

ITER Organization 2011 Financial Statements



china eu india japan korea russia usa



This on-site manufacturing facility for ITER's poloidal field coils – huge, circular coils that are part of ITER's magnetic confinement system – was completed in 2011.
Photo: © F4E

ITER Organization 2011 Financial Statements

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The first of the 39 buildings and facilities on the platform is also the largest: the Poloidal Field Coils Winding Facility. Photo: © ITER Organization

Foreword by the Director-General

It is an honour for me to introduce the 2011 ITER Organization Financial Statements.

Significant public funds have been entrusted to the stewardship of the ITER Organization for the pursuit of its goal: the demonstration of fusion as a viable source of energy. Accountability and transparency in reporting methods are critical to maintaining the support of our Members and the public at large. The Financial Statements that follow provide full and complete financial information for the ITER Organization and a report from independent auditors nominated by the ITER Council (the Financial Audit Board).

Since my appointment as Director-General in July 2010 I have worked with steady purpose to improve the day-to-day management of the ITER Organization and the efficiency of our internal processes. A new leadership structure is now in place that has made the strategic decision-making process a clearer and more transparent one. Coordination between project management and budget planning was strengthened by efficiently combining related Divisions. Top-level professionals, recruited for key management positions, took up their appointments during the year.

As 2011 began, our efforts focused on design completion and the realization of cost saving and cost containment measures within the ITER Organization and Domestic Agencies. These two priorities are closely linked, as delays in the schedule result in additional costs. It is critical to move designs to their completion phase, to sign Procurement Arrangements, and to move work to our Members' industries.

When tragedy struck Japan on 11 March 2011 – the Great East Japan Earthquake, subsequent tsunami, and finally nuclear accident – we were faced with potential additional delays in the project schedule. How would it be possible to mitigate the disaster's impact on the manufacturing of critical components for ITER and maintain the ITER project's schedule within the approved funding ceiling for the Construction Phase?

During the eighth ITER Council meeting in June, a Special Task Group composed of political and technical representatives from the seven ITER

Members was created to address these challenges in as short a time as possible. On the basis of the Group's recommendations for schedule performance recovery, the ITER Organization developed the Level-0 Reference Schedule that limits the impact of the Japanese disaster on First Plasma to one year and maintains deuterium-tritium operation as planned. The lifecycle costs through construction of the project were also re-evaluated and endorsed by the ITER Council at its November meeting.

On this solid cost and schedule foundation – within the parameters of the ITER Baseline adopted in July 2010 by the ITER Council – the ITER Organization and Domestic Agencies are pursuing the construction of ITER. The first ITER building, the Poloidal Field Coils Winding Facility, was completed in 2011, and the 493rd (and final) seismic pad in the Tokamak Pit was finalized on 18 April 2012 on time and within budget. Manufacturing is underway in all ITER Member countries. In only a few years' time – 2014 – we will see the results of these industrial efforts arriving on site.

As the ITER Organization moves forward, strengthened line management and simplified procedures will be the keys to achieving maximum efficiency and remaining within schedule and cost boundaries.

Professor Osamu Motojima
Cadarache, April 2012





After years in temporary accommodations, the ITER team can look forward to moving into the new Headquarters building in 2012.

Photo: © Altivue-ITER Organization

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).

We hereby certify that, based on the information provided by the Authorizing Officer; we have reasonable assurance that these accounts present a true and fair view of the financial transactions in the year 2011 and of the financial position of the ITER Organization in all material aspects at the end of 2011.

29 February 2012

Lionel RIGAUX
Senior Accountant

29 February 2012

Aires SOARES
Head of the Finance and Budget Division

Statement from the Director-General

I, the undersigned, Director-General of the ITER Organization, in my capacity as 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.

29 February 2012

Osamu MOTOJIMA
The Director-General
Authorizing Officer

Independent Auditor's Report

We have audited the accompanying financial statements of the ITER International Fusion Energy Organization (here-in-after IO), established under the Agreement on the establishment of the ITER International Fusion Energy Organization for the joint Implementation of the ITER Project (here-in-after ITER Agreement) as of and for the year ended December 31, 2011.

Management is responsible for the preparation and fair presentation of these statements in accordance with International Public Sector Accounting Standards (here-in after IPSAS) and the Internal Project Resource Management Regulations (here-in-after PRMR), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Thousands of tons of metal reinforcement are carefully arranged on the rock floor of the Seismic Pit before concrete pouring begins in August.

The financial statements of the IO as of and for the year ended December 31, 2011 have been examined in accordance with the instructions given to us. We have obtained all the information and explanations that we required and we certify, as a result of our audit, that in our opinion the financial statements give a true and fair view of the state of affairs of the IO. We have provided a separate Management Letter dated April 27, 2012, which describes certain issues identified during our audit that warrant the attention of management.

Handwritten signature of Mr. Hyuck Jong Kim in black ink.

Mr. Hyuck Jong Kim,
Chair of FAB
Republic of Korea

Handwritten signature of Ms. Sun Xiaoyun in black ink.

Ms. Sun Xiaoyun
People's Republic
Of China

Handwritten signature of Mr. Toshiyuki Kimura in black ink.

Mr. Toshiyuki Kimura
Japan

Handwritten signature of Mr. Brian Gray in black ink.

Mr Brian Gray
European Union

Handwritten signature of Ms. Tamara B. Vorobieva in black ink.

Ms. Tamara B. Vorobieva
Russian Federation

Handwritten signature of Mr. A. Ramaiah in black ink.

Mr. A. Ramaiah
Republic Of India

Handwritten signature of Mr. Christopher Sizemore in black ink.

Mr Christopher Sizemore
United States Of America

ITER Headquarters, Cadarache, France
27 April 2012



Work begins in 2011 on the very high voltage electrical substation that will serve the ITER research facility.
Photo: © ITER Organization

Introduction and Basis of Preparation

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

These Financial Statements show the activities and financial position of the ITER Organization and include the receipt and utilization of the Members' contributions in cash and in kind; however, they do not reflect the actual costs incurred by the Domestic Agencies in relation to their Procurement Arrangements for the ITER project.

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 utilized in the Operation 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 standard Nr 23. Contributions from Members which are used to acquire Property, Plant and Equipment and 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 Property, Plant and Equipment 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 ITER Organization and that the cost or fair value of the item has 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 standard Nr 1 'Presentation of Financial Statements'.

All schedules for Income, Payments and Commitments are shown in tables formatted as approved by the ITER Council. They show the cumulative figures of the Cash and Short-Term In-Kind (covering Tasks Agreements for Credit and Staff Secondments) transactions per Budget Article.

The Procurement Arrangements shown in Note B9 constitute the Long-Term In-Kind contributions from the Members to the ITER Organization recorded at values as agreed between the ITER Organization and the Members. These contributions are valued using the ITER Unit of Account (IUA) and recorded in Euros in the ITER Organization's Financial Statements at agreed conversion rates as described in the Notes to these Financial Statements.

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



It will take eight more years to build ITER, followed by 20 years of scientific exploitation.
Photo: © AIF

A.

**Financial Statements 2011
prepared on an Accrual Basis**



Statement of Financial Position at 31 December 2011

Amounts in Euros

	Notes	31.12.2011	31.12.2010
Assets			
Current assets		119,647,244	84,150,672
• Cash and cash equivalents	A3	78,418,153	60,710,977
• Non-exchange Receivables	A4	26,214,174	13,756,857
• Other current assets	A5	13,678,769	8,779,611
• Prepayments	A6	1,336,148	903,226
Non-current assets		734,239,791	489,734,694
• Property, Plant and Equipment	A7	732,682,931	487,290,726
• Intangible Assets	A8	1,555,410	2,442,558
• Other financial assets		1,450	1,411
Total assets		853,887,035	573,885,366
Liabilities			
Current liabilities		119,648,694	83,572,630
• Payables	A9	89,871,811	79,619,319
• Employee benefits	A10	2,060,620	2,132,784
• Other current liabilities	A11	27,716,263	1,820,527
Non-current liabilities		-	-
• Long-term liabilities		-	-
Total liabilities		119,648,694	83,572,630
Financed by deferred revenue (Members' Contributions, etc)	A12	734,238,341	490,312,737
Net assets/equity			
• Brought Forward Surplus		-	-
• Statement of Financial Performance		-	-
Total net assets / equity		-	-

Statement of Financial Performance for the Year Ending 31 December 2011

Amounts in Euros

	Notes	2011	2010
Revenue			
Contributions from Members taken to revenue (write back)	A12	2,878,065	2,046,131
Other revenue	A13	1,397,098	1,262,107
Total Revenue		4,275,163	3,308,238
Expenses			
Wages, salaries and employee benefits	A14	63,011,777	60,105,601
Supplies and consumables used	A15	2,021,640	3,596,602
Depreciation expenses of tangible assets	A7	1,948,131	1,199,398
Amortization of intangible assets	A8	929,934	872,500
Other expenses	A16	62,675,032	83,438,781
Total Expenses		130,586,514	149,212,882
Net Costs of ITER Organization Activities Capitalized		126,311,351	145,904,645
Surplus / (deficit) for the period		-	-

Cash Flow Statement for the Year Ending 31 December 2011

Amounts in Euros

	Notes	2011	2010
Cash flow from operating activities			
Surplus / (deficit) for the period		-	-
Depreciation of tangible assets	A7	1,948,131	1,199,398
Depreciation of intangible assets	A8	929,934	872,500
Disposals	A7&8	-	8,433
Changes in:			
• other financial assets		(40)	(67)
• receivables	A4	(12,457,317)	(7,007,231)
• other current assets	A5	(4,899,158)	(8,779,611)
• prepayments	A6	(432,921)	381,866
• payables	A9	9,673,039	12,416,643
• employee benefits	A10	(72,163)	184,892
• other current liabilities	A11	25,895,735	(7,044,482)
• deferred revenue	A12	244,505,057	237,299,857
Net cash flow from operating activities		265,090,298	229,532,198
Cash flow from investing activities			
Acquisitions of tangible assets	A7	(247,340,336)	(234,152,454)
Acquisitions of intangible assets	A8	(42,786)	(672,522)
Net cash used in investing activities		(247,383,122)	(234,824,976)
Cash flow from financing activities			
Cash flow from financing activities		-	-
Net cash from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		17,707,176	(5,292,778)
Cash and cash equivalents at 1 January		60,710,977	66,003,755
Effects of exchange rate changes on the balance of cash held in foreign currencies		(82,517)	-
Cash and cash equivalents at 31 December	A3	78,335,636	60,710,977

Statement of Changes in Net Assets for the Year Ending 31 December 2011

Amounts in Euros

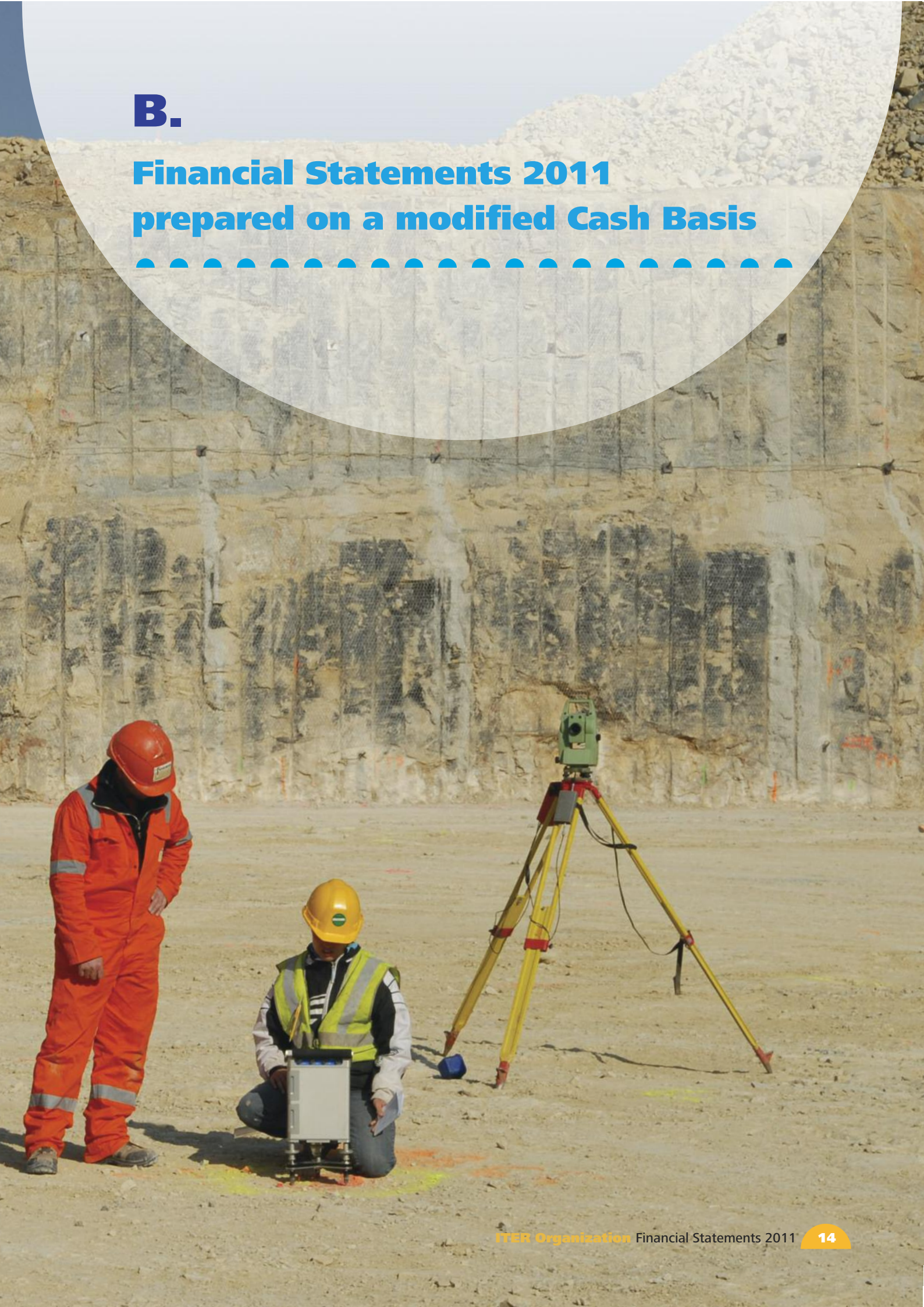
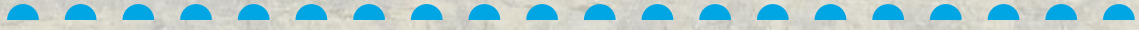
	2011	2010
Balance at 1 January	-	-
Total surplus/(deficit), recognized revenue and expense for the year	-	-
Net Assets / Equity at 31 December	-	-



Seventeen metres below the surface of the platform, specialists complete rock profiling and substrata investigations. Six months were necessary to excavate the 90 x 130 m Seismic Pit.
Photo: © F4E

B.

Financial Statements 2011 prepared on a modified Cash Basis



Income Execution 2011

Amounts in Euros

Budget heading		Final Total Income Budget 2011	Total Income in 2011	Total Results and Carry Forward to 2012
		1	2	3 = 2 - 1
Title VII	Income	194,449,000	176,278,076	(18,170,924)
Chapter 71	Contributions	180,497,096	183,680,273	3,183,177
Article 711	Contribution from Euratom	82,164,692	82,538,411	373,719
Article 712	Contribution from China	18,222,604	18,904,573	681,969
Article 713	Contribution from India	16,209,085	16,707,339	498,254
Article 714	Contribution from Japan	20,678,604	20,678,604	-
Article 715	Contribution from the Republic of Korea	17,548,604	18,668,441	1,119,837
Article 716	Contribution from the Russian Federation	18,291,604	18,811,293	519,689
Article 717	Contribution from the United States of America	7,381,903	7,371,612	(10,291)
Chapter 72	Internal tax	11,601,904	12,403,129	801,225
Article 721	Internal Tax from Professional Staff	9,502,939	10,085,602	582,663
Article 722	Internal Tax from Technical Support Staff	2,098,965	2,317,527	218,562
Chapter 73	Financial Income	600,000	539,703	(60,297)
Article 731	Financial interest	600,000	539,703	(60,297)
Article 732	Exchange rate income	-	-	-
Chapter 74	Other Income	1,750,000	(20,345,029)	(22,095,029)
Article 741	Cancellation of Appropriations from the current year	400,000	-	(400,000)
Article 742	Cancellation of Appropriations from previous year(s)	800,000	789,470	(10,530)
Article 743	Monaco Partnership	550,000	350,000	(200,000)
Article 744	Excess Income from previous years	-	(21,528,819)	(21,528,819)
Article 745	Shortfall Income Budget of the current year	-	-	-
Article 749	Miscellaneous income	-	44,320	44,320
Total income		194,449,000	176,278,076	(18,170,924)

The Cash 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.

In 2011 the ITER Organization has brought to Income Cancellation of Appropriations from the previous year at the level of EUR 0.79 M. There has also been a shortfall in Cash Income 2011 coming from the carry forward of the Excess Income from previous years of EUR - 21.53 M, effectively reducing the total Cash Income Budget Execution for the year leaving a negative result of EUR 18.17 M to carry forward to 2012.

Following the decision of the ITER Council of 17-18 November to reduce the yearly Monaco contribution from EUR 550,000 to EUR 350,000, the reduction will be regularized through an adjustment of the Income and Payments Budgets 2012.

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

Payments Execution 2011

Amounts in Euros

Budget heading		Final Total Payments Budget 2011	Unused Total Payment Appropriations brought forward to 2011	Total Payment Appropriations 2011	Write-offs and transfers of Special Account items	Total Payments and Credit Notifications 2011	Unused Total Payment Appropriations carried forward to 2012
		1	2	3 = 1 + 2	4	5	6 = 3 - 4 - 5
Title I	Direct Investment (Fund)	37,245,622	3,980,445	41,226,067	-	20,733,919	20,492,148
Article 111	Direct Investment	36,772,622	3,980,445	40,753,067	-	20,360,752	20,392,315
Article 112	Test Blanket Module	473,000	-	473,000	-	373,167	99,833
Title II	R&D Expenditure	16,655,243	7,327,158	23,982,401	330,409	18,148,529	5,503,463
Title III	Direct Expenditure	140,548,135	22,217,534	162,765,669	459,061	144,369,920	17,936,688
Chapter 31	Staff Expenditure	68,849,773	45,355	68,895,128	24,462	68,476,038	394,628
Article 311	Professional staff salary costs	51,152,521	8,820	51,161,341	8,820	50,757,893	394,628
Article 312	Technical Support staff salary costs	14,474,314	9,990	14,484,304	9,990	14,474,314	-
Article 313	Travel and subsistence	2,145,111	13,791	2,158,902	5,652	2,153,250	-
Article 314	Secondment allowances	75,862	-	75,862	-	75,862	-
Article 315	Removal expenses	343,655	12,754	356,409	-	356,409	-
Article 316	Promotions	593,210	-	593,210	-	593,210	-
Article 317	Awards	65,100	-	65,100	-	65,100	-
Chapter 32	Organizational Expenditure	71,698,362	22,172,179	93,870,541	434,599	75,893,882	17,542,060
Article 321	General services	9,919,515	252,805	10,172,320	167,926	8,984,915	1,019,479
Article 322	Administrative services	4,685,914	159,950	4,845,864	49,178	3,823,175	973,511
Article 323	Equipment	4,489,556	12,642	4,502,198	1,450	4,161,853	338,895
Article 324	External specialized services	52,603,377	21,746,782	74,350,159	216,045	58,923,939	15,210,175
Total expenditure		194,449,000	33,525,137	227,974,137	789,470	183,252,368	43,932,299

Considering a Payments Budget in 2011 of EUR 194.45 M and Unused Payment Appropriations brought forward from 2010 of EUR 33.53 M, the available Payment Appropriations for 2011 was EUR 227.97 M.

The write-offs and transfers of Special Account items of EUR 0.79 M correspond to items in the Special Account at the beginning of the year for which the related commitment has been cancelled.

The Payments Execution shows a total payments execution of EUR 183.25 M which includes Cash Payments of EUR 156.22 M and Short-Term In-Kind Payments, via credit notifications, of EUR 27.03 M.

This table also shows Unused Payment Appropriations of 19.27% or EUR 43.93 M of the Payments Appropriations including an amount of EUR 22.61 M which has been transferred to the Special Account at the end of the year. This underrun is due to schedule delays caused in part by the impact of the Great East Japan Earthquake as well as cost containment efforts throughout the organization in 2011.



Down in the Tokamak Seismic Pit, workers are laying steel rebar to reinforce the 1.5-meter thick basemat upon which 493 plinths and anti-seismic pads bearings will be installed.
Photo: © F4E

Commitments Execution 2011

Amounts in Euros

Budget heading		Final Total Commitments Budget 2011	Unused Total Commitment Appropriations brought forward from 2010	Available Commitment Appropriations 2011	De- commitments and Transfers of previous years' Total Commitments	Total Commitments 2011	Unused Commitment Appropriations carried forward to 2012
		1	2	3 = 1 + 2	4	5	6 = 3 + 4 - 5
Title I	Direct Investment (Fund)	92,758,000	419,099	93,177,099	(289,526)	37,591,576	55,295,997
Article 111	Direct Investment	91,953,635	419,099	92,372,734	(289,526)	36,816,230	55,266,978
Article 112	Test Blanket Module	804,365	-	804,365	-	775,346	29,019
Title II	R&D Expenditure	24,137,182	3,176,776	27,313,958	2,455,909	18,740,925	11,028,942
Title III	Direct Expenditure	139,462,818	7,563,336	147,026,154	6,668,424	127,502,043	26,192,535
Chapter 31	Staff Expenditure	68,611,964	69,855	68,681,819	242,113	68,529,304	394,628
Article 311	Professional staff salary costs	51,143,701	8,820	51,152,521	-	50,757,893	394,628
Article 312	Technical Support staff salary costs	14,464,324	9,990	14,474,314	-	14,474,314	-
Article 313	Travel and subsistence	2,022,011	14,898	2,036,909	228,790	2,265,699	-
Article 314	Secondment allowances	75,862	-	75,862	-	75,862	-
Article 315	Removal expenses	247,756	36,147	283,903	13,323	297,226	-
Article 316	Promotions	593,210	-	593,210	-	593,210	-
Article 317	Awards	65,100	-	65,100	-	65,100	-
Chapter 32	Organizational Expenditure	70,850,854	7,493,481	78,344,335	6,426,311	58,972,739	25,797,907
Article 321	General services	12,318,000	837,276	13,155,276	(961,063)	11,371,915	822,298
Article 322	Administrative services	5,328,000	112,908	5,440,908	390,973	4,027,394	1,804,487
Article 323	Equipment	2,977,000	-	2,977,000	99,253	1,782,769	1,293,484
Article 324	External specialized services	50,227,854	6,543,297	56,771,151	6,897,148	41,790,661	21,877,638
Total expenditure		256,358,000	11,159,211	267,517,211	8,834,807	183,834,544	92,517,474

Considering a Commitments Budget in 2011 of EUR 256.36 M and Unused Commitment Appropriations brought forward from 2010 of EUR 11.16 M, the available Commitment Appropriations for 2011 was EUR 267.52 M.

In 2011, there were de-commitments against previous years' commitments, constituting a reduction of the value of contracts signed in 2007, 2008, 2009 and 2010, for reasons that contracts were settled at a lower value than agreed and/or were cancelled. The total amount of these de-commitments equals EUR 8.83 M.

The Commitments Execution shows commitments in 2011 of EUR 183.83 M representing 68.72% of the Commitment Appropriations for 2011.

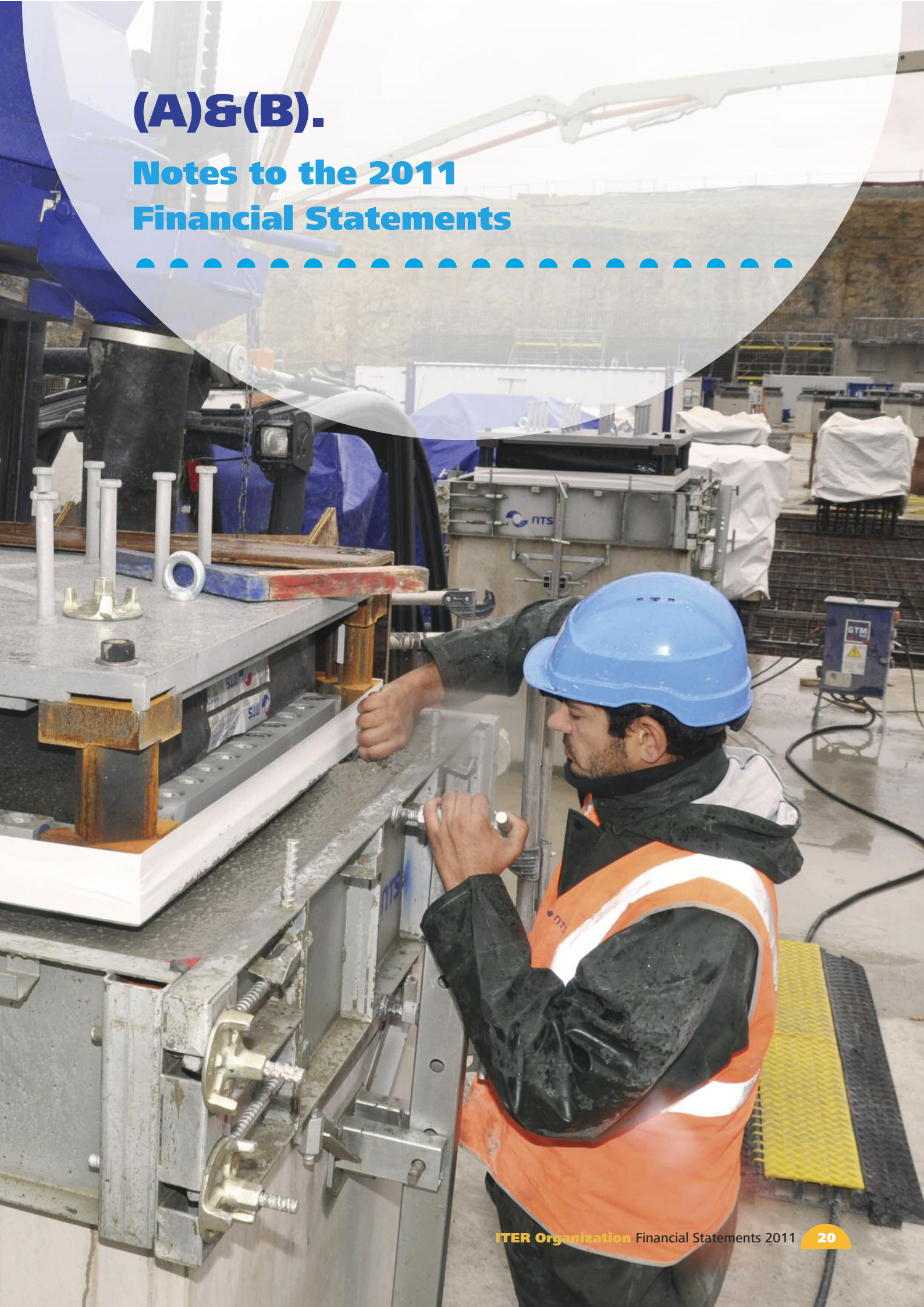
This leaves an unused balance of EUR 92.52 M, representing 34.58% of the Commitment Appropriations for 2011, which is in particular due primarily to delays in placement of contracts in Direct Investments, Research and Development, and External Specialized Services.



A symbolic milestone was reached on 3 November, as the 100th anti-seismic bearing (out of a total of 493) was installed in the Tokamak Seismic Pit.
Photo: © ITER Organization

(A)&(B).

**Notes to the 2011
Financial Statements**



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(A) Notes to the 2011 Financial Statements prepared on an Accrual Basis

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Reconciliation: Statement of Financial Performance – Budget Result

General Information

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 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 ITER project in Paris on 21 November 2006.

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 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 cash 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 the 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 2011 was 1 IUA equals EUR 1577.07.

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 being constructed has been provided free of charge by the French State through the CEA (Commissariat à l'Énergie Atomique) for the duration of the ITER Project (initially foreseen up to October 2042).

The main activities of the ITER Organization in 2011 included, in particular, technical investigations



The 42-hectare ITER Platform and its surroundings in September 2011. Construction work is on-going on the Headquarters Building (right), Tokamak Seismic Pit (centre) and PF Coils Assembly building (centre-left). *Photo: © Altivue-ITER Organization*

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. 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 ITER Organization during the year from 1 January to 31 December 2011 and its financial position at 31 December 2011. The functional currency used by the ITER Organization is the Euro. Long-term credits, representing in-kind contributions from Members, in particular for investments through Procurement Arrangements, are credited using IUAs and are converted into Euros at the approved exchange rate for the year. Short-term in-kind contributions relating to Task Agreements and secondments of staff are accounted in Euros.

The "Common Fund" is the initial "Trust Fund" created by the International Atomic Energy Agency (IAEA) to launch the Project in 2006.

The Financial Statements show tabulations in Euros, which could cause minor differences due to rounding 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 manage risk at an acceptable level.

The ITER Organization 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 (including site preparation and construction of the experimental asset), and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Internal Control Standards have been adopted in 2011. Their implementations are being developed to address risk assigned to senior management mainly in the following areas:

- Implementation of IT systems and processes tailored to the specific needs and requirements of the organization
- An appropriate segregation of duties including independent authorization of transactions
- The reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Finalization in 2011 of the management organization pursuant to Senior Management appointments in 2010 and 2011
- Documentation of controls and procedures
- Development of contingency plans
- Internal audit reviews
- Training and professional development

Notes to the 2011 Financial Statements prepared on an Accrual Basis

(A)

Successive layers of insulation, each of a different colour, were applied to the exterior of the PF Coils Winding Facility. The bright colours of the building disappeared in April, as the last layer of grey cladding was put into place. *Photo: © ITER Organization*

Note A1 - Significant Accounting Policies

Basis of preparation

The 2011 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the ITER Project Resource Management Regulations (PRMR), the former being published by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC).

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 through Procurement Arrangements are measured and accounted at agreed values.

The 2010 Financial Statements of the ITER Organization were audited and thereafter approved by the ITER Council in June 2011.

ITER considers that the IPSAS 28 to 30 on Financial Instruments are not applicable and do not have any impact on its financial positions. IPSAS 32 on Service Concession is not applicable to the ITER Organization.

ITER considers that its activities are all linked to a single segment leading the non-applicability of the IPSAS 18.



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 (<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. The spot rates used at year end are those published by the European Central Bank (<http://www.ecb.int/stats/exchange/>).

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 on-going 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 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, any non-refundable purchase taxes and attributable costs of bringing the asset to working condition for its intended use. Examples of attributable costs are the costs of site preparation, initial delivery and handling costs, installation costs, and professional fees such as those for architects and engineers. Additionally, those administration and other general costs 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.

Property, Plant and Equipment relating to in-kind contributions from Members are initially recorded at values agreed with Members using the Euro/IUA conversion rate prevailing for the year of the contribution. In-kind contributions are recorded as Property, Plant and Equipment under construction upon awarding the credits concerned. Accrued values at year end are also recorded as Property, Plant and Equipment under construction at reception of the milestone.

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 the Statement of Financial Performance 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 at the start of the Operation 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 assets20 years
- Fixtures and fittings.....5 - 10 years
- Transport equipment4 years
- IT, telecom equipment, etc2 - 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.



Nestled up against the northern corner of the ITER platform, the wing-shaped ITER Headquarters includes offices for 500 people, meeting rooms, a boardroom, an auditorium, a library, and a cafeteria. Photo: © F4E

Impairment

The carrying values of Property, Plant and Equipment and Intangible 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 assets

Expenditure on Intangible 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 Assets relating to in-kind contributions from Members are initially recorded at values agreed with the Members using the Euro/IUA conversion rate prevailing for the year of the contribution. In-kind contributions are recorded as Property, Plant and Equipment under construction upon awarding the credits concerned.

Other intangible assets that are acquired by the ITER Organization, which have finite useful lives, are

measured at cost less accumulated amortization and accumulated impairment losses.

Intangible 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 the Statement of Financial Performance as incurred. These costs will be included in the caption "Property, Plant and Equipment under construction" as outlined above.

Amortization is recognized in the Statement of Financial Performance 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:

- Software2 - 5 years
- Depreciation methods, useful lives and residual values are reviewed at each reporting date.

In accordance with ITER Organization rules, acquisitions of intangible assets which, individually, are below 3 IUA are expensed directly to the Statement of Financial Performance.

IPSAS 31 is already applied even though it is not yet required.

Inventories

Inventories are measured at the lower of cost and net realizable value except where received in kind from our Members. In this case inventories are measured at their agreed value. 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. No inventories have been recorded at 31 December 2011.

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 plans are recognized as employee benefit expense when they are due.

- **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.

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.

Revenue recognition

ITER Organization revenues comprise contributions from Members, Miscellaneous Income, Internal Tax, Financial Income, exchange rate gains, Donations and the contribution from Monaco.

- **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 (note A4). Contributions received from Members which at year-end exceed amounts requested are shown within payables (note A9).

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 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 utilization 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 several years. Upon attainment of certain milestones, Members' contributions relating to Property, Plant and Equipment are recorded within assets under construction and a related payable is recorded.

- **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.

- **Financial Income**

Financial Income is an income generated by the cash held on secured fixed term deposits in the Bank. This revenue are differed and shown in Note A12.

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 2011 as the experimental equipment is still at the beginning of the Construction Phase.

- **Site restoration**

In accordance with the ITER 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 2011.

Events after the reporting date

No favourable or unfavourable event occurred after the reporting date.

Note A2 - Cumulative Position Statement by Member at 31 December 2011

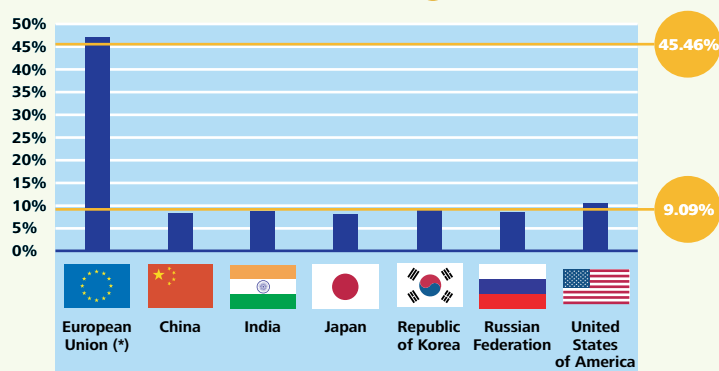
Amounts in Euros

Contributions

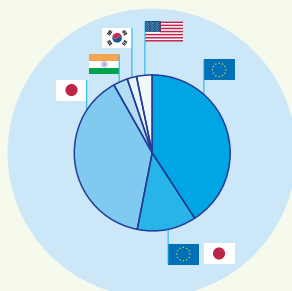
Agreed Sharing	45.46%	9.09%	9.09%	9.09%	9.09%	9.09%	9.09%	100.00%
2007-2011	European Union (*)	China	India	Japan (*)	Republic of Korea	Russian Federation	United States of America	Total
Cash Contributions	221,775,186	49,893,912	48,691,079	52,407,935	48,396,709	50,125,792	30,753,374	502,043,985
Short-Term In-Kind (Seconded Staff & Task Agreements)	42,161,932	2,518,892	4,866,424	873,634	5,473,923	2,867,542	14,978,692	73,741,038
Total Contributions "CASH" (Cash and Short-Term In-Kind)	263,937,118	52,412,803	53,557,503	53,281,569	53,870,631	52,993,333	45,732,066	575,785,023
Other over/(not)-allocated Contributions (Notes A5 & A11)	72,310	(5,534,079)	(4,331,246)	(8,048,102)	(4,036,876)	(5,765,959)	13,606,459	(14,037,494)
Total Net Contributions "CASH" (Cash and Short-Term In-Kind)	264,009,427	46,878,724	49,226,257	45,233,466	49,833,755	47,227,374	59,338,525	561,747,529
Participations at year end	47.00%	8.35%	8.76%	8.05%	8.87%	8.41%	10.56%	100.00%
Long-Term In-Kind credits (*) (Procurement Arrangements)	49,050,751	-	3,597,465	46,581,784	2,338,292	-	3,880,600	105,448,892
Total Contributions "CASH & IN-KIND"	313,060,179	46,878,724	52,823,722	91,815,250	52,172,047	47,227,374	63,219,125	667,196,422
Contributions from "Common Fund" (IAEA)	1,741,644	348,158	348,158	348,158	348,158	348,158	348,158	3,830,595
Total allocated	314,801,822	47,226,883	53,171,881	92,163,409	52,520,206	47,575,533	63,567,283	671,027,016

Cash and Short-Term In-Kind contributions

Realized participation ■ Agreed participation ●



Long-Term In-Kind credits (*) for Procurement Arrangements



Note A12	Internal tax	43,054,402
Note A12	Donation (buildings and works)	22,400,000
Note A12	Financial income	4,003,752

Total reconciliation accounts 69,458,154

Total income 740,485,170

Assets

Note A7	Property, Plant and Equipment	736,499,091
Note A8	Intangible Assets	3,986,079

Total costs Property, Plant and Equipment and Intangible Assets 740,485,170

(*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to 9,471.61 IUA valorized at 14,713,614 EUR (including 2,359.18 IUA for deliverables achieved in 2011) for procurements for which the procurement responsibility has been transferred to Japan within the framework of the transferred procurement responsibilities from EURATOM to Japan.

Note A3 - Cash and Cash Equivalents

Amounts in Euros

	31.12.2011	31.12.2010
Cash in hand	-	-
Cash at bank - Euro accounts	43,925,661	2,570,396
Cash at bank - JP Yen accounts	88,914	62,458
Cash at bank - US Dollar accounts	100,944	78,124
Fixed term deposits with banks	34,220,117	58,000,000
Total cash and cash equivalents	78,335,636	60,710,977
Unrealized gains/losses arising from changes in foreign currency	82,517	-
Total	78,418,153	60,710,977

Details of cash and cash equivalents at year-end 2011 are provided in the table above. The ITER Organization's cash and cash equivalent balances arise from Members' contributions, Financial Income and Other Income including the annual contribution from the Principality of Monaco.

It is worth noting that out of the EUR 43.9 million reported under "Cash at bank – Euro accounts", EUR 42.5 million were received during the last week of the year, when the IO was closed. These advances are shown under the Note A9 in "Advance payment on Contribution 2012".

Cash balances on deposit are held in secure interest-bearing bank accounts or fixed-term deposits. The JP Yen and US Dollar bank accounts are valued in Euros using official year-end exchange rates prevailing at 31 December 2011.

Unrealized gains and losses arising from changes in foreign currency exchange rates are not cash flows but their effects are reported below for reconciliation purpose.

Accrued interest is now recorded as Receivable and shown in the Note A4.

Note A4 - Receivables

Amounts in Euros

	31.12.2011	31.12.2010
Members' Cash Contributions to be received	1,496,117	1,577,471
European Union	-	-
China	411,450	-
India	333,936	-
Japan	750,731	1,577,433
Republic of Korea	-	38
Russian Federation	-	-
United States of America	-	-
Members' In-Kind Contributions to be credited	15,307,468	-
European Union	4,287,438	-
China	315,414	-
India	871,249	-
Japan	7,333,376	-
Republic of Korea	-	-
Russian Federation	1,174,096	-
United States of America	1,325,896	-
Other receivables	9,410,590	12,179,387
Fusion for Energy	165,747	212,645
US Domestic Agency	1,447,815	1,003,400
IN Domestic Agency	-	4,000
Personnel - Advances	298	-
VAT receivable (requested)	3,829,562	6,970,767
VAT receivable (to be requested)	2,021,465	1,251,667
VAT on accruals	1,109,373	2,583,808
Accrued interest	393,713	40,969
Other	442,618	112,131
Total receivables	26,214,174	13,756,857

Members' cash contributions to be received (China, India and Japan) amount to EUR 1.50 million. Other receivables have been recorded for payments on account (EUR 0.44 million) and suspense accounts payments for Fusion for Energy (EUR 0.17 million) and US Domestic Agency (EUR 1.45 million).

Members' In-Kind Contributions to be credited correspond to Short-Term or Long-Term In-Kind deliverables received by ITER but not credited at the reporting date. The counterpart is accrued in Payables and shown in Note A9.

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 states 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. Regarding the reimbursement of VAT paid in other European countries (for a total outstanding amount of EUR 293,182) the European Union has approved a new Regulation allowing the services to be covered in the VAT reimbursement Agreement. A request will be addressed to the French Authorities early 2012 in order to get a refund.

Note A5 - Other Current Assets

Amounts in Euros

	31.12.2011	31.12.2010
Over-allocated		
European Union	72,310	7,269,670
China	-	-
India	-	-
Japan	-	300,042
Republic of Korea	-	-
Russian Federation	-	-
United States of America	13,606,459	1,209,900
Total over-allocated Members' Contributions	13,678,769	8,779,611

Over-allocated means that amounts incorporated into the machine have exceeded the Members' contributions and are shown as Other Current Assets.

The non-allocated amounts are shown as Other Current Liabilities (Note A11).

Note A6 - Prepayments

Amounts in Euros

	31.12.2011	31.12.2010
Licence fees	634,291	556,975
General Maintenance and Repair	574,844	104,598
Maintenance Licences	4,834	150,790
Maintenance Equipment	4,374	20,939
Membership fees	44	8,400
Subscriptions	22,266	47,126
Rent	803	2,910
Insurance	87,739	11,489
Other	6,953	-
Total Prepayments	1,336,148	903,226

Prepayments correspond to expenditures incurred in 2011 for which the acquired products or services relate to 2012.

Note A7: Property, Plant and Equipment

Amounts in Euros

Reporting Period	Land and Buildings		Fixtures and Fittings		Motor Vehicles		IT, Telecom and Office Equipment	
	2011	2010	2011	2010	2011	2010	2011	2010
Opening Balance	22,026,667	-	432,071	290,205	63,701	60,283	2,657,413	1,849,044
Additions	-	22,400,000	-	173,238	-	37,440	872,809	1,577,473
Disposals	-	-	-	-	-	(34,200)	-	-
Depreciation	(746,667)	(373,333)	(36,916)	(31,372)	(25,581)	178	(1,138,967)	(769,104)
Closing Balance	21,280,000	22,026,667	395,155	432,071	38,120	63,701	2,391,255	2,657,413
Gross Carrying Amount	22,400,000	22,400,000	485,133	485,133	102,326	102,326	4,933,231	4,060,422
Accumulated Depreciation	(1,120,000)	(373,333)	(89,978)	(53,063)	(64,206)	(38,624)	(2,541,976)	(1,403,009)
Net Carrying Amount	21,280,000	22,026,667	395,155	432,071	38,120	63,701	2,391,255	2,657,413

Note A8: Intangible Assets

Amounts in Euros

Reporting Period

Opening Balance

Additions

Disposals

Amortization

Closing Balance

Gross Carrying Amount

Accumulated Amortization

Net Carrying Amount

Total Net Book Value at year end (carrying amount)

Total Amortization, depreciation and impairment losses at year end

Total Costs at year end

Under construction in Cash		Under construction in Cash – Machine		Under construction Short-Term In-Kind by Members		Under construction Long-Term In-Kind by Members		Total	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
10,389,868	4,631,309	370,969,994	225,065,349	38,731,875	19,239,695	42,019,137	3,975,759	487,290,725	255,111,643
21,717,258	5,758,559	126,311,351	145,904,645	35,009,164	19,492,180	63,429,755	38,043,378	247,340,336	233,386,913
-	-	-	-	-	-	-	-	-	(34,200)
-	-	-	-	-	-	-	-	(1,948,131)	(1,173,631)
32,107,125	10,389,868	497,281,345	370,969,994	73,741,038	38,731,875	105,448,892	42,019,137	732,682,931	487,290,725
32,107,125	10,389,868	497,281,345	370,969,994	73,741,038	38,731,875	105,448,892	42,019,137	736,499,091	489,158,755
-	-	-	-	-	-	-	-	(3,816,160)	(1,868,029)
32,107,125	10,389,868	497,281,345	370,969,994	73,741,038	38,731,875	105,448,892	42,019,137	732,682,931	487,290,725

Software		In Progress		Totals	
2011	2010	2011	2010	2011	2010
2,442,558	2,642,536			2,442,558	2,642,536
42,786	672,522			42,786	672,522
-	-			-	-
(929,934)	(872,500)			(929,934)	(872,500)
1,555,410	2,442,558			1,555,410	2,442,558
3,986,079	3,943,293			3,986,079	3,943,293
(2,430,669)	(1,500,735)			(2,430,669)	(1,500,735)
1,555,410	2,442,558			1,555,410	2,442,558
				734,238,341	489,733,283
				6,246,829	3,368,764
				740,485,170	493,102,047

Note A9 - Payables

Amounts in Euros

	31.12.2011	31.12.2010
Creditors (Suppliers and accrued charges)	12,685,141	20,415,447
In-Kind accrued Value : Task Agreements	7,974,092	-
In-Kind accrued Value : Procurement Arrangements	7,333,376	-
Advance payment on Partnership with Monaco	393,263	-
Advance payments on Contribution	61,485,939	59,203,872
Advance payment on Contribution from European Union	33,374,422	36,416,816
Advance payment on Contribution from China	-	422,452
Advance payment on Contribution from India	-	23
Advance payment on Contribution from Japan	-	-
Advance payment on Contribution from Republic of Korea	9,000,013	-
Advance payment on Contribution from Russian Federation	9,913,252	13,232,428
Advance payment on Contribution from United States of America	9,198,252	9,132,153
Total payables	89,871,811	79,619,319

Creditors and other accrued charges are costs recognized in these Financial Statements 2011 but not paid as at 31 December.

In-Kind accrued values are costs recognized in these Financial Statements 2011 but not credited as at 31 December. The counterpart is shown under Receivables in Note A4.

Advance payment on Monaco Partnership represents the unused portion of their contribution. This amount is automatically carried forward to the following year. The open amount (EUR 579,453) carried forward from 2010 to 2011 was reported under "deferred revenue" (Note A12) in last year's Financial Statements.

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

Note A10 - Employee Benefits

Amounts in Euros

	31.12.2011	31.12.2010
Accrued untaken leave	1,242,002	1,204,070
Social benefits	668,019	732,027
Personnel travel costs	150,599	196,687
Other	-	-
Total employee benefits	2,060,620	2,132,784

Accrued untaken leave represents vacation entitlement accrued by staff during the reporting year. Untaken annual leave is carried forward to the following year with a maximum of 14 days per staff.

Social benefits are amounts outstanding to social security and pension schemes.

Personnel travel costs are the year-end unpaid costs related to travel undertaken by staff.

Note A11 - Other Current Liabilities

Amounts in Euros

	31.12.2011	31.12.2010
Not-allocated		
European Union	-	-
China	5,534,079	573,592
India	4,331,246	498,684
Japan	8,048,102	-
Republic of Korea	4,036,876	174,658
Russian Federation	5,765,959	573,592
United States of America	-	-
Total non-allocated Members' Contributions	27,716,263	1,820,527

Non-allocated means that Members' contributions have not been fully expended and incorporated into the value of the machine and are shown as Other Current Liabilities.

The over-allocated amounts are shown as Other Current Assets (Note A5).

Note A12 - Deferred Revenue at 31 December 2011

Total Deferred Revenue is equal to the Net Book Value of the Property, Plant and Equipment and Intangible Assets (Notes A7&A8).

Amounts in Euros

Deferred Revenue	End of 2010	2011	Cash End of 2011	Short-Term In-Kind Seconded staff and Credit Task agreements		
				End of 2010	2011	End of 2011
European Union (*)	161,923,273	61,665,866	223,589,139	24,199,308	17,962,624	42,161,932
China	32,377,531	12,330,460	44,707,991	589,851	1,929,040	2,518,892
India	32,377,531	12,330,460	44,707,991	3,450,858	1,415,567	4,866,424
Japan (*)	32,377,531	12,330,460	44,707,991	873,634	-	873,634
Republic of Korea	32,377,531	12,330,460	44,707,991	2,998,159	2,475,763	5,473,923
Russian Federation	32,377,531	12,330,460	44,707,991	404,979	2,462,562	2,867,542
United States of America	32,377,531	12,330,460	44,707,991	6,215,085	8,763,607	14,978,692
Contributions	356,188,459	135,648,627	491,837,086	38,731,875	35,009,164	73,741,038
Internal Tax	30,651,272	12,403,129	43,054,402			
Donations (buildings, works,...)	22,400,000	-	22,400,000			
Financial Income	3,111,305	892,447	4,003,752			
Other deferred revenues	56,162,578	13,295,576	69,458,154			
Write back						
Total Deferred revenue	412,351,036	148,944,203	561,295,240	38,731,875	35,009,164	73,741,038

(*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to 9,471.61 IUA valorized at 14,713,614 EUR within the framework of the transferred procurement responsibilities from EURATOM to Japan.

Monaco Partnership (unused)	579,453	(186,190)	393,263
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Total "Cash"			Long-Term In-Kind			Total		
including Cash Seconded Staff and			Procurement Arrangments (*)					
Credit Task Agreements								
End of 2010	2011	End of 2011	End of 2010	2011	End of 2011	End of 2010	2011	End of 2011
186,122,581	79,628,490	265,751,071	6,659,110	42,391,642	49,050,751	192,781,691	122,020,131	314,801,822
32,967,382	14,259,501	47,226,883	-	-	-	32,967,382	14,259,501	47,226,883
35,828,389	13,746,027	49,574,416	1,862,688	1,734,777	3,597,465	37,691,077	15,480,804	53,171,881
33,251,165	12,330,460	45,581,625	27,909,275	18,672,509	46,581,784	61,160,440	31,002,969	92,163,409
35,375,690	14,806,224	50,181,914	1,707,464	630,828	2,338,292	37,083,154	15,437,052	52,520,206
32,782,510	14,793,022	47,575,533	-	-	-	32,782,510	14,793,022	47,575,533
38,592,616	21,094,067	59,686,684	3,880,600	-	3,880,600	42,473,216	21,094,067	63,567,284
394,920,334	170,657,791	565,578,124	42,019,137	63,429,755	105,448,892	436,939,470	234,087,546	671,027,016
30,651,272	12,403,129	43,054,402				30,651,272	12,403,129	43,054,402
22,400,000	-	22,400,000				22,400,000	-	22,400,000
3,111,305	892,447	4,003,752				3,111,305	892,447	4,003,752
56,162,578	13,295,576	69,458,154				56,162,578	13,295,576	69,458,154
						(3,368,764)	(2,878,065)	(6,246,829)
451,082,911	183,953,367	635,036,278	42,019,137	63,429,755	105,448,892	489,733,284	244,505,057	734,238,341

(including 2,359.18 IUA for deliverables achieved in 2011) for procurements for which the procurement responsibility has been transferred to Japan

579,453	(186,190)	393,263				579,453	(186,190)	393,263
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Note A13 - Other Revenue

Amounts in Euros

	2011	2010
Exchange rate gains	816,588	514,353
Fixed asset sales proceeds	-	6,307
Miscellaneous income	44,320	5,359
Monaco Partnership	536,190	736,088
Other revenue	1,397,098	1,262,107

Exchange rate gains generated by realized exchange rate transactions are shown in this Note whereas the losses are in Note A16. The net balance was EUR -54,998 (loss).

The Partnership Arrangement with the Principality of Monaco concluded for ten years in 2008 included an annual contribution of EUR 550,000 per year towards post-doctorate fellowships and communication actions by ITER. In 2011 it has been reduced to EUR 350,000 for the coming period 2011-2013. There are, at the end of the year, five post-doctoral fellows coming from five different ITER Members.

Revenues received from the Principality of Monaco and associated costs incurred by the ITER Organization are included in the Statement of Financial Performance in the year of receipt and expenditure. Any excess of revenues over associated costs is shown as payable on Note A9. The costs incurred by the ITER Organization arising from Monaco revenues are therefore not considered part of the construction cost of the experimental equipment.

ITER Organization Activities are capitalized under Property, Plant and Equipment and recorded as Deferred Revenue as shown on Note A12 for EUR 126.31 million (split by Member).

Note A14 - Wages, Salaries and Employee Benefits

Personnel costs are detailed in the table below.

Amounts in Euros

	Professional Staff		Technical Support Staff		2011	Total 2010
	2011	2010	2011	2010		
Wages and salaries	36,154,590	34,644,578	10,985,943	10,090,690	47,140,533	44,735,268
Pension costs	5,085,673	4,871,912	1,544,245	1,420,299	6,629,918	6,292,211
Medical costs	908,157	869,983	275,757	253,626	1,183,914	1,123,609
Life and invalidity costs	363,263	347,992	110,304	101,454	473,567	449,445
Other employee benefits	4,910,083	4,610,598	1,718,288	1,629,103	6,628,371	6,239,701
Accrued untaken leave (delta)	16,637	(15,881)	21,295	34,488	37,932	18,608
Awards	25,200	149,600	39,900	72,600	65,100	222,200
Indemnities for loss of job	377,270	549,731	-	-	377,270	549,731
On call duty indemnity	-	-	-	2,693	-	2,693
Seconded Staff	3,321,372	3,892,822			3,321,372	3,892,822
Secondment allowances	75,862	185,125			75,862	185,125
Trainees	63,807	38,160			63,807	38,160
Bonus for temporary assignment	6,667	21,017			6,667	21,017
Social activities					29,642	17,492
Other (canteen)					299,194	210,341
Total	51,308,580	50,165,637	14,695,732	13,604,953	66,333,148	63,998,423
<i>Total Excluding Seconded Staff</i>	<i>47,987,208</i>	<i>46,272,815</i>	<i>14,695,732</i>	<i>13,604,953</i>	<i>63,011,777</i>	<i>60,105,601</i>

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/will be used for salaries, related benefits and infrastructure of the ITER Organization. "Wages, salaries and employee benefits" present the gross costs including the corresponding internal tax.

The Seconded Staff costs are directly capitalized and values credited to their respective Members (in kind).

The 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 the 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.

The aggregate gross remuneration of the Director-General and the three Directors of Department was EUR 1.06 million.

At 31 December 2011 the ITER Organization had in total 471 staff in the following categories:

	Professional Staff		Technical Support Staff		2011	Total 2010
	2011	2010	2011	2010		
ITER Organization Staff	279	274	170	168	449	442
Seconded Professional Staff	22	27	-	-	22	27
Total	301	301	170	168	471	469

Note A15 - Supplies and Consumables

Amounts in Euros

	2011	2010
Electricity	81,137	790,896
Drink distributors / water	18,117	79,369
Furniture & equipment	447,278	1,502,145
Telecom & IT equipment	283,400	93,957
Fitting-out premises	42,268	169,891
Purchased software / licenses	977,984	881,427
Administrative supplies	160,610	69,054
Fuel	10,846	9,862
Total supplies and consumables	2,021,640	3,596,602

The electricity cost for 2011 is EUR 545,977. However, due to an over estimate made in 2010 the accrued costs were too high. With further evidence received in 2011, the impact is now recorded accordingly.

Note A16 - Other Expenses

Amounts in Euros

	2011	2010
External services	37,757,194	51,592,729
Communications costs	298,329	427,225
Travel and related costs (external)	1,911,935	2,096,095
Travel and related costs (staff)	1,951,322	3,188,861
Receptions and representation costs	308,459	343,811
Temporary staff / Other personnel	1,683,053	2,578,666
External consultant fees	914,797	1,183,128
Research and Development	12,352,172	17,456,271
Equipment, building rental	740,030	447,632
Software fees	104,718	281,002
Exchange rate losses	871,586	568,037
Maintenance and repairs	1,130,149	966,573
Removal expenses for ITER personnel	345,711	429,845
Insurance	93,236	72,808
Documentation & seminar expenses (conferences)	563,260	912,517
Bank charges	3,093	7,075
Post & Communication	622,773	494,105
Net book value of assets sold/disposed	-	8,433
Transport of goods	67,170	8,672
General services	916,911	325,258
Other	39,136	50,038
Total other expenses	62,675,032	83,438,781

Exceptional charges

-

-

Losses generated by realized exchange rate transactions are included in this Note whereas the gains are in Note A13. The net balance was EUR -54,998 (loss).

Note A17 - Leases

Amounts in Euros

	2011	2010
Less than one year	-	303,792
Between one and five years	-	-
More than five years	-	-
Total operating leases	-	303,792

The ITER Organization does not have leased equipment at closing date.

Notes to the 2011 Financial Statements prepared on a modified Cash Basis

(B)

Note B1 - Budget Execution

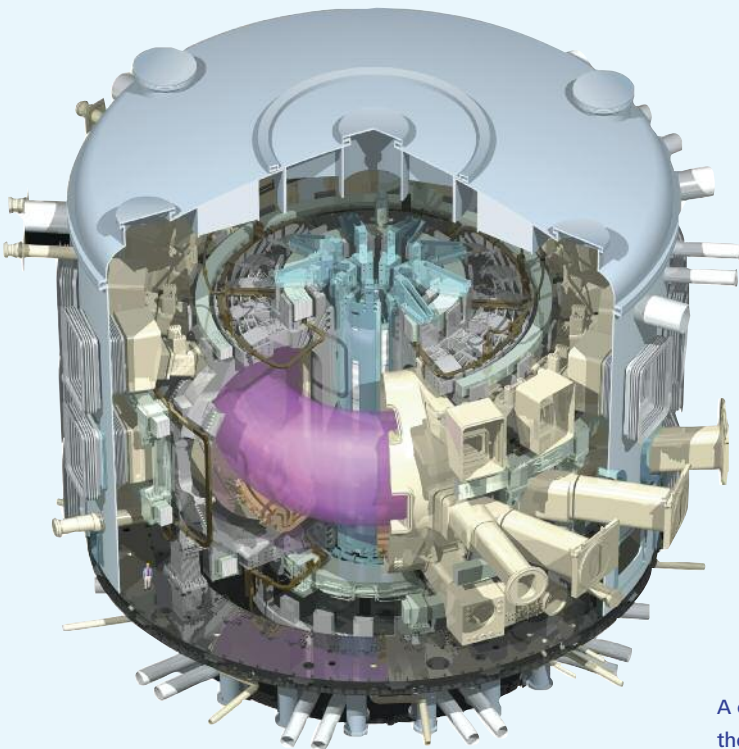
The ITER Organization's Project Resource Management Regulations (PRMR) and its Implementing Measures require the preparation of certain schedules and notes for inclusion in the Financial Statements. The primary budgetary schedules following from the PRMR are shown in pages 14 to 16, reflecting the Income, Payments and Commitments Executions against their respective budgets. Supplementary information required under the PRMR is provided in Notes B1 to B12.

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

At its meeting in November 2010, the ITER Council adopted Commitments, Income and Payments Budgets for 2011, at the level of EUR 256.36 M for Commitments and EUR 194.45 M for Payments and Income. The Commitments, Payments and Income Budgets and the financial schedules are subdivided into Titles, Chapters and Articles.

The negative balance of EUR 18.17 M reported on the table "Income Execution 2011" has no impact on the Income Budget as it concerns only the Short-Term In-Kind Contributions.

During 2011, the Director-General approved several budgetary transfers within the limits of his mandate.



A cutaway view of the ITER Tokamak encased in its cryostat, with the hot plasma (in pink) visible in the centre. *Image © USITER*

Note B2 - Members' Contributions

Cash Contributions

Amounts in Euros

	Brought forward from 2010	Requested for 2011	Received in 2011 for 2011	Carry forward to 2012
Member				
Euratom	36,416,816	68,863,226	32,446,410	33,374,422
China	422,452	17,290,947	16,457,045	(411,450)
India	23	16,163,022	15,829,063	(333,936)
Japan	(1,577,433)	20,678,604	21,505,306	(750,731)
Republic of Korea	(38)	16,192,678	16,192,716	9,000,013
Russian Federation	13,232,428	17,522,827	4,290,399	9,913,252
United States of America	9,132,153	(66,099)	-	9,198,252
Total	57,626,401	156,645,205	106,720,939	59,989,822

The Members' Cash Contributions have been accounted in full as Income of the year, in accordance with the budget, regardless of the cash received. Over and underpayments have been carried forward as cash liabilities to/from these Members.

Short-Term In-Kind Contributions

Amounts in Euros

	Brought forward from 2010	Requested for 2011	Received in 2011 for 2011	Carry forward to 2012
Member				
Euratom	(7,191,480)	13,301,467	13,675,186	(6,817,761)
China	(1,866,149)	931,657	1,613,626	(1,184,180)
India	(1,093,568)	46,064	544,318	(595,314)
Japan	-	-	-	-
Republic of Korea	(530,774)	1,355,926	2,475,763	589,063
Russian Federation	(1,982,021)	768,777	1,288,466	(1,462,332)
United States of America	(8,864,827)	7,448,002	7,437,711	(8,875,118)
Total	(21,528,819)	23,851,893	27,035,070	(18,345,642)

The Members' Short-Term In-Kind Contributions are recognized when credited. Over and underpayments have been carried forward as Short-Term In-Kind liabilities to/from these Members.

Note B3 - Cash Breakdown

Amounts in Euros

BNP EUR Account	8,807
HSBC EUR Account	2,522,339
HSBC EUR Account CC	39,250
HSBC YEN Account	62,458
HSBC USD Account	42,246
HSBC Fixed Term Deposits	58,000,000
HSBC USD Accounts (USA)	247,217
Petty cash	-

Real Cash balance at 1 January 2011 **60,922,317**

Accrued interest in 2010 40,969

Cash balance at 1 January 2011 **60,963,286**

Cheques issued in 2010 and disbursed in 2011 (211,339)

Cash and cash equivalent at 1 January 2011 60,751,947

2011 Contributions from the Members	106,720,939
Advances on 2012 contributions	52,287,687
Monaco Partnership	350,000
Internal tax	12,403,129
Interest from bank	539,703
Miscellaneous Income	44,320

Total cash Income **172,345,778**

Payments against budget and Special Account 156,217,297

Movements in Suspense Accounts (1,321,207)

Total disbursement **154,896,090**

Cash balance at 1 January 2011 60,922,317

Total cash Income 172,345,778

Total disbursement 154,896,090

Balance in cash **78,372,005**

BNP EUR Account	19,978
BNP EUR Deposits	34,220,117
HSBC EUR Account	43,896,318
HSBC EUR Account	9,365
HSBC YEN Account	88,914
HSBC USD Account	51,846
HSBC Fixed Term Deposits	-
HSBC USD Account (USA)	85,467
Petty cash	-

Cash balance at 31 December 2011 **78,372,005**

Cheques issued in 2011 and disbursed in 2012 (36,368)

Cash and cash equivalent at 31 December 2011 78,335,636

Note B4 - Statement of Unpaid Commitments

Amounts in Euros

Budget heading		Unpaid Total Commitments 1 January 2011	Total Commitments 2011	Total De- commitments of previous years' commitments	Total Payments 2011	Unpaid Total Commitments 31 December 2011
		1	2	3	4	5 = 1 + 2 - 3 - 4
Title I	Direct Investment (Fund)	14,170,346	37,591,576	(289,526)	20,733,919	31,317,529
Article 111	Direct Investment	14,045,772	36,816,230	(289,526)	20,360,752	30,790,776
Article 112	Test Blanket Module	124,574	775,346	-	373,167	526,753
Title II	R&D Expenditure	33,867,735	18,740,925	2,455,909	18,148,529	32,004,222
Title III	Direct Expenditure	88,257,523	127,502,043	6,668,424	144,369,920	64,721,222
Chapter 31	Staff Expenditure	706,995	68,529,304	242,113	68,476,038	518,148
Article 311	Professional staff salary costs	-	50,757,893	-	50,757,893	-
Article 312	Technical Support staff salary costs	-	14,474,314	-	14,474,314	-
Article 313	Travel and subsistence	587,507	2,265,699	228,790	2,153,250	471,166
Article 314	Secondment allowances	-	75,862	-	75,862	-
Article 315	Removal expenses	119,490	297,226	13,323	356,409	46,984
Article 316	Promotions	-	593,210	-	593,210	-
Article 317	Awards	-	65,100	-	65,100	-
Chapter 32	Organizational Expenditure	87,550,528	58,972,739	6,426,311	75,893,882	64,203,074
Article 321	General services	3,007,448	11,371,915	(961,063)	8,984,915	6,355,511
Article 322	Administrative services	2,577,706	4,027,394	390,973	3,823,175	2,390,952
Article 323	Equipment	2,949,564	1,782,769	99,253	4,161,853	471,227
Article 324	External specialized services	79,015,811	41,790,661	6,897,148	58,923,939	54,985,385
Total expenditure		136,295,604	183,834,544	8,834,807	183,252,368	128,042,973

Note B5 - Status of Special Account

Amounts in Euros

Special Account from which future payments can be made against Specific Unpaid Commitments at 31 December 2011.

Special Account at the beginning of the year 2011	11,996,318
Cancellation of Special Account items	(789,470)
Payments Against Special Account	(8,226,506)
Sub-Total	2,980,342
Final Cash Payments Budget 2011	170,597,107
Cash Payments against Budget	147,990,791
Unused balance of Cash Payments Budget	-
Transfer to Special Account at 31 December 2011	22,606,316
Special Account at 31 December 2011	25,586,658

Together with the balance of the Special Account brought forward from previous years, the total amount in the Special Account at 31 December 2011 is EUR 25.59 M.

Note B6 - Income Budget

Amounts in Euros

Budget heading		Initial Total Income Budget 2011 (IC-7 November 2010)	Supplementary Total Income Budget 2011	Requested Total Transfer (IC-8 June 2011)	Shortfall in Total Income 2011	Final Total Income Budget 2011 5 = 1 + 2 + 3 - 4
		1	2	3	4	5 = 1 + 2 + 3 - 4
Title VII	Income	194,449,000	-	-	-	194,449,000
Chapter 71	Contributions	180,497,096	-	-	-	180,497,096
Article 711	Contribution from Euratom	82,164,692	-	-	-	82,164,692
Article 712	Contribution from China	18,222,604	-	-	-	18,222,604
Article 713	Contribution from India	16,209,085	-	-	-	16,209,085
Article 714	Contribution from Japan	20,678,604	-	-	-	20,678,604
Article 715	Contribution from the Republic of Korea	17,548,604	-	-	-	17,548,604
Article 716	Contribution from the Russian Federation	18,291,604	-	-	-	18,291,604
Article 717	Contribution from the United States of America	7,381,903	-	-	-	7,381,903
Chapter 72	Internal tax	11,601,904	-	-	-	11,601,904
Article 721	Internal Tax from Professional Staff	9,502,939	-	-	-	9,502,939
Article 722	Internal Tax from Technical Staff	2,098,965	-	-	-	2,098,965
Chapter 73	Financial Income	600,000	-	-	-	600,000
Article 731	Financial interest	600,000	-	-	-	600,000
Article 732	Exchange rate Income	-	-	-	-	-
Chapter 74	Other Income	1,750,000	-	-	-	1,750,000
Article 741	Cancellation of Appropriations from the current year	400,000	-	-	-	400,000
Article 742	Cancellation of Appropriations from previous year(s)	800,000	-	-	-	800,000
Article 743	Monaco Partnership	550,000	-	-	-	550,000
Article 744	Excess Income from previous years	-	-	-	-	-
Article 745	Shortfall Income Budget of the current year	-	-	-	-	-
Article 749	Miscellaneous income	-	-	-	-	-
Total income		194,449,000	-	-	-	194,449,000

The total Income Budget is equal to the Payments Budget in accordance with Article III.1.3 of the PRMR. In 2011, there has been, in parallel with the transfer to the Payments Budget, a transfer of EUR 13.31 M from Cash Income to Short-Term In-Kind Income leaving the total Income Budget unchanged at EUR 194.45 M as approved by the ITER Council in November 2010.

Note B7 - Payments Budget

Amounts in Euros

Budget heading		Initial Total Payments Budget 2011 (IC-7 November 2010)	Cumulative Internal Total Transfers Approved by the DG	Total Transfers approved (IC-8 June 2011)	Final Total Payments Budget 2011 4 = 1 + 2 + 3
		1	2	3	4 = 1 + 2 + 3
Title I	Direct Investment (Fund)	38,545,000	-	(1,299,378)	37,245,622
Article 111	Direct Investment	38,072,000	-	(1,299,378)	36,772,622
Article 112	Test Blanket Module	473,000	-	-	473,000
Title II	R&D Expenditure	22,667,000	-	(6,011,757)	16,655,243
Title III	Direct Expenditure	133,237,000	-	7,311,135	140,548,135
Chapter 31	Staff Expenditure	69,575,000	(725,227)	-	68,849,773
Article 311	Professional staff salary costs	50,654,000	498,521	-	51,152,521
Article 312	Technical Support staff salary costs	13,721,000	753,314	-	14,474,314
Article 313	Travel and subsistence	3,411,000	(1,265,889)	-	2,145,111
Article 314	Secondment allowances	213,000	(137,138)	-	75,862
Article 315	Removal expenses	878,000	(534,345)	-	343,655
Article 316	Promotions	434,000	159,210	-	593,210
Article 317	Awards	264,000	(198,900)	-	65,100
Chapter 32	Organizational Expenditure	63,662,000	725,227	7,311,135	71,698,362
Article 321	General services	4,702,000	5,217,515	-	9,919,515
Article 322	Administrative services	3,091,000	1,594,914	-	4,685,914
Article 323	Equipment	4,661,000	(171,444)	-	4,489,556
Article 324	External specialized services	51,208,000	(5,915,758)	7,311,135	52,603,377
Total expenditure		194,449,000	-	-	194,449,000

The Payments Budget for 2011 of EUR 194.45 M has remained unchanged during the year. A transfer of EUR 13.61 M from the Cash Payments Budget to the Short-Term In-Kind Payments Budget was decided by the ITER Council in June.

Note B8 - Commitments Budget

Amounts in Euros

Budget heading		Initial Total Commitments Budget 2011 (IC-7 November 2010)	Cumulative Internal Total Transfers Approved by the DG	Total Transfers approved (IC-8 June 2011)	Final Total Commitments Budget 2011 4 = 1 + 2 + 3
		1	2	3	4
Title I	Direct Investment (Fund)	92,758,000	-	-	92,758,000
Article 111	Direct Investment	92,189,000	(235,365)	-	91,953,635
Article 112	Test Blanket Module	569,000	235,365	-	804,365
Title II	R&D Expenditure	25,307,000	-	(1,169,818)	24,137,182
Title III	Direct Expenditure	138,293,000	-	1,169,818	139,462,818
Chapter 31	Staff Expenditure	69,575,000	(963,036)	-	68,611,964
Article 311	Professional staff salary costs	50,654,000	489,701	-	51,143,701
Article 312	Technical Support staff salary costs	13,721,000	743,324	-	14,464,324
Article 313	Travel and subsistence	3,411,000	(1,388,989)	-	2,022,011
Article 314	Secondment allowances	213,000	(137,138)	-	75,862
Article 315	Removal expenses	878,000	(630,244)	-	247,756
Article 316	Promotions	434,000	159,210	-	593,210
Article 317	Awards	264,000	(198,900)	-	65,100
Chapter 32	Organizational Expenditure	68,718,000	963,036	1,169,818	70,850,854
Article 321	General services	8,283,000	4,035,000	-	12,318,000
Article 322	Administrative services	2,678,000	2,650,000	-	5,328,000
Article 323	Equipment	4,677,000	(1,700,000)	-	2,977,000
Article 324	External specialized services	53,080,000	(4,021,964)	1,169,818	50,227,854
Total expenditure		256,358,000	-	-	256,358,000

In accordance with the PRMR, the Commitments Budget represents the upper limit of the legal obligations the ITER Organization can engage for the year.

The Commitments Budget for 2011 of EUR 256.36 M has remained unchanged during the year. There have been some transfers from the Cash Payments Budget to the Short-Term In-Kind Payments Budget.

Note B9 – Long-Term In-Kind 2011 (Procurement Arrangements)

Previous years (2007-2010)		Commitments		Income/Payments	
Member	IUA	EUR	IUA	EUR	
Euratom	803,870.81	1,237,414,891	4,290.00	6,659,110	
China	99,345.76	150,484,743	-	-	
India	132,770.00	205,872,355	1,200.00	1,862,688	
Japan	302,230.00	457,133,315	17,980.00	27,909,275	
Republic of Korea	177,345.85	268,283,824	1,100.00	1,707,464	
Russian Federation	102,489.02	156,594,860	-	-	
United States of America	150,400.00	233,082,622	2,500.00	3,880,600	
Total	1,768,451.44	2,708,866,610	27,070.00	42,019,137	

2011		Commitments		Income/Payments	
Member	IUA	EUR	IUA	EUR	
Euratom	31,789.00	50,133,478	26,880.00	42,391,642	
China	110,193.01	173,782,090	-	-	
India	90,799.00	143,196,379	1,100.00	1,734,777	
Japan	67,325.00	106,176,238	7,190.00	11,339,133	
Republic of Korea	47,922.00	75,576,349	400.00	630,828	
Russian Federation	89,576.32	141,268,127	-	-	
United States of America	3,757.60	5,925,998	-	-	
Total	441,361.93	696,058,659	35,570.00	56,096,380	

Total		Commitments		Income/Payments	
Member	IUA	EUR	IUA	EUR	
Euratom	835,659.81	1,287,548,369	31,170.00	49,050,751	
China	209,538.77	324,266,833	-	-	
India	223,569.00	349,068,734	2,300.00	3,597,465	
Japan	369,555.00	563,309,553	25,170.00	39,248,409	
Republic of Korea	225,267.85	343,860,172	1,500.00	2,338,292	
Russian Federation	192,065.34	297,862,987	-	-	
United States of America	154,157.60	239,008,620	2,500.00	3,880,600	
Grand total	2,209,813.37	3,404,925,269	62,640.00	98,115,517	

IUA Exchange rates		1 IUA =
Year		Definitive rate (EUR)
2007		1,470.00
2008		1,498.16
2009		1,547.59
2010		1,552.24
2011		1,577.07

Note B10 - Cumulative Income Budgets and Executions

Amounts in Euros

Budget heading		Cumulative Income Budgets up to End 2011 1	Cumulative Income Executions up to End 2011 2
Title VII	Income	646,205,623	610,264,821
Chapter 71	Contributions	586,156,572	567,810,930
Article 711	Contribution from Euratom	266,467,440	259,649,679
Article 712	Contribution from China	53,281,569	52,097,389
Article 713	Contribution from India	53,281,568	52,686,254
Article 714	Contribution from Japan	53,281,569	53,281,569
Article 715	Contribution from the Republic of Korea	53,281,568	53,870,631
Article 716	Contribution from the Russian Federation	53,281,569	51,819,237
Article 717	Contribution from the United States of America	53,281,290	44,406,172
Chapter 72	Internal tax	47,495,910	43,054,398
Article 721	Internal Tax from Professional Staff	35,690,523	36,116,639
Article 722	Internal Tax from Technical Support Staff	11,805,387	6,937,759
Chapter 73	Financial Income	3,250,000	4,630,345
Article 731	Financial interest	3,050,000	3,609,749
Article 732	Exchange rate Income	200,000	1,020,596
Chapter 74	Other Income	9,303,141	(5,230,852)
Article 741	Cancellation of Appropriations from the current year	1,200,000	1,111,119
Article 742	Cancellation of Appropriations from previous year(s)	2,145,542	6,134,586
Article 743	Monaco Partnership	2,200,000	2,000,000
Article 744	Excess Income from previous years	-	(18,366,498)
Article 745	Shortfall Income Budget of the current year	73,401	-
Article 749	Miscellaneous	3,831,000	3,889,941
Total income		646,205,623	610,264,821

Note B11 - Cumulative Payments Budgets and Executions

Amounts in Euros

Budget heading		Cumulative Payments Budgets up to End 2011 1	Cumulative Payments up to End 2011 2
Title I	Direct Investment (Fund)	48,289,622	27,697,474
Article 111	Direct Investment	47,705,362	27,213,047
Article 112	Test Blanket Module	584,260	484,427
Title II	R&D Expenditure	72,273,184	64,814,343
Title III	Direct Expenditure	525,642,818	503,112,423
Chapter 31	Staff Expenditure	258,631,346	257,952,659
Article 311	Professional staff salary costs	198,459,102	198,053,403
Article 312	Technical Support staff salary costs	44,330,090	44,320,100
Article 313	Travel and subsistence	11,907,586	11,674,374
Article 314	Secondment allowances	691,642	691,642
Article 315	Removal expenses	2,062,159	2,032,373
Article 316	Promotions	893,467	893,467
Article 317	Awards	287,300	287,300
Chapter 32	Organizational Expenditure	267,011,472	245,159,764
Article 321	General services	24,538,077	22,499,135
Article 322	Administrative services	14,639,246	13,004,881
Article 323	Equipment	20,370,038	19,586,661
Article 324	External specialized services	207,464,111	190,069,087
Total expenditure		646,205,624	595,624,240

Note B12 - Cumulative Commitments Budgets and Executions

Amounts in Euros

Budget heading		Cumulative Commitments Budgets up to End 2011 1	Cumulative Commitments Executions up to End 2011 2
Title I	Direct Investment (Fund)	114,311,000	59,015,003
Article 111	Direct Investment	113,270,801	58,003,823
Article 112	Test Blanket Module	1,040,199	1,011,180
Title II	R&D Expenditure	107,909,827	96,880,885
Title III	Direct Expenditure	593,963,859	567,771,324
Chapter 31	Staff Expenditure	258,880,744	258,486,116
Article 311	Professional staff salary costs	198,448,030	198,053,402
Article 312	Technical Support staff salary costs	44,320,100	44,320,100
Article 313	Travel and subsistence	12,160,846	12,160,846
Article 314	Secondment allowances	691,642	691,642
Article 315	Removal expenses	2,079,359	2,079,359
Article 316	Promotions	893,467	893,467
Article 317	Awards	287,300	287,300
Chapter 32	Organizational Expenditure	335,083,115	309,285,208
Article 321	General services	30,673,540	29,851,242
Article 322	Administrative services	17,197,246	15,392,759
Article 323	Equipment	21,325,868	20,032,384
Article 324	External specialized services	265,886,461	244,008,823
Total expenditure		816,184,687	723,667,212

Reconciliation: Statement of Financial Performance - Budget Results

In these Financial Statements 2011, the Statements prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and its Statement of Financial Performance in particular take into account accruals whereas the Statements prepared in accordance with the Project Resource Management Regulations (PRMR) and its Budget Result Statement do not. The differences between the two statements are shown in the Reconciliation below, together with explanations on the items concerned.

Amounts in Euros	Notes	2011	2010
Budgetary Income Actuals Cash and Short-Term In-Kind	page 15	176,278,076	143,424,927
Budgetary Income Actuals Long-Term In-Kind	B9	56,096,380	42,019,137
Budgetary Payment Actuals Cash and Short-Term In-Kind	page 16	(183,252,368)	(146,829,210)
Budgetary Payment Actuals Long-Term In-Kind	B9	(56,096,380)	(42,019,137)
Budget Outturn		(6,974,292)	(3,404,282)
ITER Organization activities capitalized	A7	126,311,351	145,904,645
Increase of Property, Plant and Equipment Cash	A7	22,590,067	7,546,711
Increase of intangible assets Cash	A8	42,786	672,522
Increase of Property, Plant and Equipment Short-Term In-Kind	A7	35,009,164	19,492,180
Increase of Property, Plant and Equipment Long-Term In-Kind	A7	63,429,755	42,019,137
Depreciation of Property, Plant and Equipment	A7	(1,948,131)	(2,071,898)
Amortization of intangible assets	A8	(929,934)	-
Financial Income (received)	B3	(539,703)	(401,583)
Internal tax	A12	(12,403,129)	(11,799,569)
Exceptional charges (disposal)	A7/A8	-	(8,433)
Write-offs and transfers of Special Account items	B5	(789,470)	(802,139)
Members' Contributions in Cash	B2	(156,645,205)	(126,810,486)
Members' Contributions in Short-Term In-Kind	B2	(27,035,072)	(19,492,181)
Members' Contributions in Long-Term In-Kind	B9	(56,096,380)	(42,019,137)
Excess Income from Previous Years	B2	21,528,819	(2,535,131)
Deferred Monaco Partnership	A12	186,190	186,088
Write back to revenue	A12	2,878,065	2,046,131
Basic/ differences		(8,614,883)	(8,522,575)
Total Variations (cash/accrual)		6,974,288	3,404,282
Statement of Financial Performance		-	-

The reconciliation between the Cash Flow Statement and Budgetary result is shown below.

Amounts in Euros	Notes	2011	2010
Cash balance at 1 January	B3	60,963,285	66,003,755
Cash balance at 31 December	B3	78,372,005	60,963,285
Accrued interest cashed		40,969	-
Cash Variation during the period		17,408,720	(5,040,470)
Cash contributions requested	B2	156,645,203	126,810,486
Cash contributions received	B3	(106,720,939)	(74,633,857)
Advance contributions received	B3	(52,287,687)	(57,644,923)
Movements in suspense account	B3	(1,321,207)	3,767,211
Cancellation of Appropriations	B5	789,470	802,139
Excess Income from Previous Years	B2	(21,528,819)	2,535,131
Total		(6,974,292)	(3,404,282)
Budget Outturn	Income Ex.-Payments Ex.	(6,974,292)	(3,404,282)

Increase of Property, Plant and Equipment and Intangible Assets (Capital expenditure expensed in budget – Notes A7 & A8)

In the ITER Organization's budgetary accounting, purchases of Property, Plant and Equipment and Intangible Assets are shown in the payments execution where in the ITER Organization's accounting under IPSAS, such expenditures are capitalized and depreciated over the useful lives of the assets.

Financial Interest (Income Execution and Note B3)

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

Internal Tax (Note A12)

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

ITER Organization Activities Capitalized (Note A7)

In the ITER Organization's budgetary accounting, expenditures are shown in the payments execution where in the accruals accounting under IPSAS these are capitalized and depreciated over the useful lives of the assets.

Write-offs and Transfers of Special Account Items (Payments Execution and Note B5)

Amounts in the Special Account must all be covered by specific commitments. Any de-commitments during the year, related to contracts and commitments covering items in the Special Account therefore, will result in amounts to be released from the Special Account and transferred to Income.

Members' Contributions in Cash (Note B2)

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

This item corresponds to the contributions from the Members which are considered as Income in the year in which they are called regardless of their date of receipt by the ITER Organization.

Basic/Timing Differences

The amount under Timing Differences is the difference of expenditures recorded in the ITER Organization's IPSAS accruals accounts but not disbursed yet, compared with those not yet recorded in the Budgetary Accounts (e.g., untaken leave, travel costs, accrual); differences also arose where the budgetary accounts were charged but where the IPSAS accounts were not charged (e.g., prepayments/deferred charges).



Construction of ITER progressed on schedule in 2011. Peak activity is planned for 2014-2015, when some 3,000 construction workers are expected on site.



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