be finalized.

As we move forward from planning to the beginning of construction, the importance of strong, clear administrative policies cannot be overstressed. Many advances made in 2009 have set the stage for the future: new tools were set into place permitting improved financial reporting and auditing procedures, as well as more comprehensive management and staff assessments. In its October report, the Briscoe Panel confirmed the improvements implemented in management systems, and stressed the progress made in the estimation of costs and risks.

I would like to thank the governments of the ITER Members for their ongoing support. We are creating a new paradigm of international collaboration and the world is watching our progress. A common understanding of the important ITER Mission gives strength to our collaboration: to realize an environmentally-friendly energy source for humanity.

Kaname Ikeda

Cadarache, February 2010

Certificate

The Financial Statements of the ITER Organization have been prepared in accordance with the internal Project Resource Management Regulations (PRMR) and the International Public Sector Accounting Standards (IPSAS).

I hereby certify that, based on the information provided by the Authorizing Officer, I have reasonable assurance that these accounts present a true and fair view of the financial transactions in the year 2009 and of the financial position of the ITER Organization in all material aspects at the end of 2009.



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 Authorizing 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

FINANCIAL AUDIT BOARD MEMBERS

Alice C. Peterson, Chair
United States of America

Ms. Sun Xiaoyun
People's Republic of China

Mr. Francois Colling
European Union

Mr. A. Ramaiah
Republic of India

Mr. Katsumi Nakajima
Japan

Mr. Hyuck Jong Kim
Republic of Korea

Ms. Tamara B. Vorobieva
Russian Federation

We have audited the accompanying financial statements of The International Organization of the ITER, which comprise Balance Sheet as at December 31, 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow statement of the year then ended, and a Summary of Significant accounting policies and other explanatory notes including the Financial Statements prepared in accordance with the Project Resource Management Regulations (PRMR) Budgetary Execution for 2009.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards and the Internal Project Resource Management Regulations established by the November 21, 2006 ITER Agreement. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

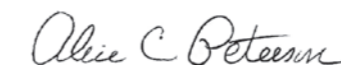
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as established with Article 17 of the Agreement "Financial Audit" and those requirements established by the PRMR. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, as a result the financial statements give a true and fair view of the financial position of The ITER Organization as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

A separate Management Letter dated on April 20, 2010, which includes issues considered not material enough to merit qualification but nevertheless considered important enough to be brought to the notice of ITER Council, has been issued to the ITER Organization.



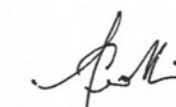
Ms. Alice C. Peterson, Chair
UNITED STATES OF AMERICA



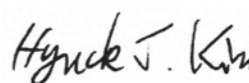
Ms. Sun Xiaoyun
PEOPLE'S REPUBLIC OF CHINA



Mr. Katsumi Nakajima
JAPAN



Mr. Francois Colling
EUROPEAN UNION



Mr. Hyuck Jong Kim
REPUBLIC OF KOREA



Mr. A. Ramaiah
REPUBLIC OF INDIA



Ms. Tamara B. Vorobieva
RUSSIAN FEDERATION



ITER Organization 2009 Financial Statements

Introduction and Basis of Preparation

These Financial Statements have been drawn up in accordance with the internal Project Resource Management Regulations (PRMR) of the ITER Organization and the International Public Sector Accounting Standards (IPSAS). These Financial Statements are therefore compatible with both regulations and standards.

These Financial Statements set out the basis of preparation of the information contained herein and include explanations on the differences between the IPSAS and PRMR-schedules in accordance with the PRMR.

The accounts of the ITER Organization are kept in Euros and when dealing with in-kind contributions in IUA (ITER Unit of Account).

These Financial Statements reflect all financial activities of the ITER Organization of the year and the financial position at the end of the year and we are not aware of any un-recorded liabilities.

Financial Statements 2009 Prepared in Accordance with the PRMR Project Resource Management Regulations

Commitments Execution 2009

Amounts in EUR

Budget Heading	Final Commitments Budget 2009	Unused Commitment Appropriations brought forward from 2008	De-commitments of previous years' commitments*	Available Commitment Appropriations 2009	Commitments 2009**	Unused Commitment Appropriations carried forward to 2010
	1	2	3	4 = 1 + 2 + 3	5	6 = 4 - 5
Title I : Direct Investment (Fund)	2,400,000	600,000	-	3,000,000	3,000,000	-
Title II : R&D Expenditure	17,097,000	15,848	1,455,882	18,568,730	18,552,946	15,784
Title III : Direct Expenditure	115,176,000	293,728	2,925,500	118,395,228	118,388,127	7,101
Chapter 31 : Staff Expenditure	52,204,737	82,291	213,163	52,500,191	52,500,191	-
Article 311 : Professional staff salary costs	39,187,292	-	-	39,187,292	39,187,292	-
Article 312 : Technical Support staff salary costs	9,501,900	-	-	9,501,900	9,501,900	-
Article 313 : Travel and subsistence	2,706,379	66,640	199,231	2,972,250	2,972,250	-
Article 314 : Secondment allowances	221,486	-	-	221,486	221,486	-
Article 315 : Removal expenses	587,680	15,651	13,932	617,263	617,263	-
Chapter 32 : Organizational Expenditure	62,971,263	211,437	2,712,337	65,895,037	65,887,936	7,101
Article 321 : General services	3,144,408	12,982	326,545	3,483,935	3,483,935	-
Article 322 : Administrative services	2,742,343	56,516	908,217	3,707,076	3,707,076	-
Article 323 : Equipment	4,751,456	30,863	343,434	5,125,753	5,125,753	-
Article 324 : External specialized services	52,333,056	111,076	1,134,141	53,578,273	53,571,172	7,101
Total Expenditure	134,673,000	909,576	4,381,382	139,963,958	139,941,073	22,885

*In 2009, the total amount de-committed from previous years' commitments equals EUR 4.4 M and corresponds to the reduction of the value of several substantial contracts signed in 2007 and 2008.

**The 2009 commitments of EUR 139.9 M represent all legal liabilities signed by the IO in 2009 but also include an amount of EUR 0.371 M generated by the effect of the historical data upload exercise (2007 & 2008) corresponding to the shortfall of commitments in 2007 and 2008 due to exchange rate differences.

Budget Heading	Final Payments Budget 2009	Special Account 1 January 2009	Adjustments of Special Account items	Payment Appropriations 2009	Payments 2009			Transfers to Special Account 31 December 2009	Unused balance of Payments Budget	Special Account 31 December 2009
					Against Budget	Against Special Account	Total			
	1	2	3	4 = 1 + 2 + 3	5	6	7 = 5 + 6	8 = 1 - 5 - 9	9	10 = 4 - 7 - 9
Title I : Direct Investment (Fund)	800,000	-	-	800,000	67,010	-	67,010	732,990	-	732,990
Title II : R&D Expenditure	10,000,000	11,192,644	(1,015,994)	20,176,650	5,799,182	7,055,396	12,854,578	4,200,818	-	7,322,072
Title III : Direct Expenditure	97,295,000	21,834,319	(2,930,363)	116,198,956	95,326,692	12,724,587	108,051,279	1,968,308	-	8,147,677
Chapter 31 : Staff Expenditure	52,108,416	225,719	(52,503)	52,281,632	51,837,623	182,575	52,020,198	270,793	-	261,434
Article 311 : Professional staff salary costs	39,189,544	37,143	-	39,226,687	39,189,544	37,143	39,226,687	-	-	-
Article 312 : Technical Support staff salary costs	9,501,900	-	-	9,501,900	9,501,900	-	9,501,900	-	-	-
Article 313 : Travel and subsistence	2,643,657	153,253	(40,917)	2,755,993	2,416,677	123,070	2,539,747	226,980	-	216,246
Article 314 : Secondment allowances	221,486	-	-	221,486	221,486	-	221,486	-	-	-
Article 315 : Removal expenses	551,829	35,323	(11,586)	575,566	508,016	22,362	530,378	43,813	-	45,188
Chapter 32 : Organisational Expenditure	45,186,584	21,608,600	(2,877,860)	63,917,324	43,489,069	12,542,012	56,031,081	1,697,515	-	7,886,243
Article 321 : General services	2,493,012	2,698,490	(214,612)	4,976,890	2,464,329	1,282,764	3,747,093	28,683	-	1,229,797
Article 322 : Administrative services	2,311,978	1,382,626	(546,247)	3,148,357	2,306,244	736,787	3,043,031	5,734	-	105,326
Article 323 : Equipment	4,593,194	923,139	(420,991)	5,095,342	4,580,953	444,289	5,025,242	12,241	-	70,100
Article 324 : External specialized services	35,788,400	16,604,345	(1,696,010)	50,696,735	34,137,543	10,078,172	44,215,715	1,650,857	-	6,481,020
Total Expenditure	108,095,000	33,026,963	(3,946,357)	137,175,606	101,192,884	19,779,983	120,972,867	6,902,116	-	16,202,739

Adjustments of Special Account items have been made in conjunction with the de-commitments concerning previous years' contracts. From the adjustments of Special Account, EUR 3.861 M related to items transferred in the Special Account in 2008.

Of the payments made against the Special Account at the level of EUR 19.8 M in 2009, EUR 2.7 M related to items transferred to the Special Account at the end of 2007 and EUR 17.1 M has been paid from the amounts transferred at the end of 2008.

The Special Account at 31 December 2009 of in total EUR 16.2 M is composed of EUR 3.0 M remaining from 2007, EUR 6.3 M remaining from 2008 and EUR 6.9 M transferred at the end of 2009.



Budget Heading	Final Income	Income in 2009	Carry forward
	Budget 2009		to 2010
	1	2	3 = 2 - 1
Title VII : Income	108,095,000	110,630,131	2,535,131
Chapter 71 : Contributions	94,995,294	94,995,294	-
Article 711 : Contribution from the EURATOM	41,011,940	41,011,940	-
Article 712 : Contribution from CHINA	9,363,179	9,363,179	-
Article 713 : Contribution from INDIA	9,363,179	9,363,179	-
Article 714 : Contribution from JAPAN	8,489,545	8,489,545	-
Article 715 : Contribution from the REPUBLIC OF KOREA	8,964,245	8,964,245	-
Article 716 : Contribution from the RUSSIAN FEDERATION	9,363,179	9,363,179	-
Article 717 : Contribution from the UNITED STATES of AMERICA	8,440,027	8,440,027	-
Chapter 72 : Internal tax	11,645,003	9,677,693	(1,967,310)
Article 721 : Internal Tax from Professional Staff	8,300,000	8,224,143	(75,857)
Article 722 : Internal Tax from Technical Support Staff	3,345,003	1,453,550	(1,891,453)
Chapter 73 : Financial Income	500,000	830,237	330,237
Article 731 : Financial interests	500,000	677,249	177,249
Article 732 : Exchange rate Income	-	152,988	152,988
Chapter 74 : Other Income	954,703	5,126,907	4,172,204
Article 741 : Cancellation of Appropriations from the current year	-	-	-
Article 742 : Cancellation of Appropriations from previous year(s)	404,703	3,946,357	3,541,654
Article 743 : Monaco Partnership	550,000	550,000	-
Article 744 : Excess Income from previous years	-	627,190	627,190
Article 749 : Miscellaneous income	-	3,360	3,360
Total Income	108,095,000	110,630,131	2,535,131

The Contributions from the Members are considered as Income in the year in which they are called regardless of their date of receipt by the ITER Organization. Other sources of income are registered in the year in which they are realized or received.

The total Income Budget is equal to the Payments Budget in accordance with Article III.1.3 of the PRMR. In 2009 the IO has brought to income cancellation of appropriations from the previous year at the level of EUR 3.9 M.

The cancellation of Appropriations from previous year(s) corresponds to the adjustments of Special Account items mentioned in the Payments Execution table.

Financial Statements 2009 Prepared in Accordance with the IPSAS International Public Sector Accounting Standards

Statement of Financial Position at 31 December 2009

Amounts in EUR

Assets	Notes	31.12.2009	31.12.2008
Current assets		74,038,473	98,319,875
Cash and cash equivalents	B3	66,003,755	75,764,637
Receivables	B4	1,356,137	14,113,158
Other current assets	B5	5,393,489	5,885,262
Prepayment	B6	1,285,092	2,556,818
Non-current assets		256,989,982	124,246,714
Fixed Assets	B7 & 8	256,988,638	124,246,624
Other financial assets		1,344	90
Total assets		331,028,455	222,566,589
Liabilities	Notes	31.12.2009	31.12.2008
Current liabilities		69,150,567	71,174,423
Payables	B9	67,202,676	70,138,307
Employee benefits	B10	1,947,891	1,036,117
Non-current liabilities		261,877,888	149,398,462
Long term liabilities	B11	8,865,009	25,151,838
Deferred revenue	B12	253,012,879	124,246,624
Total liabilities		331,028,455	220,572,885
Equity	Notes	31.12.2009	31.12.2008
Brought Forward Surplus		1,993,704	602,773
Statement of Financial Performance		(1,993,704)	1,390,932
Total Equity		-	1,993,704
Total of Liabilities and Equity		331,028,455	222,566,589

Statement of Financial Performance for the Year Ending 31 December 2009

Amounts in EUR

Revenue	Notes	2009	2008
Contributions from Members taken to revenue	B12	854,088	392,223
ITER own work capitalised	B13	121,179,997	72,811,724
Other revenue	B13	702,989	2,286,064
Total Revenue		122,737,074	75,490,011
Expenses	Notes	2009	2008
Wages, salaries and employee benefits	B14	49,633,830	34,469,219
Supplies and consumables used	B15	3,191,591	1,361,752
Depreciation and amortization expense	B7 & 8	854,088	394,498
Other expenses	B16	69,057,565	37,873,609
Exceptional Charges	B16	1,993,704	-
Total Expenses		124,730,778	74,099,079
Surplus/(deficit) for the period		(1,993,704)	1,390,932

Statement of Cash Flow for the Year Ending 31 December 2009

Amounts in EUR

Cash flow from operating activities	Notes	2009	2008
Surplus for the period		(1,993,704)	1,390,932
Adjustment for surplus restatement 2007		-	(13,593,097)
Depreciation	B7 & 8	854,088	392,222
Disposals	B7 & 8	141,700	-
Change in other financial assets		(1,254)	(90)
Deferred contributions from Members taken to revenue	B12	(854,088)	(392,222)
Change in receivables	B4	12,757,021	(14,098,503)
Change in other current assets	B5	491,773	(3,475,125)
Change in pre-payments	B6	1,271,726	(625,662)
Change in payables	B9	(2,935,631)	58,793,819
Change in other current liabilities	B10	911,775	(1,140,356)
Change in long term liabilities	B11	(16,286,829)	-
Change in deferred revenue	B12	129,620,343	122,384,524
Net cash flow from operating activities		123,976,920	149,636,441
Cash flow from investing activities	Notes	2009	2008
Acquisitions of tangible assets	B7 & 8	(133,350,261)	(120,468,362)
Acquisitions of intangible assets	B7 & 8	(387,541)	(1,916,162)
Net cash used in investing activities		(133,737,802)	(122,384,524)
Cash flow from financing activities	Notes	2009	2008
Net cash from financing activities		-	-
	Notes	2009	2008
Cash and cash equivalents at 1 January 2009		75,764,637	48,512,721
Net increase/(decrease) in cash and cash equivalents		(9,760,882)	27,251,916
Cash and cash equivalents at 31 December 2009		66,003,755	75,764,637

Statement of Changes in Net Assets for the Year Ending 31 December 2009

Amounts in EUR

	2009	2008
Net Assets at 1 January	1,993,704	602,773
Total surplus/(deficit), recognized revenue and expense for the year	(1,993,704)	1,390,932
Net Assets at 31 December	-	1,993,704

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Reporting Entity and Risk Management

Reporting Entity

The ITER Organization is a joint international research and development Project that aims to demonstrate the scientific and technical feasibility of fusion power. Its Members are the European Union (represented by EURATOM), Japan, 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 (IO) 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 ITER Organization has 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 ITER Organization shall construct, operate and de-activate the ITER facilities in accordance with prescribed technical objectives and specifications and supplemental technical requirements that may be necessary. The de-commissioning 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 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 ITER Organization. The basis of conversion from IUA to Euro has been agreed between the Members and is updated each year.

The applied conversion rate for IUA in 2009 was 1 IUA equals 1547.59 Euros. The Euro figures for de-activation and de-commissioning are based on January 2001 values.

The address of the ITER Organization's registered office is St-Paul-les-Durance, Bouches-du-Rhône, France. The land on which the assets will be constructed is being provided by the French State through the CEA (Commissariat à l'Energie Atomique).

The main activities of the ITER Organization during 2009 included, in particular, technical investigations and analyses concerning the design specifications, which are being reviewed. Also more general Project planning and preparatory work of a logistical nature have been carried out involving the preparation of the site and temporary offices, and preparations have started for the construction of the facility with procurement arrangements, task agreements and procurement contracts and orders.

Under Articles 7 and 9 of the ITER Agreement, the Director-General and the staff of the ITER Organization shall prepare and submit to the ITER Council the annual financial statements.

This document states the financial activities of the IO during the year from 1 January up to 31 December 2009 and the financial position of the IO at 31 December 2009. The functional currency used by the Organization is the Euro. Long term credits, representing in-kind

contributions from Members, in particular for investments through Procurement arrangements are credited using IUA's and are converted into Euros at the approved exchange rate for the year. In-kind contributions relating to secondments of staff are in Euros and accounted IUA rate for the year.

The Financial Statements show tabulations in Euros, which causes minor differences due to roundings of up to a few Euros in a number of tabulations.

Risk Management

In the context of the development of activities during the year the ITER Organization has continued to take measures to have risk managed at an acceptable level. The IO is confronted with the risk of direct or indirect loss arising from a wide variety of causes associated with its processes, personnel, technology and infrastructure, and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The primary responsibility for the development and implementation of controls to address risk is assigned to senior management and is supported by the development of standards and controls over risk in the following areas:

- Implementation of IT systems and processes tailored to the specific needs and requirements of the Organization.
- Requirements for an appropriate segregation of duties including independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of contingency plans.
- Training and professional development.
- Internal audit reviews.

	<i>Note</i>	2009
Statement of Financial Performance (IPSAS)		(1,993,704)
Financial Income (received)	B12	(677,248)
Internal tax	B12	(9,677,692)
ITER own work capitalised	B13	121,179,997
In-Kind seconded staff costs	B14	(4,660,749)
Exceptional charges	SFp	(1,993,704)
Exceptional charges (disposal)	B8	(141,700)
Members Contributions in cash (Income Execution Col.2)		(94,995,294)
Timing differences		1,316,971
Capital expenditure expensed in budgetary statement		2,571,999
Adjustment of Special Account items (Payments Execution Col.3)		(3,946,357)
Budget outturn n-1 (Income Execution Col.2)		(627,190)
Budget Outturn - Income minus Payments (PRMR)		(10,342,736)

The IPSAS financial statements are prepared under the accruals concept and differences arise between the financial statements prepared in accordance with the ITER Organization's internal rules (PRMR). The reconciliation is provided above together with explanations on the reconciliation.

B12 : Financial income

Financial income is recorded within income execution in ITER budgetary accounting. In accruals accounting under IPSAS this is recorded as deferred revenue and written back to revenues over the useful lives of the related assets.

B12 : Internal tax

Internal tax is recorded within income execution in ITER budgetary accounting. In accruals accounting under IPSAS this is recorded as deferred revenue and written back to revenues over the useful lives of the related assets.

B13 : ITER own work capitalised

In IO budgetary accounting, internal costs are recorded within payments execution. In accruals accounting under IPSAS these are capitalized and depreciated over the useful lives of the assets.

B14 : In-kind

In-kind contributions from members are recorded within income execution in ITER budgetary accounting. In accruals accounting under IPSAS this is recorded as deferred revenue and written back to revenues over the useful lives of the related assets.

Exceptional charges

The exceptional charges concern 2007 and 2008 financial income of 1,993,704 EUR expensed in 2009 in the IPSAS statement of financial performance as outlined in note B12 and include a write off charge recorded under IPSAS of an asset in progress (see Note B8).

Member's contributions in cash

Cash contributions from members are recorded within income execution in ITER budgetary accounting. In accruals accounting under IPSAS this is recorded as deferred revenue and written back to revenues over the useful lives of the related assets.

Timing differences

The timing differences relate mainly, on the one hand, to costs accounted for under the accruals basis under IPSAS principles and, on the other, to costs allocated on a cash basis under ITER budgetary accounting.

Capital expenditure expensed against budget

In IO budgetary accounting, capital expenditure is recorded within payments execution. In accruals accounting under IPSAS this is capitalized and depreciated over the useful lives of the assets.

Adjustment of Special Account items

This item reflects adjustments to the Special Account recorded solely in budgetary accounting.

Notes to the 2009 Financial Statements Prepared in Accordance with PRMR (A)

Note A1 : Budgets and Financial Outturn Presentations

The ITER Organization's Project Resource Management Regulations and its Implementing Measures, require the preparation of certain schedules and notes for inclusion in the Financial Statements. The primary budgetary schedules following from the PRMR are shown in pages 6 to 10, covering the Commitments, Payments and Income executions against their respective budgets. Supplementary information required under the PRMR is provided in the following Notes A1 to A11.

The establishment of these schedules is governed by the basic principles of equilibrium, specification, annularity, unity and budget accuracy, unit of Account, universality, sound financial management and transparency.

At its meeting in November 2008, the ITER Council adopted Commitments, Income and Payments Budgets for 2009, at the level of EUR 134,673 M for Commitments and EUR 108,095 M for Payments and Income. The Commitments, Payments and Income Budgets and the financial schedules are subdivided into Titles, Chapters and Articles. The excess actual income over the budgeted income in 2009 of EUR 2.5 M shall be carried forward to 2010.

During 2009, there have been no requests for budgetary transfers to be approved by the ITER Council. At a lower level, however, within his mandate, the Director-General approved budgetary transfers. The allocation of the initial budgets and the transfers subsequently approved are shown in the Commitments, Payments and Income Budgets, forming part of these Annual Accounts (see details in notes A6 and A7).



Note A2 : Members' Cash Contributions

Amounts in EUR

Member	Brought forward from 2008	Request for 2009	Received for 2009	Received for 2009 (%)	Carry forward to 2010
Euratom	41,009,543	41,011,940	41,011,940	100.00%	38,597,603
China	(3,615)	9,363,179	9,359,552	99.96%	(3,627)
India	9,362,956	9,363,179	9,363,179	100.00%	-
Japan	(746,604)	8,489,545	8,489,545	100.00%	-
Republic of Korea	(1,676,604)	8,964,245	8,964,245	100.00%	-
Russian Federation	9,359,372	9,363,179	9,363,179	100.00%	13,564,131
United States of America	(7,249,578)	8,440,027	8,440,027	100.00%	-
Total	50,055,471	94,995,294	94,991,667	100.00%	52,158,107

Note A3 : Cash Breakdown

Amounts in EUR

BNP Account in €	59,178,020
BNP Account CC in €	493,901
BNP Account in YEN	1,090,516
BNP Fixed Term Deposits	15,000,000
Accrued interests	2,200
Petty cash	-
Cash balance at 1 January 2009	75,764,637
2009 Contributions from the Members	44,936,197
Advances on 2010 contributions	52,161,734
Monaco Partnership	550,000
Internal tax	9,677,693
Interest from bank	677,249
Exchange rate income	152,988
Total cash income	108,155,860
Payments against budget and Special Account	120,972,866
Movements in Suspense Accounts	(3,056,124)
Total disbursement	117,916,742
Cash balance at 1 January 2009	75,764,637
Total cash income	108,155,860
Total disbursement	(117,916,742)
Balance in cash	66,003,755
BNP Account in €	1,828,388
BNP Account CC in €	435,626
HSBC Account in €	38,715,062
BNP YEN Accounts	2,341
BNP USD Accounts	856
BNP Fixed Term Deposits	-
HSBC Fixed Term Deposits	25,000,000
Accrued interests	21,482
Petty cash	-
Cash balance at 31 December 2009	66,003,755

Note A4 : Statement of Unpaid Commitments

Amounts in EUR

Budget Heading	Unpaid Commitments 1 January 2009	Transfers in Allocations	Commitments 2009	De-commitments of previous years' commitments	Payments 2009	Unpaid Commitments 31 December 2009
	1	2	3	4	5	1 + 2 + 3 - 4 - 5
Title I : Direct Investment (Fund)	-	-	3,000,000	-	67,010	2,932,990
Title II : R&D Expenditure	15,835,340	(62,321)	18,552,946	1,455,882	12,854,578	20,015,505
Title III : Direct Expenditure	27,541,166	62,321	118,388,127	2,925,500	108,051,279	35,014,835
Chapter 31 : Staff Expenditure	485,417	(15,309)	52,500,191	213,163	52,020,198	736,938
Article 311 : Professional staff salary costs	39,394	-	39,187,292	-	39,226,687	-
Article 312 : Technical Support staff salary costs	-	-	9,501,900	-	9,501,900	-
Article 313 : Travel and subsistence	389,199	(15,306)	2,972,250	199,231	2,539,747	607,165
Article 314 : Secondment allowances	-	-	221,486	-	221,486	-
Article 315 : Removal expenses	56,824	(2)	617,263	13,932	530,378	129,775
Chapter 32 : Organisational Expenditure	27,055,749	77,630	65,887,936	2,712,337	56,031,081	34,277,897
Article 321 : General services	3,314,171	(996,596)	3,483,935	326,545	3,747,093	1,727,872
Article 322 : Administrative services	1,978,767	3,074	3,707,076	908,217	3,043,031	1,737,669
Article 323 : Equipment	1,332,255	25,504	5,125,753	343,434	5,025,242	1,114,836
Article 324 : External specialized services	20,430,556	1,045,649	53,571,172	1,134,141	44,215,715	29,697,521
Total Expenditure	43,376,506	-	139,941,073	4,381,382	120,972,867	57,963,330

Note A5 : Status of Special Account

Amounts in EUR

Special Account for future payments to be made against Specific Unpaid Commitments

Reserve for future payments to be made against Specific Unpaid Commitments

Special Account at the beginning of the "year" 2009	33,026,963
Cancellation of Special Account items	(3,946,357)
Payments Against Special Account	(19,779,983)
Balance Special Account previous years	9,300,623
Payments Budget 2009	108,095,000
Payments against Budget	(101,192,884)
Unused balance of Payments Budget	-
Transfer to Special Account at 31/12/2009	6,902,116
Special Account at 31 December 2009	16,202,739

Note A6 : Commitments Budget

Amounts in EUR

Budget Heading	Commitments Budget 2009 IC-3 (November 2008)	Cumulative Transfers by the DG	Final Commitments Budget 2009
	1	2	3 = 1 + 2
Title I : Direct Investment (Fund)	2,400,000	-	2,400,000
Title II : R&D Expenditure	17,097,000	-	17,097,000
Title III : Direct Expenditure	115,176,000	-	115,176,000
Chapter 31 : Staff Expenditure	55,784,000	(3,579,263)	52,204,737
Article 311 : Professional staff salary costs	39,437,000	(249,708)	39,187,292
Article 312 : Technical Support staff salary costs	11,808,000	(2,306,100)	9,501,900
Article 313 : Travel and subsistence	3,327,000	(620,621)	2,706,379
Article 314 : Secondment allowances	220,000	1,486	221,486
Article 315 : Removal expenses	992,000	(404,320)	587,680
Chapter 32 : Organizational Expenditure	59,392,000	3,579,263	62,971,263
Article 321 : General services	6,669,000	(3,524,592)	3,144,408
Article 322 : Administrative services	4,292,000	(1,549,657)	2,742,343
Article 323 : Equipment	4,406,000	345,456	4,751,456
Article 324 : External specialized services	44,025,000	8,308,056	52,333,056
Total Expenditure	134,673,000	-	134,673,000

Note A7 : Payments Budget

Amounts in EUR

Budget Heading	Payments Budget 2009 IC-3 (November 2008)	Cumulative Transfers by the DG	Final Payments Budget 2009
	1	2	3 = 1 + 2
Title I : Direct Investment (Fund)	800,000	-	800,000
Title II : R&D Expenditure	10,000,000	-	10,000,000
Title III : Direct Expenditure	97,295,000	-	97,295,000
Chapter 31 : Staff Expenditure	54,978,000	(2,869,584)	52,108,416
Article 311 : Professional staff salary costs	39,437,000	(247,456)	39,189,544
Article 312 : Technical Support staff salary costs	11,808,000	(2,306,100)	9,501,900
Article 313 : Travel and subsistence	2,830,000	(186,343)	2,643,657
Article 314 : Secondment allowances	220,000	1,486	221,486
Article 315 : Removal expenses	683,000	(131,171)	551,829
Chapter 32 : Organizational Expenditure	42,317,000	2,869,584	45,186,584
Article 321 : General services	4,713,000	(2,219,988)	2,493,012
Article 322 : Administrative services	3,004,000	(692,022)	2,311,978
Article 323 : Equipment	3,084,000	1,509,194	4,593,194
Article 324 : External specialized services	31,516,000	4,272,400	35,788,400
Total Expenditure	108,095,000	-	108,095,000

Note A8 : Income Budget

Amounts in EUR

Budget Heading	Income Budget 2009 IC-3 (November 2008)
Title VII : Income	108,095,000
Chapter 71 : Contributions	94,995,294
Article 711 : Contribution from the Euratom	41,011,940
Article 712 : Contribution from China	9,363,179
Article 713 : Contribution from India	9,363,179
Article 714 : Contribution from Japan	8,489,545
Article 715 : Contribution from the Republic of Korea	8,964,245
Article 716 : Contribution from the Russian Federation	9,363,179
Article 717 : Contribution from the United States of America	8,440,027
Chapter 72 : Internal tax	11,645,003
Article 721 : Internal Tax from Professional Staff	8,300,000
Article 722 : Internal Tax from Technical Staff	3,345,003
Chapter 73 : Financial Income	500,000
Article 731 : Financial interest	500,000
Article 732 : Exchange rate Income	-
Chapter 74 : Other Income	954,703
Article 741 : Cancellation of Appropriations from the current year	-
Article 742 : Cancellation of Appropriations from previous year(s)	404,703
Article 743 : Monaco Partnership	550,000
Article 749 : Miscellaneous income	-
Total Income	108,095,000

Member	Task agreement from previous years			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	3,612.34000	5,338,341.83	100.00000	149,815.50
China	1,640.00000	2,459,376.80	-	-
India	5,895.00000	8,840,259.90	50.00000	74,907.75
Japan	170.00000	252,353.00	-	-
Republic of Korea	1,194.50000	1,791,296.09	-	-
Russian Federation	100.00000	149,962.00	-	-
United States of America	2,438.00000	3,656,073.56	300.00000	449,169.75
	15,049.84000	22,487,663.18	450.00000	673,893.00

Member	Task agreement 2009			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	14,219.19000	22,005,476.25	200.00000	309,518.00
China	30.00000	46,427.70	-	-
India	-	-	604.50000	935,518.15
Japan	500.00000	773,795.00	-	-
Republic of Korea	-	-	-	-
Russian Federation	842.00000	1,303,070.78	-	-
United States of America	3,216.45000	4,977,745.85	48.45000	74,980.73
	18,807.64000	29,106,515.58	852.95000	1,320,016.88

Member	Total task agreement			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	17,831.53000	27,343,818.08	300.00000	459,333.50
China	1,670.00000	2,505,804.50	-	-
India	5,895.00000	8,840,259.90	654.50000	1,010,425.90
Japan	670.00000	1,026,148.00	-	-
Republic of Korea	1,194.50000	1,791,296.09	-	-
Russian Federation	942.00000	1,453,032.78	-	-
United States of America	5,654.45000	8,633,819.41	348.45000	524,150.48
	33,857.48000	51,594,178.76	1,302.95000	1,993,909.88

Member	Procurement arrangement from previous years			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	145,940.00000	217,453,590.80	-	-
China	68,905.76000	103,332,455.81	-	-
India	-	-	-	-
Japan	183,700.00000	273,746,758.00	-	-
Republic of Korea	127,459.85000	191,141,340.25	-	-
Russian Federation	41,500.00000	62,234,230.00	-	-
United States of America	-	-	-	-
	567,505.61000	847,908,374.86	-	-

Member	Procurement arrangement 2009			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	263,170.81000	407,280,513.84	-	-
China	-	-	-	-
India	47,000.00000	72,736,730.00	-	-
Japan	118,500.00000	183,389,415.00	-	-
Republic of Korea	17,553.00000	27,164,847.27	-	-
Russian Federation	52,819.02000	81,742,187.16	-	-
United States of America	77,170.00000	119,427,520.30	-	-
	576,212.83000	891,741,213.57	-	-

Member	Total Procurement arrangement			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	409,110.81000	624,734,104.64	-	-
China	68,905.76000	103,332,455.81	-	-
India	47,000.00000	72,736,730.00	-	-
Japan	302,200.00000	457,136,173.00	-	-
Republic of Korea	145,012.85000	218,306,187.52	-	-
Russian Federation	94,319.02000	143,976,417.16	-	-
United States of America	77,170.00000	119,427,520.30	-	-
	1,143,718.44000	1,739,649,588.43	-	-

Member	Seconded staff from previous years			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	6,739.07132	9,988,898.08	6,739.07132	9,988,898.08
China	-	-	-	-
India	-	-	-	-
Japan	594.30873	873,633.83	594.30873	873,633.83
Republic of Korea	271.38318	398,933.28	271.38318	398,933.28
Russian Federation	-	-	-	-
United States of America	901.99123	1,334,043.63	901.99123	1,334,043.63
	8,506.75446	12,595,508.82	8,506.75446	12,595,508.82

Member	Seconded staff 2009			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	2,722.55005	4,220,556.69	2,722.55005	4,220,556.69
China	-	-	-	-
India	-	-	-	-
Japan	-1.09116	-	-1.09116	-
Republic of Korea	-0.51701	-	-0.51701	-
Russian Federation	-	-	-	-
United States of America	276.83241	429,719.91	276.83241	429,719.91
	2,997.77429	4,650,276.60	2,997.77429	4,650,276.60

Member	Total Seconded staff			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	9,461.62137	14,209,454.77	9,461.62137	14,209,454.77
China	-	-	-	-
India	-	-	-	-
Japan	593.21757	873,633.83	593.21757	873,633.83
Republic of Korea	270.86617	398,933.28	270.86617	398,933.28
Russian Federation	-	-	-	-
United States of America	1,178.82364	1,763,763.54	1,178.82364	1,763,763.54
	11,504.52875	17,245,785.42	11,504.52875	17,245,785.42

Member	In-Kind from previous years			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	156,291.41132	232,780,830.71	6,839.07132	10,138,713.58
China	70,545.76000	105,791,832.61	-	-
India	5,895.00000	8,840,259.90	50.00000	74,907.75
Japan	184,464.30873	274,872,744.83	594.30873	873,633.83
Republic of Korea	128,925.73318	193,331,569.62	271.38318	398,933.28
Russian Federation	41,600.00000	62,384,192.00	-	-
United States of America	3,339.99123	4,990,117.19	1,201.99123	1,783,213.38
	591,062.20446	882,991,546.86	8,956.75446	13,269,401.82

Member	In-Kind 2009			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	280,112.55005	433,506,546.78	2,922.55005	4,530,074.69
China	30.00000	46,427.70	-	-
India	47,000.00000	72,736,730.00	604.50000	935,518.15
Japan	118,998.90884	184,163,210.00	-1.09116	-
Republic of Korea	17,552.48299	27,164,847.27	-0.51701	-
Russian Federation	53,661.02000	83,045,257.94	-	-
United States of America	80,663.28241	124,834,986.06	325.28241	504,700.64
	598,018.24429	925,498,005.75	3,850.72429	5,970,293.48

Member	Total In-Kind			
	Commitment		Payment	
	IUA	EURO	IUA	EURO
European Union	436,403.96137	666,287,377.49	9,761.62137	14,668,788.27
China	70,575.76000	105,838,260.31	-	-
India	52,895.00000	81,576,989.90	654.50000	1,010,425.90
Japan	303,463.21757	459,035,954.83	593.21757	873,633.83
Republic of Korea	146,478.21617	220,496,416.89	270.86617	398,933.28
Russian Federation	95,261.02000	145,429,449.94	-	-
United States of America	84,003.27364	129,825,103.25	1,527.27364	2,287,914.02
	1,189,080.44875	1,808,489,552.61	12,807.47875	19,239,695.30

Note A10 : Cumulative Commitments

Amounts in EUR

Budget Heading	Commitments	Commitments	Cumulative
	up to end 2008	2009	Commitments
	1	2	up to end 2009
			3 = 1 + 2
Title I : Direct Investment (Fund)	-	3,000,000	3,000,000
Title II : R&D Expenditure	26,568,335	18,552,946	45,121,281
Title III : Direct Expenditure	123,252,505	118,388,127	241,640,632
Chapter 31 : Staff Expenditure	53,406,568	52,500,191	105,906,759
Article 311 : Professional staff salary costs	41,229,067	39,187,292	80,416,359
Article 312 : Technical Support staff salary costs	6,935,101	9,501,900	16,437,001
Article 313 : Travel and subsistence	4,254,807	2,972,250	7,227,057
Article 314 : Secondment allowances	209,169	221,486	430,655
Article 315 : Removal expenses	778,424	617,263	1,395,687
Chapter 32 : Organizational Expenditure	69,845,937	65,887,936	135,733,873
Article 321 : General services	9,665,240	3,483,935	13,149,175
Article 322 : Administrative services	5,326,797	3,707,076	9,033,873
Article 323 : Equipment	6,919,595	5,125,753	12,045,348
Article 324 : External specialized services	47,934,305	53,571,172	101,505,477
Total Expenditure	149,820,840	139,941,073	289,761,913

Note A11 : Cumulative Payments

Amounts in EUR

Budget Heading	Payments	Payments	Cumulative
	up to end 2008	2009	Payments
	1	2	up to end 2009
			3 = 1 + 2
Title I : Direct Investment (Fund)	-	67,010	67,010
Title II : R&D Expenditure	10,717,154	12,854,578	23,571,732
Title III : Direct Expenditure	95,120,764	108,051,279	203,172,043
Chapter 31 : Staff Expenditure	52,752,458	52,020,198	104,772,656
Article 311 : Professional staff salary costs	41,187,422	39,226,687	80,414,109
Article 312 : Technical Support staff salary costs	6,935,101	9,501,900	16,437,001
Article 313 : Travel and subsistence	3,706,318	2,539,747	6,246,065
Article 314 : Secondment allowances	209,169	221,486	430,655
Article 315 : Removal expenses	714,448	530,378	1,244,826
Chapter 32 : Organizational Expenditure	42,368,306	56,031,081	98,399,387
Article 321 : General services	6,201,938	3,747,093	9,949,031
Article 322 : Administrative services	3,309,852	3,043,031	6,352,883
Article 323 : Equipment	5,553,741	5,025,242	10,578,983
Article 324 : External specialized services	27,302,775	44,215,715	71,518,490
Total Expenditure	105,837,918	120,972,867	226,810,785

Notes to the 2009 Financial Statements Prepared in Accordance with IPSAS (B)

Basis of preparation

The 2009 Financial Statements have been prepared in accordance with ITER’s Project Resource Management Regulations (PRMR) and the International Public Sector Accounting Standards (IPSAS), the latter published by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). The IPSAS are primarily drawn from the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. In the absence of precise guidance on areas of accounting policy under IPSAS, the policies adopted are based on the IFRS, in addition to ITER’s PRMR.

These financial statements have been prepared using the following bases of accounting:

- Accruals,
- Consistency,
- Going concern.

The measurement base applied is historical cost. In-kind contributions from Members are measured and accounted at agreed fair values.

The 2008 Financial Statements of the ITER Organization were audited and thereafter approved by the ITER Council in 17 & 18 June 2009.

Foreign exchange accounting

These Financial Statements are presented in Euros, which is the ITER Organization’s functional currency.

Transactions in foreign currencies are translated into Euros at exchange rates prevailing at the dates of the transactions; the exchange rates used are the ones applicable for that month, published by the EC on its web-site <http://ec.europa.eu/budget/inforeuro/>.

Realized and unrealized gains and losses resulting from the settlement of such transactions and from the re-translation at the reporting date of assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

As indicated in the section ‘Revenue Recognition’ below, the revenues of the ITER Organization are mainly comprised of contributions from Members to finance the phases of the ITER Project. The cost estimates of the Construction and Operation Phases have been determined using the IUA unit of currency.

Use of estimates and judgements

The preparation of financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Property, plant and equipment

Items of property, plant and equipment are recorded for at cost, after deduction of accumulated depreciation and accumulated impairment losses.

Property, plant and equipment include the costs associated with the construction of the experimental machine together with associated infrastructure costs comprising buildings, fixtures and fittings, IT equipment and transport equipment necessary to conduct the project.

The cost of an item of property, plant and equipment comprises its

purchase price, including import duties and any non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use. Examples of directly attributable costs are the costs of site preparation, initial delivery and handling costs, installation costs, and professional fees such as for architects and engineers. Additionally, those administration and other general costs directly attributable to the acquisition of the asset or bringing the asset to its working condition are included within the cost of the asset. The costs of self-constructed assets include the cost of materials and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

In view of the specific nature of the Organization, which has in essence one objective, i.e. the construction and operation of an experimental facility, generally all costs shall be considered to be incurred in order to construct and bring the asset to a condition enabling operations to commence. The capitalization of costs will cease once these assets are going to be utilized in the Operations Phase.

The consequences of the capitalization criteria on the annual results of the ITER Organization are inter-related with the accounting policy choice concerning revenues from Members.

The ITER Organization management has concluded that revenues from Members constitute Non-Exchange Transactions for which the accounting treatment is defined in the IPSAS Nr 23. Contributions from Members which are used to acquire tangible or intangible assets are taken back to revenue over the period of the utilization of the related asset.

The amount of revenue deferred is therefore directly correlated with the amount of costs capitalized. Specifically, the full cost capitalization approach, adopted by the ITER Organization, implies that related Member contributions will be deferred to the same extent and the fixed asset depreciation and write back of the deferred revenue should be equivalent during the operating life of the asset. Alternatively, a partial cost capitalization approach signifies that, during the construction phase, certain costs will be expensed to the Statement of Financial Performance and that an equivalent amount of Members’ contributions will be shown as revenues recorded in the Statement of Financial Performance. We observe therefore, that because of the nature of the ITER Organization, the impact of either partial or full cost capitalization is generally without consequences on the net result of the Organization during the Construction Phase.

Research and development costs are capitalized as part of the cost of the experimental equipment to the extent that such costs can be measured reliably, the product or process is technically feasible, future service potential is probable, and the entity has sufficient resources and intends to complete development and to use the asset.

Expenditure on tangible fixed assets relating to the construction of the experimental equipment is recognized as an asset on the basis that future economic benefits or service potential associated with the item will flow to the IO and that the cost or fair value of the item have been measured reliably. Such expenditure is incurred in accordance with the objectives of the ITER Organization and therefore is considered to meet the ‘service potential’ criteria set out in the IPSAS Nr 1 ‘Presentation of Financial Statements’.

Tangible fixed assets relating to in-kind contributions from Members are initially recorded at fair value using the Euro / IUA conversion rate prevailing for the year of the contribution. In-kind contributions are

recorded as tangible fixed assets under construction upon awarding the credits concerned.

Upon completion of the experimental equipment Construction Phase and once operations have commenced the costs of de-commissioning and removing the reactor and restoring the site on which it is located will be incorporated into the cost of the experimental equipment. Such costs of dismantling will be based on the estimated cost at current value.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Concerning the experimental equipment under construction and given its technical nature and the intrinsic difficulty in identifying separate useful lives to such costs, related expenditure is capitalized as a single component and depreciated over a uniform period.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation of the experimental equipment will be recorded upon the start of the Operational Phase.

The estimated useful lives of property plant and equipment in line with general conventions are as follows:

buildings	30 years
plant and equipment experimental assets	20 years
fixtures and fittings	5–10 years
transport equipment	4 years
IT, telecom equipment, etc	2–5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

In accordance with ITER Organization rules, acquisitions of property, plant and equipment which, individually, are below 3 IUA are expensed directly to the Statement of Financial Performance. These costs will be included in the “Tangible assets under construction” as outlined above.

Impairment

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that they may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of any impairment loss. Any impairment loss is charged against the Statement of Financial Performance in the year concerned.

In particular, the impairment reviews relating to the experimental assets will take into account technological developments, changes in the major assumptions of the ITER Organization and any unforeseen difficulties which may require a revision to the asset depreciation lives applied or an impairment charge to write down to the recoverable service amount of the asset.

Intangible fixed assets

Expenditure on intangible fixed assets relating to the experimental equipment is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the ITER Organization and if the cost or fair value of the item can be measured reliably. Such expenditure is incurred in accordance with the objectives of the ITER Organization and is considered to meet ‘service potential’ criteria.

Intangible fixed assets relating to in-kind contributions from Members are initially recorded at fair value using the Euro / IUA conversion rate prevailing for the year of the contribution. In-kind contributions are recorded as tangible fixed assets under construction upon awarding the credits concerned.

Other intangible assets that are acquired by ITER Organization, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible fixed assets expenditure is capitalized only when it increases the future economic benefits or service potential embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and licenses, is recognized in profit or loss as incurred. These costs will be included in the “Tangible assets under construction” as outlined above.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Software	2–5 years
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Inventories

Inventories are measured at the lower of either their historic cost or their current replacement cost. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition.

Employee benefits

The ITER Organization has set up a defined pension contribution scheme, a medical insurance scheme and a life and invalidity insurance scheme.

Defined pension contribution scheme

ITER has a defined pension contribution plan for its employees, which is a post-employment benefit plan under which it pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to such defined pension contribution plan are recognized as employee benefit expense when they are due.

Termination benefits

Termination benefits are payable to its employees under certain circumstances prescribed in the Staff Regulations of the ITER Organization. The amount of the termination benefits payable is dependent on the length of service of the employee in question. Termination benefits are recognized as an expense upon termination of the employment contract for one of the reasons stipulated in the Staff Regulations of the ITER Organization.

Short-term benefits

The ITER Organization has contracted out a medical insurance scheme and a life and invalidity insurance scheme. Monthly contributions to these schemes are deducted from employees’ remuneration and supplemented by a contribution from the ITER Organization. These employer’s contributions are expensed in the period of deduction from the employees’ remuneration.

Note B1 : Significant Accounting Policies cont.

Revenue recognition

ITER Organization revenues are comprised mainly of contributions from Members, Internal Tax, Financial Income and Other Income.

Contributions from Members

Contributions from Members are determined annually, based on estimates of the required level of operating and capital payments for that year. These contributions are recorded as either revenue or deferred revenue in the year for which they are requested. Any contributions which have not been fully paid up by Members at year-end are shown within receivables. Contributions received from Members which at year-end exceed amounts requested are shown within payables.

Contributions from Members are made in the form of cash contributions or in-kind. In-kind contributions comprise the providing of assets, other goods and services and staff seconded by the Members. Revenue recorded relating to in-kind contributions are measured at the agreed fair value of the asset or service contributed.

Members' contributions used to acquire tangible or intangible assets are deferred and written back to revenue in the Statement of Financial Performance over the period of utilisation of the related asset.

In-kind contributions from Members of tangible or intangible assets are also deferred and written back to revenue over the asset utilization period. The construction of the related assets may take place in the country of a Member over a duration of several years. Upon attainment of certain milestones Members' contributions relating to tangible fixed assets are recorded within assets under construction and a related payable is recorded. Once the asset delivery or completion has been formally approved the payable is transferred to deferred revenue and the asset under construction is transferred to plant and machinery.

Internal Tax

An Internal Tax is applied to the basic salaries of ITER employees and collected monthly by the ITER Organization. These funds are used towards covering the cost of salaries, related benefits and infrastructure.

Provisions

A provision is recognized if, as a result of a past event, the ITER Organization has a present legal or constructive obligation that can be estimated reliably, and provided it is probable that an outflow of economic benefits or service potential will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Asset de-commissioning

In accordance with applicable legal requirements and accounting standards, a provision for the cost of de-commissioning the experimental equipment will be recognized once the related assets have been constructed. No such provision has been recorded at 31 December 2009 as the experimental equipment is still at the beginning of the construction phase.

Site restoration

In accordance with the Organization's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense, is recognized when the land is contaminated. No site restoration provision has been recorded at 31 December 2009.

Note B2 : Cumulative Position Statement by Member

Amounts in EUR

	Deferred revenue - Cash (Note 12)	Deferred revenue - In-Kind (Note 12)	Total Investment	Unused Members' Contributions (Note 11)	Total Contributions (Cash and In-kind)	%
European Union	97,081,594	14,668,788	111,750,382	1,857,368	113,607,750	47.01%
China	19,412,048	-	19,412,048	1,533,894	20,945,941	8.67%
India	19,412,048	1,010,426	20,422,474	1,533,894	21,956,367	9.09%
Japan	19,412,048	873,634	20,285,682	660,260	20,945,941	8.67%
Republic of Korea	19,412,048	398,933	19,810,981	1,134,960	20,945,941	8.67%
Russian Federation	19,412,048	-	19,412,048	1,533,894	20,945,941	8.67%
United States of America	19,412,048	2,287,914	21,699,962	610,742	22,310,703	9.23%
Total	213,553,880	19,239,695	232,793,575	8,865,009	241,658,584	
Internal Tax	18,851,703	-	18,851,703	-	-	
Financial Income	2,690,234	-	2,690,234	-	-	
Accrued Value : Task Agreements	-	-	3,975,759	-	-	
Accrued Value : Procurement Arrangements	-	-	-	-	-	
Total Assets Value			258,311,271			

*Including Seconded staff and Credited Task Agreements.

Note B3 : Cash and Cash Equivalents

Amounts in EUR

Details of cash and cash equivalents at year-end 2009 are provided in the table below. The ITER Organization's cash and cash equivalents balances are coming from Members' contributions, financial interest and Monaco.

	2009	2008
Cash in hand	-	-
Cash at bank : Euro accounts	40,979,076	59,671,921
Cash at bank : JP Yen accounts	2,341	1,090,516
Cash at bank : US Dollar accounts	856	-
Fixed term deposits with banks	25,000,000	15,000,000
Accrued interest	21,482	2,200
Total cash and cash equivalents	66,003,755	75,764,637

Cash balances on deposit are held in secure interest bearing bank accounts. The JP Yen and US Dollar bank accounts are valued in Euros using the year-end exchange rate.

Note B4 : Receivables

Amounts in EUR

	2009	2008
Credit Notes to be Received	-	-
Members cash contribution to be received:		
European Union	-	-
China	3,627	3,615
India	-	-
Japan	-	746,604
Republic of Korea	-	1,676,604
Russian Federation	-	-
United State of America	-	7,249,578
Other receivables:		
Suppliers	99,171	3,856,268
European Commission	532,476	532,476
Fusion for Energy	44,677	-
US DA	672,186	48,013
IN DA	4,000	-
Total Receivables	1,356,137	14,113,158

Note B5 : Other Current Assets

Amounts in EUR

	2009	2008
Personnel : Advances	564	-
VAT receivable (requested)	1,093,779	1,225,113
VAT receivable (to be requested)	3,111,940	3,578,916
VAT on accruals	1,187,206	1,077,873
Sundry receivable	-	3,360
Total Other current assets	5,393,489	5,885,262

The ITER Organization is exempted from taxes (corporate income, business licence and value added tax). Value added tax invoiced by suppliers for the purchases of goods and services is recovered by requesting the reimbursement from the European state in which the VAT was collected.

Requests for the reimbursement of VAT paid in France have been made regularly and have resulted in regular refunds from the French authorities concerned. For the reimbursement of VAT paid in other European countries the ITER Organization has taken steps to reach an agreement on the procedure to follow to obtain the reimbursements concerned.

From the total requested reimbursements of French VAT an estimated amount of EUR 221,311 is under discussion and might be considered as not refundable. No provision has been made.

Note B6 : Pre-Payments

Amounts in EUR

	2009	2008
Licence fees	194,086	119,226
General Maintenance and Repair	14,123	-
Maintenance licences	321,266	35,803
Subscriptions	185,455	86,684
Equipment maintenance	512,259	1,201,490
Rent	47,186	1,105,103
Insurance	10,200	7,549
Other	518	963
Total Pre-payments	1,285,092	2,556,818

Pre-payments correspond to expenditures incurred in 2009 for which the acquired products or services relate to 2010.



Note B7 : Property, Plant and Equipment

Amounts in EUR

	Land and buildings	Plant and machinery	Fixtures and fittings	Motor Vehicles	IT, telecom and office equipment	Furniture	Under construction in Cash	Under construction in Cash - Machine	Under construction in-Kind by Members	Accrued Value in-Kind	Total
Cost or deemed cost											
Balance at 31 December 2008	-	-	97,650	99,086	1,257,626	-	3,846,665	103,119,811	13,269,402	-	121,690,240
Additions	-	-	214,245	-	1,225,323	-	784,644	121,179,997	5,970,294	3,975,759	133,350,261
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2009	-	-	311,895	99,086	2,482,949	-	4,631,309	224,299,809	19,239,695	3,975,759	255,040,501
Depreciation and impairment losses											
Balance at 31 December 2008	-	-	542	14,031	165,412	-	-	-	-	-	179,985
Depreciations	-	-	21,148	24,771	468,494	-	-	-	-	-	514,413
Balance at 31 December 2009	-	-	21,690	38,802	633,905	-	-	-	-	-	694,398
Net Book Value at 31 December 2008	-	-	97,107	85,055	1,092,214	-	3,846,665	103,119,811	13,269,402	-	121,510,254
Net Book Value at 31 December 2009	-	-	290,205	60,283	1,849,044	-	4,631,309	224,299,809	19,239,695	3,975,759	254,346,102

Detail of Under Construction in Kind by Member

Cost	Under construction in-Kind-EU	Under construction in-Kind-CN	Under construction in-Kind-IN
Balance at 31 December 2008	10,138,714	-	74,908
Additions	4,530,075	-	935,518
Disposals	-	-	-
Transfers	-	-	-
Balance at 31 December 2009	14,668,788	-	1,010,426
Amortization or Depreciation and Impairment Losses			
Balance at 31 December 2008	-	-	-
Depreciation	-	-	-
Balance at 31 December 2009	-	-	-
Net book value at 31 December 2008	10,138,714	-	74,908
Net book value at 31 December 2009	14,668,788	-	1,010,426
Total Net Book Value at 31 December 2009	14,668,788	-	1,010,426

Note B8 : Intangible Fixed Assets

	Under construction in-Kind-JP	Under construction in-Kind-KR	Under construction in-Kind-RF	Under construction in-Kind-US	Under construction in-Kind-Total	Software	In Progress	Total
Balance at 31 December 2008	873,634	398,933	-	1,783,213	13,269,402	1,001,200	2,023,730	3,024,930
Additions	0	0	-	504,701	5,970,294	387,541	-	387,541
Disposals	-	-	-	-	-	-	(141,700)	(141,700)
Transfers	-	-	-	-	-	1,882,030	(1,882,030)	-
Balance at 31 December 2009	873,634	398,933	-	2,287,914	19,239,695	3,270,771	-	3,270,771
Amortization or Depreciation and Impairment Losses								
Balance at 31 December 2008	-	-	-	-	-	288,560	-	288,560
Depreciation	-	-	-	-	-	339,675	-	339,675
Balance at 31 December 2009	-	-	-	-	-	628,235	-	628,235
Net book value at 31 December 2008	873,634	398,933	-	1,783,213	13,269,402	712,639	2,023,730	2,736,370
Net book value at 31 December 2009	873,634	398,933	-	2,287,914	19,239,695	2,642,536	-	2,642,536
Total Net Book Value at 31 December 2009	873,634	398,933	-	2,287,914	19,239,695	2,642,536	-	256,988,638

Note B9 : Payables

Amounts in EUR

	2009	2008
Suppliers and accrued charges	11,065,171	10,406,436
Accrued Value : Task Agreements	3,975,759	-
Accrued Value : Procurement Arrangements	-	-
Advance payments on Contribution from European Union	38,597,603	41,009,543
Advance payments on Contribution from India	-	9,362,956
Advance payments on Contribution from Republic of Korea	13	-
Advance payments on Contribution from Russian Federation	13,564,131	9,359,372
Total payables	67,202,676	70,138,307

Advance payments of Members' contributions correspond to sums received by ITER Organization exceeding the requested amount.

Procurement Arrangements are all considered under construction since no milestones have been attained at 31 December 2009. In accordance with accounting policies set out in the note 'Revenue Recognition' no accounting entries were therefore accrued and recorded at 31 December 2009.

Note B10 : Employee Benefits

Amounts in EUR

	2009	2008
Personnel travel costs	176,048	260,000
Accrued untaken leave	1,185,462	736,723
Social benefits	585,684	39,393
Other	697	-
Total Employee benefits	1,947,891	1,036,117

Note B11 : Unused Members' Contributions (cash)

Amounts in EUR

	2009	2008(*)
European Union	1,857,368	7,262,599
China	1,533,894	1,452,538
India	1,533,894	1,452,538
Japan	660,260	1,452,538
Republic of Korea	1,134,960	1,452,538
Russian Federation	1,533,894	1,452,538
United States of America	610,742	1,452,538
Total Unused Members' Contributions	8,865,009	15,977,827

*The Internal Tax is in 2009 reported under Note B12

Note B12 : Deferred Revenue

Amounts in EUR

	Cash		In-kind (*)		Total	
	2009	2008	2009	2008	2009	2008
Deferred (**) Members' Contribution European Union	97,081,594	50,663,246	14,668,788	10,138,714	111,750,382	60,801,960
Deferred Members' Contribution China	19,412,048	10,130,420	-	-	19,412,048	10,130,420
Deferred Members' Contribution India	19,412,048	10,130,420	1,010,426	74,908	20,422,474	10,205,328
Deferred Members' Contribution Japan	19,412,048	10,130,420	873,634	873,634	20,285,682	11,004,054
Deferred Members' Contribution Republic of Korea	19,412,048	10,130,420	398,933	398,933	19,810,981	10,529,354
Deferred Members' Contribution Russian Federation	19,412,048	10,130,420	-	-	19,412,048	10,130,420
Deferred Members' Contribution United States of America	19,412,048	10,130,420	2,287,914	1,783,213	21,699,962	11,913,634
Internal Tax	18,851,703	9,174,011	-	-	18,851,703	9,174,011
Financial Income	2,690,234	1,993,704	-	-	2,690,234	1,993,704
Deferred Contributions from Members taken to revenue (***)	-	-	-	-	(1,322,633)	(468,546)
Total Deferred revenue	235,095,817	122,613,483	19,239,695	13,269,402	253,012,879	135,414,339

*Including Seconded staff and Credited Task Agreements

**Deferred Members' contributions are recorded in deferred revenue

***EUR 854,088 (EUR 1,322,633-468,546) of Deferred Contributions from Members is taken to revenue in 2009.

Note B13 : Revenue

Amounts in EUR

	2009	2008
ITER own work capitalised	121,179,997	72,811,724
Exchange rate gains	152,988	327,499
Interest on deposits with banks (*)	-	1,388,311
Net result on sale of fixed assets	-	2,621
Fixed asset sales proceeds	-	14,267
Miscellaneous income	-	3,367
Monaco Partnership	550,000	550,000
Other revenue	702,989	2,286,064
Total Revenue	121,882,986	75,097,788

*With effect from 2009 financial income is recorded as deferred revenue (see Note B12)

698,730

Partnership Agreement with the Principality of Monaco:

In 2008 the Principality of Monaco concluded a partnership agreement for ten years with the ITER Organization which includes an annual contribution of 550 k€ towards post doctorate fellowships and communication actions by ITER. There are at the end of 2009 five postdoctoral fellows coming from four different ITER Members.

These postdoctoral fellows have taken up their two-year appointments early 2009. Monaco revenues are recorded in the year of receipt.

This revenue source is not to be considered part of the construction of the experimental equipment. Associated expenditure is charged to the statement of financial performance and is not capitalized.

Note B14 : Wages, Salaries and Employee Benefits

Amounts in EUR

The Personnel costs are detailed in the table below:

	Professional Staff		Technical Support Staff		Total		Seconded Professional Staff	
	2009	2008	2009	2008	2009	2008	2009	2008
Wages and salaries	29,528,803	21,484,437	6,931,295	3,745,606	36,460,097	25,230,043	4,660,749	4,585,535
Pension costs	4,137,836	3,008,230	972,265	524,386	5,110,102	3,532,616	-	-
Medical costs	738,899	537,184	173,618	93,640	912,517	630,824	-	-
Invalidity costs	295,560	214,874	69,448	37,456	365,009	252,331	-	-
Other employee benefits	4,399,272	3,587,057	1,320,274	843,886	5,719,546	4,430,943	-	-
Accrued untaken leave	326,601	40,654	122,138	43,749	448,739	84,403	-	-
Secondment allowances	221,486	-	-	209,169	221,486	209,169	-	-
Awards	70,000	-	35,000	-	105,000	-	-	-
Bonus for temporary assignment	10,162	-	-	-	10,162	-	-	-
Trainees	6,760	-	-	-	6,760	-	-	-
Social activities	-	-	-	-	8,500	-	-	-
Other (canteen)	-	-	-	-	265,913	98,891	-	-
Total	39,735,379	28,872,436	9,624,038	5,497,892	49,633,830	34,469,219	4,660,749	4,585,535

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. No liability is recorded for the amounts withheld as the internal tax is not paid to external organizations or authorities. Amounts withheld are used for salaries, related benefits and infrastructure of the ITER Organization. "Wages, salaries and employee benefits" present the gross costs and the related credit corresponding to the internal tax.

The Personnel costs above include EUR 4.466 M corresponding to in-kind contributions from Members. The counter-part entry is shown within revenues in-kind contributions.

ITER Organization has set up a defined pension contribution scheme with an external company. Contributions equal to 7% of gross basic salary are deducted from employee remuneration and are supplemented by a contribution from ITER Organization of 14% of gross basic salary.

Medical and life insurance schemes have also been set up with an external provider. Medical insurance employee contributions amount to 1.25% of gross basic salary supplemented by an ITER Organization contribution of 2.5% of gross basic salary. Life and invalidity insurance employee contributions amount to 0.5% of gross basic salary supplemented by an ITER Organization contribution of 1% of gross basic salary.

At 31 December 2009 the ITER Organization had in total 430 staff in the following categories:

At 31 December	Professional Staff		Technical Support Staff		Total	
	2009	2008	2009	2008	2009	2008
ITER Organization Staff	259	192	139	78	398	270
Seconded Professional Staff	32	34	0	0	32	34
Total	291	226	139	78	430	304



Note B15 : Supplies and Consumables

Amounts in EUR

	2009	2008
Electricity	146,934	49,052
Drink distributors / water	113,292	79,281
Furniture & equipment	402,492	742,064
Telecom & IT equipment	1,100,346	72,993
Fitting-out premises	171,154	-
Purchased software / licenses	1,047,060	225,755
Administrative supplies	188,854	187,490
Fuel	21,458	5,117
Total Supplies and consumables	3,191,590	1,361,752

Note B16 : Other Expenses

Amounts in EUR

	2009	2008
External services	42,412,880	15,386,700
Communications costs	336,991	224,087
Travel and related costs (external)	3,235,187	3,731,010
Travel and related costs (staff)	2,749,934	-
Receptions and representation costs	327,406	-
Temporary staff / Other personnel	2,126,301	1,127,971
External consultant fees	2,605,776	2,558,878
R&D	10,375,193	11,432,527
Equipment, buildings rental	1,643,177	489,149
Software fees	218,329	693,759
Exchange rate losses	182,912	124,507
Maintenance and repairs	862,793	785,295
Removal expenses for ITER personnel	527,130	476,029
Insurance	66,788	71,500
Documentation & seminar expenses	476,745	308,719
Bank charges	11,793	12,197
Postage & Communication	643,365	375,779
Net book value of assets sold/disposed	141,700	11,991
Other	113,166	63,511
Total other expenses	69,057,566	37,873,609
Exceptional Charges (*)	1,993,704	-

*The ITER Organization considers that financial income from bank deposits should be recorded as deferred revenue and therefore accounted for in the same way as cash contributions from Members. Previous year's financial income of EUR 1,993,704, taken to revenue in 2007 and 2008, has therefore been expensed with a corresponding entry to deferred revenue at 31 December 2009. 2009 financial income has been credited to deferred revenue.

Note B17 : Leases

Amounts in EUR

ITER Organization leases equipment. Future minimum lease payments under non-cancellable operating leases at 31 December 2009 are as follows:

	2009	2008
Less than one year	167,000	167,000
Between one and five years	165,000	332,000
More than five years	-	-
Total operating leases	332,000	499,000

The photos included in these Financial Statements, organized with the support of the ITER Domestic Agencies, show manufacturing for ITER going on around the world.
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