

ITER ORGANIZATION 2019 FINANCIAL REPORT



china eu india japan korea russia usa

MU 40t / 30t

Finance at a glance



The last production step for superconducting magnets is thermal testing at 80 K. This cryogenic chamber is ready for Europe's smallest ring magnet – poloidal field coil #6.

891
staff

€4,638
Million
property, plant
& equipment

€22
Million
intangible
assets

€478
Million
cash contributions
received 2019

€318
Million
in-kind
contributions

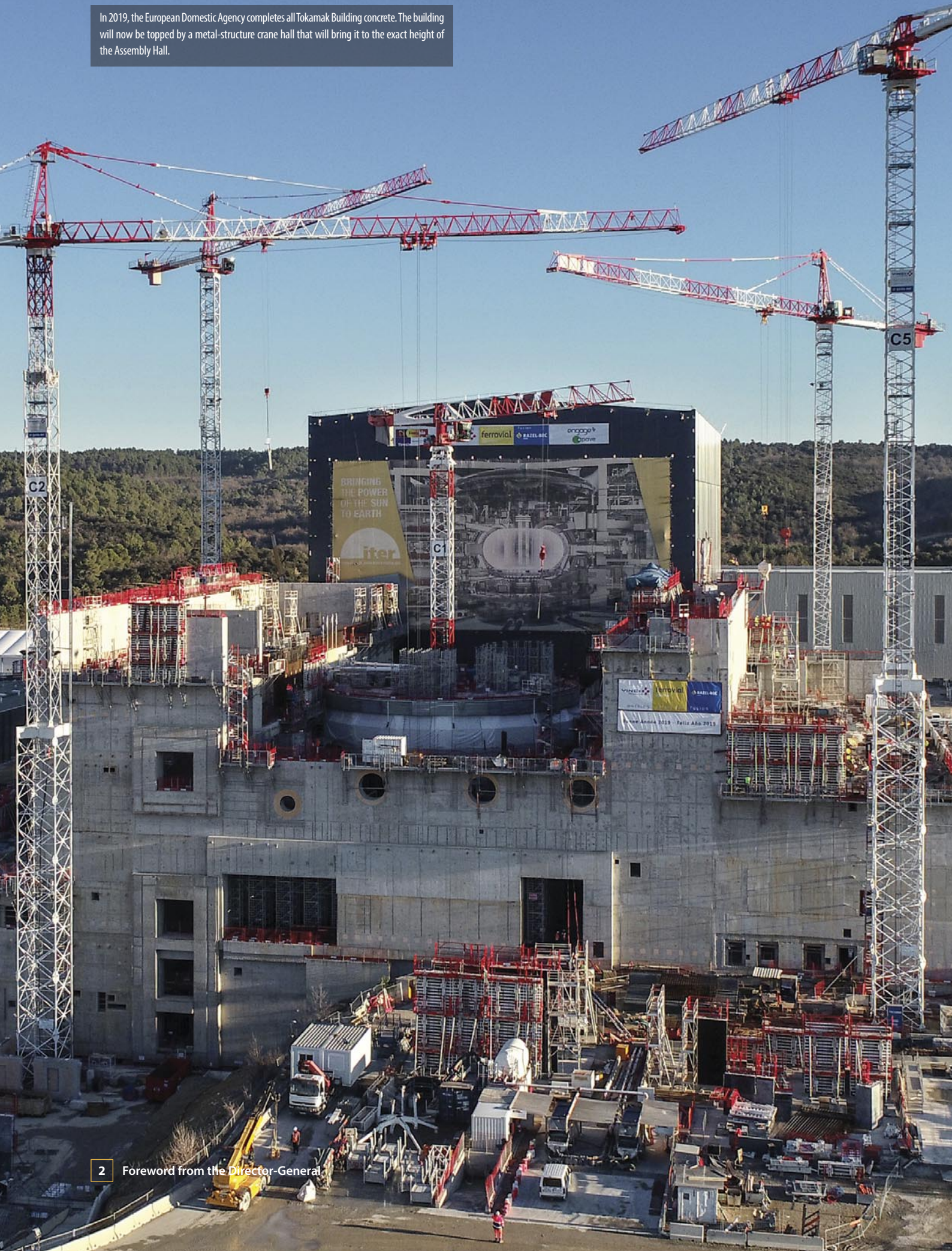
€129
Million
employee
benefits

€546
Million
total
commitments

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In 2019, the European Domestic Agency completes all Tokamak Building concrete. The building will now be topped by a metal-structure crane hall that will bring it to the exact height of the Assembly Hall.



Foreword from the Director-General



I thank you for taking the time to read the 2019 ITER Organization Financial Report, prepared with care by our Finance & Budget Division. In the assessment of the Financial Audit Board, the accounts and balance sheet represent a true and fair view of the financial positions of the ITER Organization.

Project execution from early design to First Plasma is now at nearly 70 percent. The ITER Organization and the Domestic Agencies continue to implement the Revised Construction Strategy with increasing challenges on maintaining First Plasma in 2025 due to announced delays in some critical deliveries. Delay against a critical need date means that other opportunities must be exploited to maintain the schedule; with this objective, all project actors are pursuing opportunities for risk mitigation and schedule recovery.

With the achievement by the European Domestic Agency of a major building milestone in March 2020 – crane access between the Assembly Hall and the newly completed Tokamak Building – the critical path to First Plasma now passes through the sub-assembly of the vacuum vessel sectors, equipped with toroidal field coils, and then their in-pit welding. The European Domestic Agency and the ITER Organization are collaborating on an acceleration program for the production and assembly of vacuum vessel sectors under European responsibility. Both organizations are also working closely with the Korean Domestic Agency to benefit from lessons learned in the production of the first vacuum vessel sector, S#6, which was finalized in May 2020.

Major steps were taken during the reporting period to prepare for the assembly and installation phase at ITER: an institutional reorganization was deployed to accompany the transition in the project's focus; major assembly and installation contracts were awarded for the Tokamak machine; large handling tools in the Assembly Hall were commissioned; and ITER's first plant system – electrical distribution – entered operation. These individual steps all contributed to the first major milestone of machine assembly – the successful installation of the cryostat base in May 2020.

In the context of the recent COVID-19 crisis, I made the decision to preserve full continuity for critical activities on the ITER site, while taking all necessary health precautions as advised by authorities. Key assembly works were able to continue and critical deliveries were maintained. I thank all ITER staff and contractors for their collective commitment and for the considerable personal efforts that have allowed us, even in these difficult times, to achieve important milestones and keep our project remarkably on track overall.

Preliminary information on the impact of the COVID-19 pandemic on the implementation of the Revised Construction Strategy was provided to the ITER Council at its Twenty-Sixth Meeting (June 2020). I say "preliminary" because at this writing the virus has not stopped circulating; also, every effort is being made across the project to recover the impact of work stoppages and shutdowns. The ITER Organization will present its assessment of COVID-19 impact to the Members in September 2020 and a report for further discussion at the ITER Council in November 2020.

As we plan for the very challenging and exciting years ahead, I would like to thank the ITER Members for renewing their confidence in me. I have accepted a second term as the Director-General of the ITER Organization knowing that each one of us – stakeholder, manager, employee, contractor, or supplier – plays an important role in the success of the ITER Project. It is only together that we can succeed.

Bernard Bigot
St. Paul-lez-Durance
July 2020

The Indian Domestic Agency and its contractors have finalized the cryostat base and lower cylinder. Around the skirt of the base (pictured), assembly teams are now installing interfacing components such as this protruding "toroidal lug" that will lock into the bioshield.



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 2019 and of the financial position of the ITER Organization in all material aspects at the end of 2019.

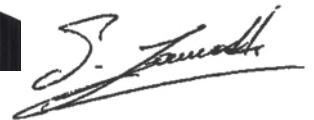
We are not aware of any un-recorded liabilities.



25 February 2020
Lionel Rigaux
Accounting Officer
Accounting, Treasury
& Systems
Section Leader



25 February 2020
Philippe Lamotte
Finance &
Procurement
Department Head

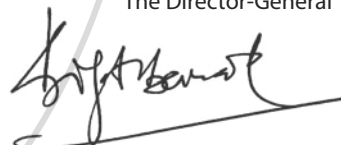


Statement from the Director-General

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.

25 February 2020
Bernard Bigot
Authorizing Officer
The Director-General



The Independent Auditors' Report on the Financial Statements

Opinion

We have audited the financial statements of the ITER International Fusion Energy Organization (IO) as at 31 December 2019, which comprise the Statement of Financial Position, the Statement of Financial Performance, the Cash Flow Statement, the Statement of Changes in Net Assets/Equity, the Comparison of Budget and Actual Amounts, and Notes to the Financial Statements and to the Budget Execution Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the IO as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) and the Project Resource Management Regulations (PRMR). We obtained reasonable assurance on the legality and regularity of the underlying transactions.

Basis for Opinion

We conducted our audit in accordance with Article 17 of the ITER Agreement, the FAB's External Financial Audit Procedures, the relevant articles of the PRMR and the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the IO in accordance with the ethical requirements that are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The IO management is responsible for the information included in the ITER Organization 2019 Financial Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

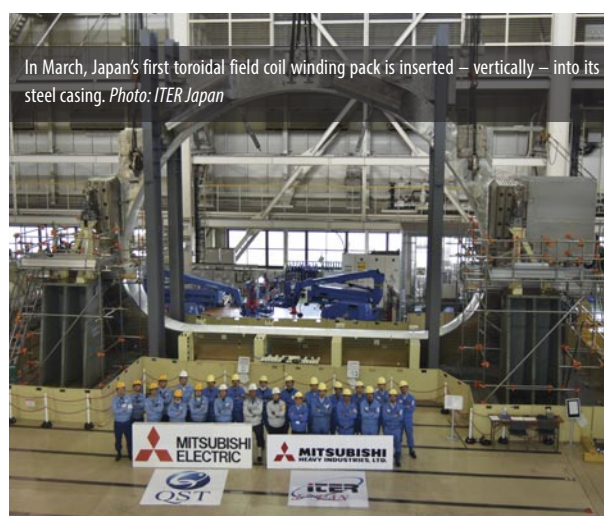
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

Responsibilities of the IO Management and the ITER Council for the Financial Statements

The IO management is responsible for the preparation and fair presentation of the financial statements in accordance with the IPSAS and the 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.

In preparing the financial statements, the IO management is responsible for assessing the IO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ITER Council either intends to liquidate the IO or to cease operations, or has no realistic alternative other than to do so.

The ITER Council is responsible for overseeing the IO's financial reporting process.







Auditor’s Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. The audit 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. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and of the budget execution statements.

St. Paul-Lez-Durance, France
09 October 2020

  Mr. Alexander ZAGORNOV <i>Chair of the Financial Audit Board</i> RUSSIAN FEDERATION		
  Ms. Lingyun ZHANG PEOPLE’S REPUBLIC OF CHINA	  Ms. Richa BAGLA REPUBLIC OF INDIA	  Mr. Daisaku KOYANAGI JAPAN
  Mr. Tae Hyung HA REPUBLIC OF KOREA	  Mr. Ciaran SPILLANE EUROPEAN UNION	  Ms. Susan MAY UNITED STATES OF AMERICA

Financial Statement Discussion and Analysis

This section of the annual Financial Report of the ITER Organization (IO) presents management's discussion and analysis of the Financial Statements for the year ended 31 December 2019.

The Financial Statement Discussion and Analysis is not part of the ITER Organization's Financial Statements; however, it should be read together with the ITER Organization's Financial Statements on pages 15 to 47 of this report.

The 2018 Financial Statements were audited and thereafter approved by the ITER Council at its Twenty-Fourth Meeting in June 2019.

Overview

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

In accordance with Articles 7 and 9 of the ITER Agreement, the Director-General and the staff of the ITER Organization



prepare and submit to the ITER Council the annual Financial Statements by the end of February of the year following the last day of the reporting period.

The functional currency used by the ITER Organization is the Euro. The Financial Statements show tabulations in thousands of Euro, which could cause minor differences due to rounding.

The Financial Statements presented on an accrual basis show the:

- Statement of Financial Position which provides information about the:
 - Assets of the ITER Organization (cash; recoverables; prepayments; property, plant and equipment; intangible assets and financial assets);
 - Liabilities of the ITER Organization (payables; employee benefits liabilities; long-term payable and deferred revenue).
- Statement of Financial Performance recognizing revenue in the period it is earned and expenses when they occur, regardless of when the associated cash is received or paid. In view of the specific nature of the Organization, which has in essence only one objective, i.e., the operation of an experimental facility, all costs are considered to have been incurred in order to construct and bring the assets to a condition enabling operations to commence ('IO activity costs capitalized for the machine under construction'). The capitalization of costs/values will cease at the start of the Operation Phase. The consequences of this capitalization criterion on the annual results of the ITER Organization are inter-related with the choice of the accounting policy used in regard to the revenue from Members;
- Statement of Changes in Net Assets/Equity provided for the record (not impacted during the Construction Phase);
- Cash Flow Statement (direct method) which provides information about the ITER Organization's liquidity and solvency, including cash in and cash out;
- Comparison of Budget and Actual Amounts;
- Notes to the Financial Statements making them easier to understand and to compare with the Financial Statements of similar entities. They comprise a summary of accounting policies used:
 - Basis of preparation;
 - Significant accounting policies;
 - Disclosure of the information required by IPSAS that is not presented on the face of the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets/Equity or Cash Flow Statement;
 - Reconciliation between the Cash Flow Statement and the Budgetary Out-Turn.

Contributions from the Members constitute revenue from non-exchange transactions. They are used to acquire property, plant and equipment and intangible assets and are taken back to revenue over the period of the utilization of the related assets. They are labelled 'Deferred contributions from Members' in the Statement of Financial Performance.

About the ITER Organization

The ITER Organization provides and promotes cooperation on the ITER Project among its Members, these being the People's Republic of China, the European Union (represented by Euratom), the Republic of India, Japan, the Republic of Korea, the Russian Federation and the United States of America.

This international project aims to demonstrate the scientific and technological feasibility of fusion energy for peaceful purposes, an essential feature of which will be achievement of sustained fusion power generation.

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', <http://www.iaea.org/Publications/Documents/Infcircs/2007/infcirc702.pdf>).

The ITER Agreement was signed by the Members in Paris on 21 November 2006 and the ITER Organization was officially established on 24 October 2007. The Agreement has an initial duration of 35 years.

The ITER Organization has an international legal personality including the capacity to conclude agreements with States and/or other international organizations, and is governed by a Council composed of representatives from each of its Members. The ITER Council elects from among its Members a Chair and Vice-Chair who 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 functions of the ITER Project are the design, construction, assembly and installation, commissioning, operation, exploitation and de-activation (decommissioning) of the ITER facilities in accordance with prescribed technical objectives, specifications and supplemental technical requirements that may be necessary. Upon completion of the Project, decommissioning of the ITER Organization facilities will be financed by the Members and will be carried out by the Host State, France.

The resources to carry out the construction of the project comprise contributions in kind and in cash from the

Members, as per the following sharing ratio: 45.46% for Euratom and 9.09% for the others.

The cost estimates for the Construction and Operation Phases have been quantified using the ITER Unit of Account (IUA) unit of currency (one IUA was equal to USD 1,000 in January 1989). The conversion rate from IUA to Euro is revised annually by the Director-General and reported to the ITER Council Management Advisory Committee (MAC) thereon.

IUA Exchange Rates

Periods	1 IUA =
2019	EUR 1,749.84
2018	EUR 1,718.90
January 1989	USD 1,000.00

Contributions from Members or their respective Domestic Agencies (DA) are provided in cash and in kind. The Procurement Arrangements (PA) are contributions in kind foreseen in the ITER Agreement and signed between the ITER Organization and each Member. They are called long-term in-kind contributions (LTIK). Short-term in-kind contributions (STIK) are related to Task Agreements (contracts between the ITER Organization and the Domestic Agencies/Members) and secondments of staff. LTIK credits are directly recognized in the Statement of Financial Performance upon validation of their delivered milestones or work performed ('credit request mechanism'). Cash, including STIK credits, are recognized in the Statement of Financial Performance of the year concerned (after validation of the contribution calls by the ITER Council).

PA milestones recorded within 'machine under construction' are split into two categories: Advance for milestones related to assets produced without transfer of control/responsibilities and risks from the Domestic Agencies to the ITER Organization; or Capital Work In Progress for milestones related to assets produced with transfer of control/responsibilities and risks from the Domestic Agencies to the ITER Organization.

The measurement basis applied for cash transactions is at historical cost. Assets and liabilities arising from PAs are measured and accounted at their agreed values (as defined in the ITER Agreement).

The 'Common Fund' is the initial 'Trust Fund' created by the International Atomic Energy Agency (IAEA) to launch the ITER Project in 2006. In the Financial Statements, these funds received by the ITER Organization were allocated to their respective Members as per the agreed sharing (total amount received between 2006 and 2008: EUR 3,830,595 split into EUR 1,741,644 for Euratom, and EUR 348,158 for each of the other Members).

Sixty-five percent of equipment has been installed in the ITER cryoplant. The first commissioning activities will begin in 2020.



The ITER Organization has developed the ITER Project Associates (IPA) scheme to increase flexibility in the use of ITER Organization and Domestic Agency resources and to strengthen cooperation between the ITER Organization and institutions or bodies of the Members (including Domestic Agencies). This scheme allows staff of Member institutes, universities, industrial enterprises, and other relevant bodies (termed as Home Institutes) to participate in the ITER Project. Detailed Implementing Agreements (IAs) are signed between the ITER Organization and the Home Institutes (HI) to assign individuals or a group of IPAs. They take into account the Member/Country specificities and financial aspects.

Administrative agreements are agreements with Domestic Agencies, DA Institutes, Member/Domestic Agency-related entities etc., to enable the ITER Organization to provide them with administrative, logistical and/or other services (outside the scope of the ITER Organization budget).

The Partnership Arrangement with the Principality of Monaco concluded for ten years in 2008 has been renewed for another term.

Since 2013, the ITER Organization has signed arrangements /Memoranda of Understanding (MoU) with the Domestic Agencies for undertaking some construction activities on their behalf. Financial resources for the ITER Organization's execution of these arrangements are being provided separately by the Domestic Agencies concerned, outside the ITER Council-approved IO budget.

Revenue from these construction contracts and the Partnership Arrangement is recognized only to the extent of contract costs incurred that it is probable to be recovered and contract costs are recognized as an expense in the period in which they are incurred/used. Any excess of revenue/costs over associated costs/revenue is shown as payable/receivable in Notes A9/A5.

The costs incurred by the ITER Organization arising from these construction contracts (on behalf of the Domestic Agencies) and the Partnership Arrangements are therefore not directly considered part of the construction cost of the experimental equipment. Details of these Construction Contracts and the Partnership Arrangements are disclosed in Notes A16, A17 and B5.

The address of the ITER Headquarters is Route de Vinon-sur-Verdon, CS 90 046, 13067 Saint Paul-lez-Durance Cedex, France. The land on which the ITER Project is being constructed has been provided free of charge by the French State through the *Commissariat à l'Énergie Atomique et aux Énergies Alternatives* (CEA) for the duration of the ITER Project (initially foreseen to end in October 2042).

Highlights

In a unanimous decision, the ITER Council voted in January to reappoint Bernard Bigot to a second five-year term as Director-General of the ITER Organization (2020-2025).

The ITER Organization and the Domestic Agencies continue to implement the Revised Construction Strategy as approved by the ITER Council. Performance metrics such as high-level milestones and key indicators are reported bimonthly to the ITER Council, and critical path/near-critical path items are monitored closely in order to keep the ITER Project on track for First Plasma in 2025. The continuous strong support and commitment of the ITER Members will be key in the months and years ahead as delay in the delivery of key components and buildings could keep the project from meeting its target. The ITER Organization and the Domestic Agencies are working closely together to monitor the schedule, seek opportunities for optimization, or work to resolve risks and issues affecting critical deliveries.

Major steps were taken in 2019 to prepare for the critical phase ahead: two major assembly and installation contracts were awarded for the Tokamak machine, and two others (Tokamak Complex) are in the tendering phase; an institutional reorganization is in progress, designed to accompany the transition in the project's focus from engineering and manufacturing to construction; and ITER's first plant system – electrical distribution – entered operation. The logistics team on site is preparing for the receipt, registration and storage of a large number of loads, while system owners are readying the engineering work packages that will instruct installation contractors on how each “piece” fits into the machine. The large twin sub-assembly tools in the Assembly Hall are now fully commissioned and an upending tool, also needed for ITER's first vacuum vessel sector sub-assembly operation, was delivered by Korea.

In the Tokamak pit, painting is completed and contractors are installing the bearings that will interface with ITER's first large component – the cryostat base. Substantial progress has been made in the lower basement of the Tokamak Building, where the first cryolines, ducts, and cable trays have been installed. The last concrete plot of the building was poured in November; now the steel structure of the crane hall is taking shape. The European Domestic Agency is on time for building handover in March 2020. All around the worksite, plant component installation is progressing – from the magnet power buildings, to the heat rejection zone and the cryoplant. The number of construction workers on site every day has passed the 2,000 mark.

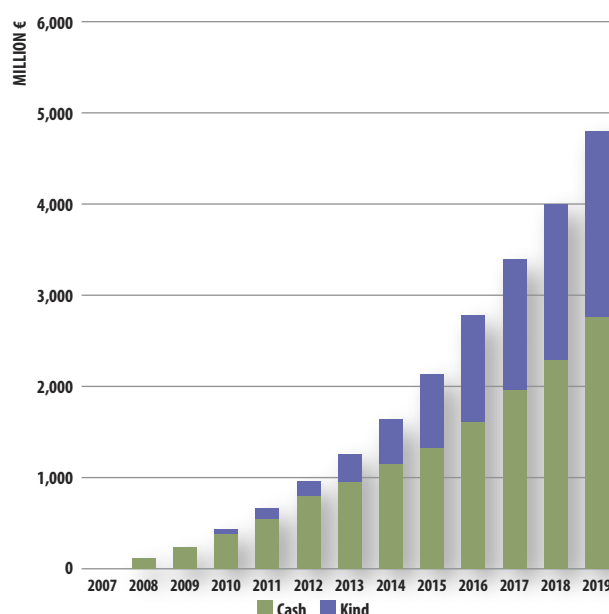
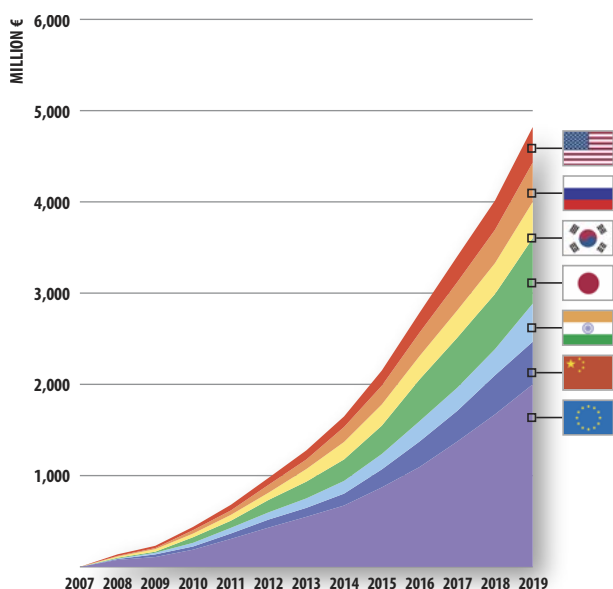
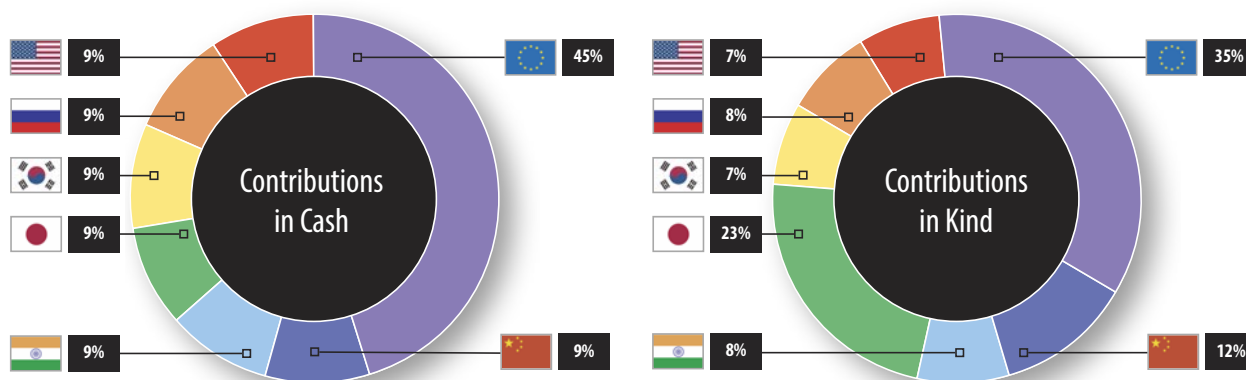
A significant number of first-of-a-kind components have reached the final assembly and machining phases. Contractors completed Europe's first poloidal field coil (#6);

CUMULATIVE CONTRIBUTIONS STATEMENT AS AT 31 DECEMBER 2019

Amounts in thousands of Euro

	Calls for Cash Contributions		Contributions in Kind		Total Contributions	
Euratom (*)	1,259,465	45.46%	712,736	34.95%	1,972,201	41.00%
People's Republic of China	251,836	9.09%	235,649	11.56%	487,486	10.14%
Republic of India	251,836	9.09%	168,933	8.28%	420,769	8.75%
Japan (*)	251,836	9.09%	467,242	22.91%	719,079	14.95%
Republic of Korea	251,836	9.09%	149,583	7.34%	401,419	8.35%
Russian Federation	251,836	9.09%	168,354	8.26%	420,190	8.74%
United States of America	251,836	9.09%	136,695	6.70%	388,531	8.08%
TOTAL	2,770,483		2,039,192		4,809,675	

(*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to IUA 166,769.46 amounting to EUR 281.01 million (including IUA 13,598.66 for deliverables achieved in 2019) for procurements for which the procurement responsibility has been transferred to Japan within the framework of the transferred procurement responsibilities from Euratom to Japan.



Cumulative Position by Member

Repartition Cash / Kind

The pace of contributions related to the achievement of the in-kind milestones (in purple) continued its increase in 2019, reflecting an acceleration of construction and component fabrication activities.

only factory acceptance tests remain for Japan's first toroidal field coil; and, in Korea, the assembly of the first vacuum vessel sector (#6) is just months from completion. India finalized the base and lower cylinder of the cryostat and has started to assemble the upper cylinder; Korea shipped the first thermal shield panels for the vacuum vessel; Russia and Japan manufactured the eight heating devices (gyrotrons) needed for First Plasma, and China delivered several large magnet feeder components.

Substantial progress is being made for every major component, system and structure. 2019 has been a successful year consolidating many physical work achievements required for First Plasma (including design, manufacturing, construction, transport, assembly and installation).

Risks and Uncertainties

The ITER Organization is confronted with the risk of direct or indirect impacts to project schedule and/or costs arising from a wide variety of causes associated with its processes, staff, technology and infrastructure, including site preparation and construction of the experimental asset. These risks also involve external factors such as those related to the ITER supply chain (including DAs), Members' contributions, legal and regulatory requirements, environmental factors, and adherence to accepted standards of corporate behavior.

Many of these risks are known risks and are dealt with professionally thanks to the implemented Risk & Opportunity Management (R&OM) framework. But being a first-of-a-kind project it is assumed that there are also many as yet unknown risks. As the ITER Council decided not to provide an overall contingency to the project, one therefore not only has to acknowledge the enormous challenges which pave the way toward meeting project objectives, but must also face the possibility of eventual impact on the ITER Organization's financials.

The R&OM framework has been substantially strengthened over the years, especially after the adoption of the 2016 Baseline. Decisions on the handling of significant risks are being regularly reviewed by the independent senior body, Project Risk and Opportunity Management Committee Working Group (PROMC-WG), for decision by the Configuration Control Board (CCB) and the Executive Project Board (EPB).

Based on the Review Panel's report subsequent to an In-depth Independent Review on Risk Management organized and carried out by the Management Advisory Committee (MAC) in early 2017, the ITER Organization had initiated further R&OM improvements. The progress of the implementation was routinely reported to the MAC and ITER Council, in addition to the effectiveness

of the R&OM framework as measured by risk reduction for the highest level risks. These regular reports ensured a shared alignment between the ITER Organization and Domestic Agencies (DAs) on R&OM practices, as well as on the progress of the R&OM Improvement Plan.

The MAC meeting of May 2019 confirmed the full completion of the R&OM Improvement plan, derived from the In-depth Independent Review recommendations. With this, the R&OM framework can now be regarded as satisfying international standards, with some aspects, notably the setup and maintenance of the project's risk register, to be above standard.

The R&OM framework is also applied to the process of contract award and management, and all the major contract awards related to fabrication/construction and manufacturing invariably have to be accompanied by R&OM documents that are evaluated by ITER Organization's Technical Responsible Officers (TROs).

In 2011, the Internal Control Standards were adopted as a means of providing a framework of sufficient assurance on the proper execution of its activities and operations. The standards, based on the COSO framework, cover aspects such as ethical values, staff evaluation, and objective indicators for performance, organizational structure, management supervision and monitoring and business continuity. Requirements under these aspects are defined and measured periodically.

An organization-wide review of the corporate risk portfolio (as opposed to project risk portfolio) is carried out annually applying the same R&OM principles as for the management of project-related risks. On this basis the audit plans are developed for the ensuing period.

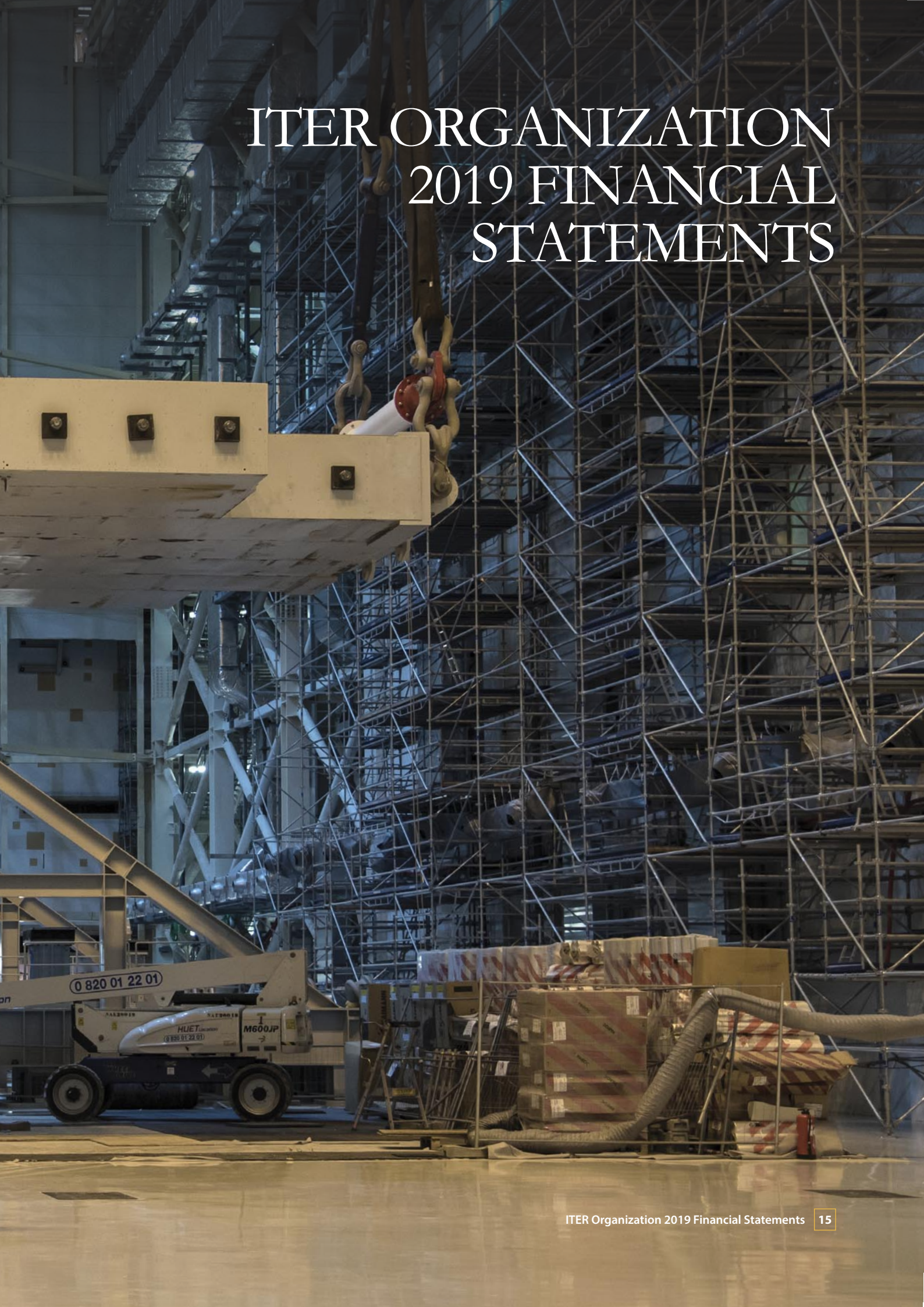
With regard to adherence to accepted standards of corporate behavior, the ITER Organization has put in place a Code of Conduct, training on Intercultural Communication, and an Ethics Committee. Established in 2017, the Ethics Committee met at regular intervals in 2019 to deliberate and advise on subject matters of importance.



The commissioning of the giant vacuum vessel sector sub-assembly tools at the left of this image has been completed successfully and the mock loads can be removed. The loads will be re-employed in the commissioning of the upcoming frame (seen here on the shop floor).



ITER ORGANIZATION 2019 FINANCIAL STATEMENTS



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Amounts in thousands of Euro

	Note	31.12.2019	31.12.2018
ASSETS			
Current assets		832,425	647,151
Cash and Cash Equivalents	A3	606,425	483,395
Recoverables from Non-Exchange Transactions	A4	180,265	132,101
Receivables from Exchange Transactions	A5	43,476	29,463
Prepayments	A6	2,258	2,192
Non-current assets		4,613,092	3,958,745
Property, Plant and Equipment	A7	4,607,387	3,951,512
Intangible Assets	A8	5,704	7,232
Financial Assets		2	2
TOTAL ASSETS		5,445,517	4,605,897
LIABILITIES			
Current liabilities		461,183	424,449
Payables	A9	458,575	420,777
Employee Benefits Liabilities	A10	2,608	3,672
Non-current liabilities		4,984,334	4,181,448
Long-Term Payables	A11	-	5,077
Deferred Revenue	A12	4,984,334	4,176,371
TOTAL LIABILITIES		5,445,517	4,605,897
NET ASSETS/EQUITY			
Brought forward surplus		-	-
TOTAL NET ASSETS/EQUITY		-	-

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2019

Amounts in thousands of Euro

	Note	2019	2018
REVENUE			
Deferred Contributions from Members	A12	8,920	7,614
Construction Contracts	A16	20,507	38,383
Partnership Arrangements	A17	418	405
Other Revenue	A13	2,316	833
TOTAL REVENUE		32,160	47,235
EXPENSES			
Employee Benefits Expenses	A14	127,317	116,001
Other Expenses	A15	59,076	69,537
Depreciation of property, plant and equipment	A7	5,014	4,085
Amortization of intangible assets	A8	3,906	3,529
TOTAL EXPENSES		195,313	193,151
Activity costs capitalized for the machine under construction	A7	163,153	145,916
SURPLUS/(DEFICIT) FOR THE PERIOD		-	-

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

Amounts in thousands of Euro

	2019	2018
Balance at 1 January	-	-
Surplus/(deficit)	-	-
NET ASSETS/EQUITY AT 31 DECEMBER	-	-

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Amounts in thousands of Euro

	2019	2018 restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Contributions from Members	398,713	380,613
Construction contracts	78,406	93,963
Partnership arrangements	500	500
Administrative agreements	10,476	8,668
Interest received	484	705
VAT reimbursement	1,200	480
Payments		
Construction contracts	(39,762)	(16,986)
Partnership arrangements (Monaco)	(493)	(476)
Administrative agreements	(7,266)	(5,030)
Other	(2,725)	(797)
NET CASH FLOWS FROM OPERATING ACTIVITIES	439,534	461,640
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
VAT reimbursement	33,481	23,307
Other	327	1,936
Payments		
Capital expenditure	(350,311)	(297,199)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(316,502)	(271,956)
Net (decrease)/increase in cash and cash equivalents	123,032	189,684
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1)	11
Cash and cash equivalents at 1 January	483,395	293,699
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	606,425	483,395

This welder is working on the installation of one of the 46 nuclear doors inside the Tokamak Building. The huge concrete-filled steel doors have a confinement role to play by sealing off the galleries that surround the machine on three levels.



COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

Amounts in thousands of Euro

	Chapter	Initial budget 2019	Final budget 2019	Actual amounts 2019	Actual amounts 2018
INCOME					
Contributions from Members	71	478,181	478,181	478,181	317,210
Internal tax	72	23,814	23,814	24,162	22,015
Financial income	73	(345)	(345)	446	684
Other income	74	500	500	500	563
TOTAL INCOME	(a)	502,149	502,149	503,288	340,472
PAYMENTS					
Direct investment (Fund)	11	276,126	276,126	162,759	110,242
R&D expenditure	21	368	368	999	1,510
Staff expenditure	31	133,308	128,066	127,001	116,690
Organizational expenditure	32	92,348	97,590	78,740	71,247
TOTAL PAYMENTS	(b)	502,149	502,149	369,499	299,688
BUDGETARY OUT-TURN	(a)-(b)	-	-	133,789	40,784

Notes to the 2019 Financial Statements

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Note A1 - Basis of Preparation

The 2019 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the Project Resource Management Regulations of the ITER Organization (PRMR), the former being published by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC).

The measurement basis applied for cash transactions is at historical cost. In the absence of a better means to assess the fair value of components of the experimental machine, assets and liabilities arising from Procurement Arrangements (PAs) are measured and accounted at their agreed values as defined in the ITER Agreement.

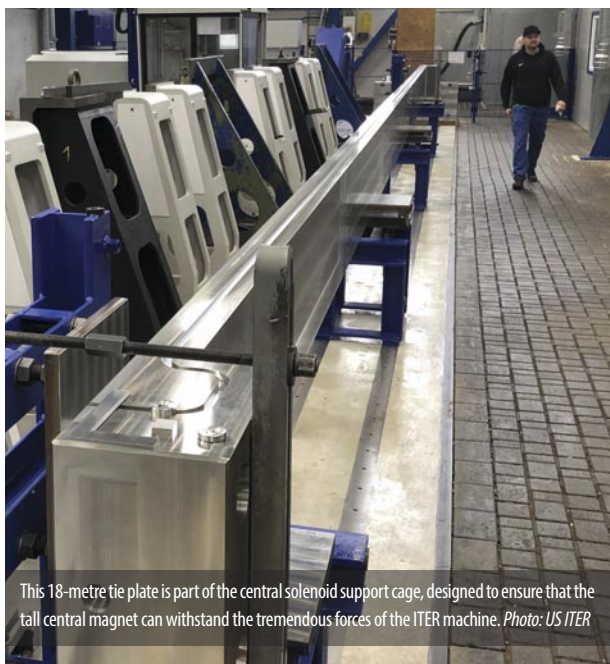
The full cost capitalization approach, adopted by the ITER Organization, implies that Members' contributions and other revenue are deferred over the construction period but also that depreciation/amortization and write back to revenue of the deferred revenue are equivalent.

During the Construction Phase, certain costs, such as the depreciation and amortization of the activated non-current assets, are expensed to the Statement of Financial Performance and also the equivalent amount of Members' contributions is shown as revenue recorded in the Statement of Financial Performance under the heading 'Deferred Contributions from Members'.

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, the entity has sufficient resources, and intends to complete the development and use the asset. The ITER Organization considers that during the Construction Phase no research costs can be recognized.

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 ITER Organization's objectives and therefore is considered to meet the 'service potential' criteria.

The Cash Flow Statement is presented using the 'Direct Method' which gives a better understanding of the gross cash receipts and payments. During the Construction Phase, all movements attributable to Capital Expenditure are considered as investing activities whereas the others are operating. The 2018 Cash Flow



This 18-metre tie plate is part of the central solenoid support cage, designed to ensure that the tall central magnet can withstand the tremendous forces of the ITER machine. Photo: US ITER

Statement has now been slightly reshuffled and restated to fully address that criterion (investing/operating).

The Budgetary Statements are prepared on a modified cash basis as defined in Note B1. The reconciliation between the Cash Flow Statement and the Budgetary Out-Turn is provided in Note A19.

Effect of new accounting standards

• IPSAS 40 Public Sector Combinations

IPSAS 40 establishes requirements for classifying, recognizing and measuring public sector combinations. A public sector combination is defined as the “bringing together of separate operations into one public sector entity.”

This new standard did not result in any material effect on the 2019 Financial Statements.

Effect of forthcoming accounting standards

Two new IPSAS standards are not yet effective for the year ended 31 December 2019 and have not been adopted for the preparation of these Financial Statements.

• IPSAS 41 Financial Instruments

IPSAS 41 sets out requirements for recognition and measurement of financial instruments, including impairment, de-recognition and general hedge accounting. IPSAS 41 replaces IPSAS 29, while providing entities with a transitional option to continue to apply the hedge accounting requirements of IPSAS 29.

The ITER Organization has reviewed the standard and is not expecting any material impact from the adoption of the new standard on 1 January 2022.

• IPSAS 42 Social Benefits

IPSAS 42 helps users of the financial statements and general purpose financial reports to assess the nature of social benefits provided by the entity, the features of the operation of social benefit schemes and the impact of social benefits on the entity’s financial performance, financial position and cash flows.

The ITER Organization has reviewed the standard and is not expecting any material impact from the adoption of the new standard on 1 January 2022.

Note A2 - Significant Accounting Policies

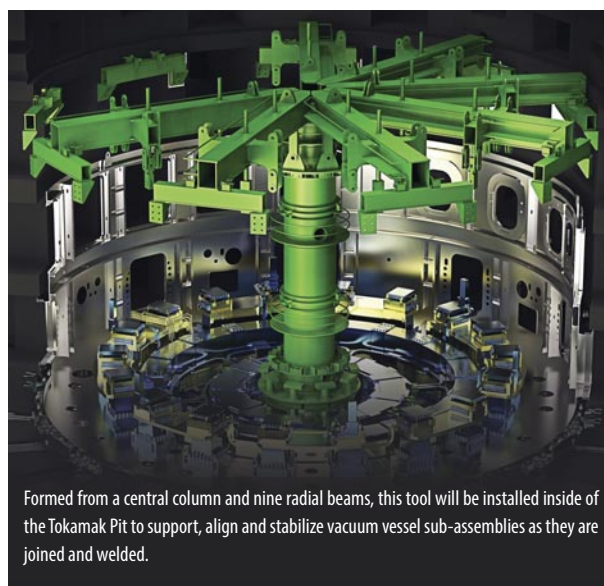
a) Foreign Exchange Accounting

The Financial Statements are presented in thousands of Euro, which is the ITER Organization’s functional and presentation currency.

Transactions in foreign currencies are converted into Euro at exchange rates prevailing on the dates of the transactions; the exchange rates used are the ones applicable for that month, published by the European Commission (<http://ec.europa.eu/budg/inforeuro/>).

Realized and unrealized gains and losses resulting from the settlement of such transactions and from the re-conversion 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’, the ITER Organization’s revenue comes mainly from Members’ contributions to finance the phases of the ITER Project. The cost estimates for the Construction and Operation Phases have been determined using the IUA unit of currency.



Formed from a central column and nine radial beams, this tool will be installed inside of the Tokamak Pit to support, align and stabilize vacuum vessel sub-assemblies as they are joined and welded.

In October, the first crane hall pillars are in place. The European Domestic Agency is working toward an important construction milestone: crane access to the Tokamak Building in March 2020.



b) Use of Estimates and Judgements

The preparation of the 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, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

c) Property, Plant and Equipment

In the Statement of Financial Position, items of property, plant and equipment (PPE) are shown at historical cost, after deduction of accumulated depreciation and accumulated impairment losses. PPE includes the costs associated with the construction of the experimental machine ('Machine under construction') together with associated infrastructure and pre-operation activity costs. It also includes land and buildings, fixtures and fittings, vehicles, IT telecom, office equipment and furniture necessary to conduct the project.

The cost of a PPE item comprises its purchase price, import duties, any non-refundable purchase taxes and attributable costs of bringing the asset to working condition for its intended use. Examples of these costs are those of site preparation, initial delivery and handling costs, installation costs, and professional fees such as those for architects and engineers. Additionally, administration and other general costs attributable to the acquisition of the asset or costs of bringing the asset to its working condition are included in the cost of the asset. The costs of self-constructed assets include costs of materials and any other costs (including tools) directly attributable to bringing the asset to 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.

Concerning the technical nature of the ITER Project and the intrinsic difficulty in identifying separate useful lives to such costs, related expenditure is capitalized as 'Machine under Construction' and depreciated over a uniform period. The construction of some assets may take place in the country of a Member over several years. With regard to Accounting, 'Machine under Construction' comprises the following four elements:

- ITER Organization Activity costs capitalized;
- ITER Organization Direct investment;
- Advances from DAs for in-kind contributions / milestones (ADV);
- Capital work in progress for in-kind contributions (CWIP).

PPE related to in-kind contributions from Members are recorded at agreed values with Members using the Euro/IUA conversion rate prevailing for the year of their completion (acceptance date by the ITER Organization). PA milestones recorded as under construction are split into two categories: either as Advance for PA Milestones (related to assets produced without transfer of control/responsibilities and risks from the Domestic Agencies to the ITER Organization) or as Capital Work in Progress for completed PAs (related to assets produced with transfer of control/responsibilities and risks from the Domestic Agencies to the ITER Organization). Accruals from PAs at year-end are also recorded as PPE under construction based on the confirmation provided by the ITER Organization technical responsible officers (on completed milestones).

Upon completion of the Construction Phase, and once operations have commenced, the costs of decommissioning 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.

Depreciation is recognized in the Statement of Financial Performance on a straight-line basis over the estimated useful life of each part of an item of PPE. Depreciation of the experimental equipment will begin when it is available for intended use; this is expected to be at the start of the Operation Phase.

The estimated useful lives of PPE are as follows:

Buildings	7 - 30 years
Equipment experimental assets	20 - 30 years
Fixtures and fittings	10 - 20 years
Furniture, equipment	8 years
Transport equipment	4 years
IT, telecom equipment	2 - 5 years

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

In accordance with the ITER Organization's rules, acquisitions of PPE which are individually below 3 IUA are expensed directly to the Statement of Financial Performance. When such expenses are incurred and the aggregate of these costs for a common group of assets exceeds 3 IUA, the costs may be capitalized even though some of the individual items/materials are less than 3 IUA.

Major spare parts and stand-by equipment (used only in connection with an item of PPE) qualify as property, plant and equipment as the ITER Organization expects to use them during more than one period. They are measured at the lower of cost and net realizable value



except when received in kind from the Members. In such a case they are measured at their agreed value. Their costs are based on the principle of the weighted average unit price, and include expenditure incurred in acquiring them, conversion costs and other costs incurred in bringing them to their existing location and condition.

d) Impairment

The carrying values of PPE and intangible assets are reviewed for impairment if events or changes in circumstances indicate that they may be impaired. If 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 take into account technological developments, changes in the major assumptions of the ITER Organization, and any unforeseen difficulties which may require a revision of the asset's useful life applied or an impairment charge to write down to the recoverable service amount of the asset. These reviews are performed on a yearly basis.

e) 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 ITER Organization's objectives and is considered to meet 'service potential' criteria.

In the Statement of Financial Position, intangible assets acquired by the ITER Organization which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Expenditure on Intangible Assets 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.

Amortization is recognized in the Statement of Financial Performance on a straight-line basis over the estimated useful life of intangible assets from the date that they are available for use. The estimated useful life is as follows:

Software

4 years

Amortization methods, useful lives and residual values are reviewed on each reporting date.

Acquisition of Intangible Assets which are individually under 3 IUA is expensed directly to the Statement of Financial Performance.

f) Employee Benefits

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

- **Defined contribution pension plan**

The ITER Organization has a defined contribution pension plan for its employees, which is a post-employment benefit plan under which it pays fixed contributions to 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 expenses 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 the employees' remuneration and supplemented by a contribution from the ITER Organization. These employer contributions are expensed in the period in which the employees have rendered the related services.

Termination benefits are payable to employees under certain circumstances prescribed in the Staff Regulations of the ITER Organization (hereinafter Staff Regulations). The amount of the termination benefits

payable depends on the length of service of the employee concerned. Termination benefits are recognized as an expense upon termination of the employment contract for one of the reasons stipulated in the Staff Regulations.

- **End-of-contract departure and removal costs**

Considering the nature of ITER Organization staff employment conditions and related uncertainties in estimation, end-of-contract departure and removal costs are charged in the year in which they are incurred.

g) Revenue Recognition

ITER Organization revenue comprises contributions from the Members, internal tax, financial revenue, revenue from construction contracts, exchange rate gains, insurance claim reimbursements, liquidated damages, donations, sponsorships, the contribution resulting from the Partnership Arrangements with the Principality of Monaco and other miscellaneous income.

- **Contributions from the Members**

Contributions from the Members are determined annually, based on estimates of the required level of operating and capital payments for that year. These contributions are recorded as revenue in the year for which they are requested. Any contribution which has not been fully paid by Members at year-end is shown within recoverables from non-exchange transactions (Note A4). Contributions received from Members which at year-end exceed amounts requested are shown within payables (Note A9).

Members' Contributions are made in the form of either cash or in-kind contribution. These contributions comprise the providing of assets, other goods and services, and seconded staff. Revenue recorded relating to in-kind contributions is measured at the agreed value (ITER Agreement) of the asset or service contributed.

- **Internal Tax**

An Internal Tax is applied to the basic salary of the ITER Organization's employees for the purpose of ensuring fair taxation for all its staff. Funds are collected monthly by the ITER Organization and set off against the Members' Contributions. This revenue is deferred and will be used for salaries, related benefits and infrastructure.

- **Financial Revenue**

Financial Revenue is an income generated by the cash held on secured fixed-term deposits and interest-bearing accounts in the banks. This revenue is deferred and will be used whenever required and agreed by the ITER Council.

- **Grants, Donation and Sponsorship**

Grants are voluntary in-kind donations from public sector organizations which are recorded as revenue in the year of their reception and then deferred.

The Donations and Sponsorship policy was agreed by the ITER Council at its thirteenth meeting (IC-13) in November 2013 under certain conditions. These additional resources, if any, do not modify the level of the agreed Members' Contributions nor its sharing. The costs incurred by the ITER Organization arising from any donation or sponsorship agreements are therefore not considered as part of the construction costs of the experimental equipment.

h) Deferred Revenue

Revenue used to acquire PPE or intangible assets is deferred and written back to revenue in the Statement of Financial Performance over the period of utilization of the related assets.

Most of the ITER Organization's revenue comes from contributions from the Members which could be either in the form of cash, reserve fund, short-term in-kind contributions (seconded staff and Task Agreements) and long-term in-kind contributions (through Procurement Arrangements). Other revenue consists of internal tax (levied on the salaries of the ITER Organization staff), and financial revenue etc. The ITER Organization utilizes these contributions and other revenue in order to enable it to construct and operate, and thereafter deactivate and decommission, the ITER experimental machine.

Contributions from the Members and other revenue used to acquire tangible or intangible assets have to be



Bolted in a perfect circle to the pedestal ring of the cryostat base, 18 of these 2.65-metre-tall gravity supports will brace the curved outer edge of each toroidal field coil. The first units will reach ITER from China next year.

Raw concrete in the Tokamak assembly pit has given way to the smooth shiny surface of white paint. Teams have been working to complete the job in this 25,000 cubic-metre space since early March; now, only finishing touches remain to prepare for machine assembly.



deferred and written back to revenue over the useful life of the related assets (mainly the ITER experimental machine). For the contributions and other revenue used to create the ITER machine, the write-back will start after the machine is ready for use. Such contributions from Members (in cash or in kind) are recorded as deferred revenue during the Construction Phase and will be taken back to revenue during the Operation Phase/utilization period through the write-back mechanism, correspondingly reducing the total amount of deferred revenue. Currently, such contributions and other revenue related to the ITER experimental machine remain fully deferred.

For other assets (e.g., office buildings, vehicles, IT equipment, furniture and fittings etc.), this write-back has already commenced from the dates when these assets were ready for use.

i) Construction Contracts

As the outcome of the ITER Organization's construction contracts cannot be estimated reliably, the revenue and costs from fixed price construction contracts are recognized based on the following method:

- Revenue is recognized only to the extent of contract costs incurred; and
- Contract costs are recognized as an expense in the period in which they are incurred.

If and when the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense. As ITER Organization expects to be able to recover all costs on all construction contracts, no such losses are recognized during work in progress.

ITER Organization determines contract costs and progress billings on a contract-by-contract basis. For contracts where contract costs incurred to date exceed progress billings, the surplus is shown under 'Construction contracts' as a receivable on the Statement of Financial Position (Note A5). For contracts where the amounts received on progress billings exceed contract costs incurred to date, the surplus is shown under 'amounts due by ITER Organization' as Payable (Note A9) on the Statement of Financial Position. Advance billing (above the progress of the work performed) not received by the ITER Organization at the reporting date is disclosed in Note A16.

j) 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 Decommissioning/Site Restoration

In light of the PRMR provisions, the Members shall contribute jointly through the Budget of the ITER Organization to the accumulation of the Decommissioning Fund from the date of First Plasma throughout the Operation Phase. This will be done by making regular annual payments through the Budget of the ITER Organization. Upon achievement of First Plasma, the Decommissioning Fund will be established accordingly.

k) Segment Reporting

The ITER Organization considers that all its activities are linked to a single 'Construction' segment.

l) Financial Instruments

The ITER Organization has very little exposure to financial risks as most of its financial assets are kept in Euro. Cash balances on deposits are held in secure interest-bearing bank accounts or short fixed-term deposits which are expected to be held to maturity.

The Japanese Yen and US Dollar bank accounts are valued in Euro using official year-end exchange rates prevailing on the reporting date.

Specialists at the Sredne-Nevisky Shipyard and the Efremov Institute in Saint Petersburg have completed vacuum pressure impregnation on the eight double pancakes that will make up ITER's smallest poloidal field coil (PF1). *Photo: ITER Russia*



NOTE A3 - CASH AND CASH EQUIVALENTS

Amounts in thousands of Euro

	31.12.2019	31.12.2018
CASH AT BANK - EURO ACCOUNTS	233,058	237,295
BNP Paribas, France	176,082	141,319
Crédit Mutuel, France	56,976	95,976
CASH AT BANK - JP YEN ACCOUNT	5	5
BNP Paribas, France	5	5
CASH AT BANK - US DOLLAR ACCOUNTS	186	402
BNP Paribas, France	102	74
Bank of the West, USA	149	417
Cheques issued and not yet disbursed	(65)	(90)
SAVING/DEPOSITS WITH BANKS - EURO ACCOUNTS	373,177	245,693
BNP Paribas, France	0	0
Caisse d'Epargne, France	60,000	5,000
Crédit Agricole PCA, France	222,875	170,409
Crédit Mutuel, France	90,302	70,285
CASH-IN-TRANSIT		
Cash-in-transit	-	-
TOTAL CASH AND CASH EQUIVALENTS	606,425	483,395

The balance of the ITER Organization's cash and cash equivalents arises from Members' contributions and other cash receipts including those related to Construction Contracts, the annual contribution from the Partnership Arrangements with the Principality of Monaco, the financial revenue and the other arrangements.

At year-end, it includes EUR 169.90 million received in advance from the Members toward their 2020 cash contributions (detailed in Note A9), EUR 216.74 million for Construction Contracts and Partnership Arrangements (detailed in Notes A16 and A17), and the balance mainly represents the unused paid Members' contributions.

Cash balances on deposits are held in secure interest-bearing bank accounts or fixed-term deposits. The Japanese Yen and US Dollar bank accounts are valued in Euro using official European Central Bank year-end exchange rates prevailing on 31 December 2019.

In 2019, Financial Revenue of EUR 0.96 million was realized by the ITER Organization. This amount represents an average rate of return of 0.23% of the average daily available cash balance (invested). In comparison, the average 2019 Eonia® (Euro OverNight Index Average) index was -0.39%.

As the ITER Organization is financed through public funding, the investments are limited to low-risk opportunities (only secured deposits/investments are allowed).

NOTE A4 - RECOVERABLES FROM NON-EXCHANGE TRANSACTIONS

Amounts in thousands of Euro

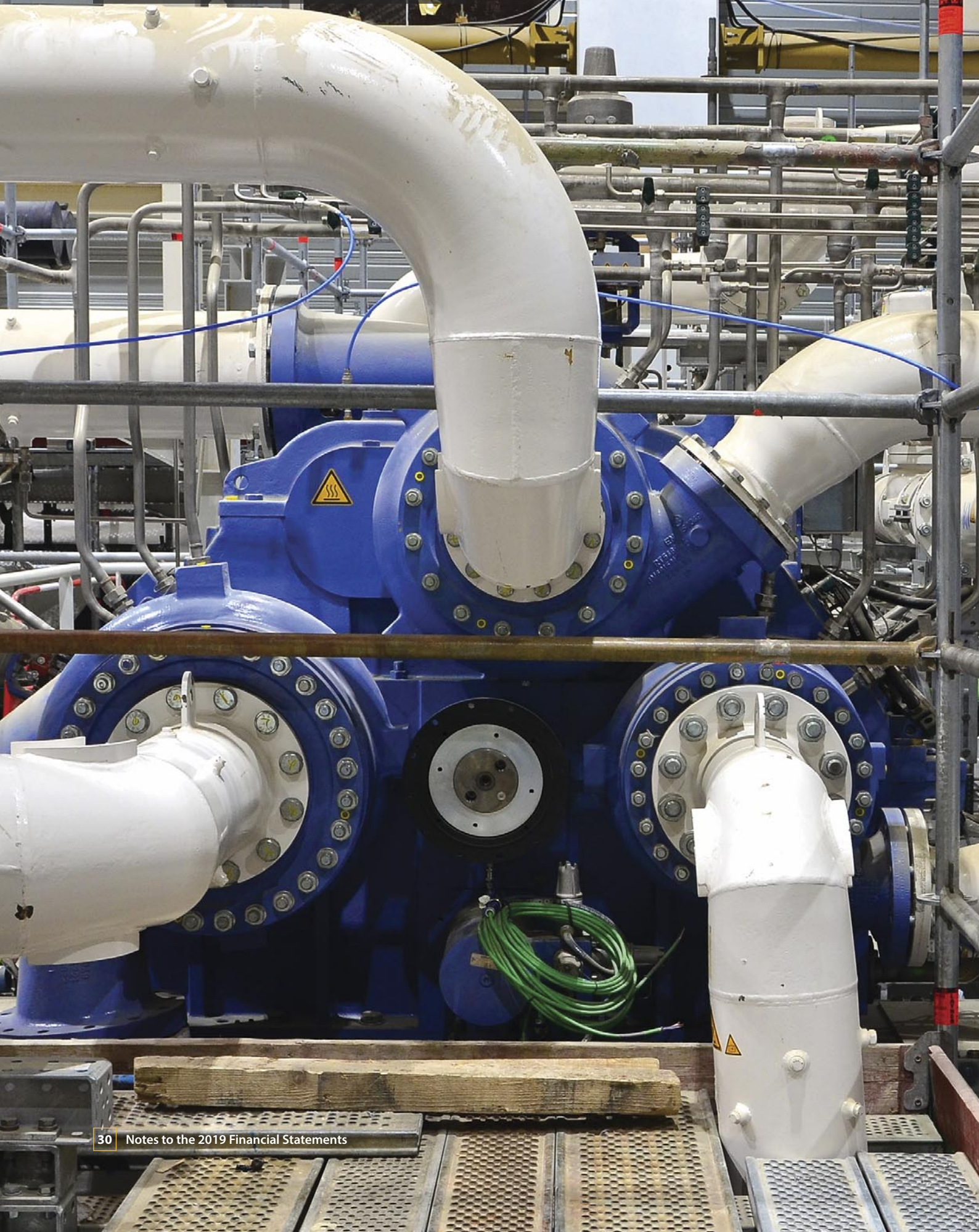
	31.12.2019	31.12.2018
MEMBERS' CASH CONTRIBUTIONS YET TO BE RECEIVED	166,244	119,363
Euratom	-	-
People's Republic of China	-	-
Republic of India	92,690	49,224
Japan	0	-
Republic of Korea	-	-
Russian Federation	-	-
United States of America	73,554	70,139
OTHER RECOVERABLES FROM NON-EXCHANGE TRANSACTIONS	14,021	12,739
EU Domestic Agency	1,221	1,036
CN Domestic Agency	-	-
IN Domestic Agency	1,343	40
JA Domestic Agency	563	9
KO Domestic Agency	-	-
RF Domestic Agency	-	-
US Domestic Agency	695	349
VAT receivable	9,289	11,229
Other	910	75
TOTAL RECOVERABLES FROM NON-EXCHANGE TRANSACTIONS	180,265	132,101

The ITER Organization is exempt from paying taxes (corporate income, business licence and Value Added Tax (VAT)). VAT invoiced by French suppliers for purchasing goods and services is recovered by requesting the reimbursement from the French Authorities (the amount already requested at reporting date was EUR 4.31 million, the amount to be requested was EUR 4.98 million)

There is one outstanding recoverable under tight scrutiny with an Indian supplier for an amount of EUR 0.85 million. As the final outcome of the current negotiations with this supplier is not determinable at the time of closure of the 2019 financial year and as the ITER Organization is still expecting a positive resolution, no provision has been recorded in the accounts. Settlements, if any, resulting from the resolution of this case will be accounted for in the year it will occur.

The recoverables from non-exchange transactions related to accrued in-kind contributions from Members are not disclosed above as they are offset against their counterpart (payables related to accrued in-kind procurement).

Evocative of a large insect or a creature from the depths, this multistage centrifugal compressor in the cryoplant pressurizes nitrogen before liquefying it. Liquid nitrogen at 77 K (minus 196 °C) contributes to the cooling process of helium.



NOTE A5 - RECEIVABLES FROM EXCHANGE TRANSACTIONS

Amounts in thousands of Euro

	31.12.2019	31.12.2018
Down payments to suppliers	42,280	29,006
Accrued interest	718	239
Construction contracts	478	218
TOTAL RECEIVABLES FROM EXCHANGE TRANSACTIONS	43,476	29,463

'Down payments to suppliers' shows the open amount paid to suppliers for financing their long-lead procurement items. Where material, these amounts are covered by guarantees.

'Accrued interest' is the financial revenue generated during the reporting period but not yet received (cash on deposits is held in secure interest-bearing bank accounts or short-term deposits).

'Construction contracts' is the receivable related to the contracts where the contract costs incurred to date exceed progress billings.

NOTE A6 – PREPAYMENTS

Amounts in thousands of Euro

	31.12.2019	31.12.2018
License fees	1,059	884
Maintenance licenses	844	1,066
Maintenance and repair	180	83
Subscriptions	75	60
Insurance	37	27
Rent warehouse	29	49
Other	35	22
TOTAL PREPAYMENTS	2,258	2,192

Prepayments correspond to payments made in 2019 for which the acquired goods/services relate to 2020 or beyond (deferred charges).

NOTE A7 - PROPERTY, PLANT AND EQUIPMENT (PPE)

Amounts in thousands of Euro

	Buildings	Fixtures and fittings	Furniture, IT, telecom, transport equipment	'Machine' under Construction (MuC)				Total MuC	Total
				IO Activity costs capitalized	IO Direct investment	Advances from DAs for in-kind contributions	Capital work in progress for in-kind contributions		
COST									
BALANCE 01.01.2018	83,528	1,307	9,466	1,183,028	542,213	828,690	700,939	3,254,871	3,349,172
Additions	8,013	244	1,351	145,916	167,905	59,929	244,430	618,180	627,789
Disposals	-	-	-	-	-	-	-	-	-
Transfers	155	-	-	-	(155)	-	-	(155)	-
BALANCE 31.12.2018	91,696	1,552	10,817	1,328,945	709,963	888,618	945,370	3,872,896	3,976,961
Additions	20,071	529	951	163,153	171,861	34,950	269,710	639,674	661,224
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(335)	-	-	(335)	(335)
BALANCE 31.12.2019	111,767	2,081	11,767	1,492,098	881,489	923,569	1,215,080	4,512,235	4,637,850
ACCUMULATED DEPRECIATION									
BALANCE 01.01.2018	(13,279)	(457)	(7,628)						(21,364)
Depreciation of the year	(3,090)	(136)	(859)						(4,085)
Write-back	-	-	-						-
BALANCE 31.12.2018	(16,369)	(594)	(8,486)						(25,449)
Depreciation of the year	(3,810)	(164)	(1,040)						(5,014)
Write-back	-	-	-						-
BALANCE 31.12.2019	(20,179)	(758)	(9,527)						(30,463)
NET CARRYING AMOUNT									
BALANCE 31.12.2018	75,327	958	2,330	1,328,945	709,963	888,618	945,370	3,872,896	3,951,512
Net variation	16,261	365	(90)	163,153	171,526	34,950	269,710	639,339	655,875
BALANCE 31.12.2019	91,588	1,323	2,241	1,492,098	881,489	923,569	1,215,080	4,512,235	4,607,387

'Capital work in progress for in-kind contributions' and 'Advances from DAs for in-kind contributions' reflect the statuses of achievement of milestones under the Procurement Arrangements (PAs) and Task Agreements (TAs). They show the continuous increase of the milestones (PAs) achieved during the reporting period.

'Additions' under 'Buildings' corresponds to the delivery of the buildings B56 – Cryostat Workshop; B73.2 – Workshop; B32 - Power Conversion; B33 – Power Conversion; B36 – Main AC Distribution; B38 – Reactive Power Control.

NOTE A8 - INTANGIBLE ASSETS

Amounts in thousands of Euro

	Computer software	Intangible assets under development (computer software)	Total
COST			
BALANCE 01.01.2018	17,253	1,754	19,006
Additions	788	126	914
Disposals	-	-	-
Transfers	1,754	(1,754)	-
BALANCE 31.12.2018	19,794	126	19,920
Additions	2,169	(126)	2,043
Disposals	-	-	-
Transfers	335	-	335
BALANCE 31.12.2019	22,298	-	22,298
ACCUMULATED AMORTIZATION			
BALANCE 01.01.2018	(9,159)		(9,159)
Amortization of the year	(3,529)		(3,529)
Write-back	-		-
BALANCE 31.12.2018	(12,688)		(12,688)
Amortization of the year	(3,906)		(3,906)
Write-back	-		-
BALANCE 31.12.2019	(16,594)		(16,594)
NET CARRYING AMOUNT			
BALANCE 31.12.2018	7,106	126	7,232
Net variation	(1,402)	(126)	(1,528)
BALANCE 31.12.2019	5,704	-	5,704

'Additions' under 'Computer software' mainly corresponds to the release of phases 6 and 7 of the PLM system.

NOTE A9 – PAYABLES

Amounts in thousands of Euro

	31.12.2019	31.12.2018
Advance Payments on Members' Contributions	169,900	196,185
Euratom	139,376	137,579
People's Republic of China	6,740	6,740
Republic of India	-	-
Japan	-	6,957
Republic of Korea	5,398	20,844
Russian Federation	18,386	24,065
United States of America	-	-
Other Payables	288,675	224,592
Creditors (suppliers and accrued charges)	75,382	91,297
Amounts due by IO for Construction Contracts	207,348	129,818
Amounts due by IO for Partnership Arrangements	594	512
Retention from Supplier	895	-
Personnel	220	144
Other	4,236	2,821
TOTAL PAYABLES	458,575	420,777

'Advance Payments on Members' Contributions' corresponds to cash received by the ITER Organization exceeding the requested amount due on the reporting date.

'Creditors (suppliers and accrued charges)' is the liability recognized in the 2019 Financial Statements but not yet paid as at 31 December 2019 (mainly accruals). It also includes the accruals from Task Agreements and Reserve Fund.

'Amounts due by ITER Organization for Construction Contracts' and 'Partnership Arrangements' relate to the amounts deferred at the reporting date. Related costs and revenue are not considered part of the construction costs of the experimental equipment but should be reported as performed by the ITER Organization. Details are provided in Note A16 and A17.

'Retention from Supplier' corresponds to an amount withheld as temporary guarantee.

'Personnel' is the year-end unpaid costs related to travel undertaken by staff during the reporting year.

'Other' relates mainly to the recovery of VAT due to the Indian Domestic Agency.

The payables related to accruals from Procurement Arrangements are not disclosed above as they are offset against their counterpart (accrued in-kind contribution from Members).

NOTE A10 - EMPLOYEE BENEFITS LIABILITIES

Amounts in thousands of Euro

	31.12.2019	31.12.2018
Accrued untaken leave	2,608	2,466
Social security and pension schemes	-	1,181
Other	-	24
TOTAL EMPLOYEE BENEFITS LIABILITIES	2,608	3,672

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

The accrued untaken leave liability is net of EUR 36.27 thousand arising from excessive leave taken during the reporting period. The accrued untaken leave liability is computed on gross basis and therefore includes EUR 513.76 thousand of internal taxes.

NOTE A11 – LONG-TERM PAYABLES

Amounts in thousands of Euro

	31.12.2019	31.12.2018
Reserve Fund transfer of credits	-	5,077
TOTAL LONG-TERM PAYABLES	-	5,077

'Reserve Fund transfer of credits' refers to the cases where the Member does not accept cash payment nor reductions in its cash contribution payments. This amount is the equivalent amount of the credit in IUA to be granted to decrease the Member's overall in-kind contribution to the construction of ITER. These transfers of credits have been recognized as revenue during the period and are subsequently recognized as in-kind deferred contributions in Note A12.

As an experimental device, ITER will not exploit the heat produced during operation to generate electricity; instead, it will be dissipated through an evaporative process in the heat rejection zone. (Pictured: the shafts of one of the zone's 13 vertical turbine pumps.)



NOTE A12 - DEFERRED REVENUE AS AT 31 DECEMBER 2019

Amounts in thousands of Euro

	31.12.2019	31.12.2018
DEFERRED CONTRIBUTIONS		
Euratom (*)	1,972,201	1,665,109
People's Republic of China	487,486	424,034
Republic of India	420,769	295,409
Japan (*)	719,079	608,437
Republic of Korea	401,419	338,150
Russian Federation	420,190	364,873
United States of America	388,531	321,907
TOTAL DEFERRED CONTRIBUTIONS	4,809,675	4,017,917
OTHER DEFERRED REVENUE		
Internal tax	185,631	161,470
Grants	23,282	23,282
Financial revenue	13,645	12,682
TOTAL OTHER DEFERRED REVENUE	222,559	197,435
Deferred contributions from Members (during the Construction Phase, write back to revenue equals the depreciation and amortization costs)	(47,900)	(38,981)
TOTAL DEFERRED REVENUE	4,984,334	4,176,371

(*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to IUA 166,769.46 amounting to EUR 281.01 million (including IUA 13,598.66 for deliverables achieved in 2019) for procurements for which the procurement responsibility has been transferred to Japan within the framework of the transferred procurement responsibilities from Euratom to Japan.

'Deferred Contributions' includes all kinds of contributions from Members (in cash and in kind) and in particular EUR 12.05 million of in-kind credits allocated from the Reserve Fund (EUR 6.98 million from the Russian Federation and EUR 5.08 million from the United States of America).

NOTE A13 - OTHER REVENUE

Amounts in thousands of Euro

	2019	2018
Service support	1,716	-
Administrative fees	443	-
Exchange rate gains	51	79
Sponsoring	52	-
Insurance claim reimbursements	40	29
Donations	5	2
Performance guarantee	-	517
Liquidated damages	-	42
Other	8	164
TOTAL OTHER REVENUE	2,316	833

'Service support' is the revenue generated by IT or logistic support services (put in place for the DAs) rendered on the ITER Organization's premises.

'Administrative fees' represent the cost requested by the ITER Organization from the DAs and/or other organizations in order to cover the additional administrative work related to the ITER Organization support provided for activities outside the scope of work covered by the ITER Organization's budget.

'Exchange rate gains' is shown in this Note whereas the exchange rate losses are in Note A15.

NOTE A14 - EMPLOYEE BENEFITS EXPENSES

Amounts in thousands of Euro

	Professional Staff		Technical Support Staff		Total	
	2019	2018	2019	2018	2019	2018
Wages and salaries	75,651	67,660	19,589	18,969	95,239	86,630
Pension funds	10,607	9,502	2,764	2,674	13,371	12,177
Medical care insurance	1,894	1,697	494	478	2,388	2,174
Life and invalidity insurances	758	679	197	191	955	870
Other employee benefits	10,516	9,333	3,192	2,994	13,709	12,327
Accrued untaken leave	116	88	26	(7)	142	81
Awards	458	517	157	190	614	707
Indemnities for loss of job	-	46	(3)	22	(3)	68
On-call duty indemnity			75	54	75	54
Bonus for temporary assignment	4	4	-	-	4	4
Trainees					196	132
Occupational medicine / infirmary					357	287
Social activities					131	124
Other (canteen)					140	368
TOTAL	100,003	89,525	26,490	25,565	127,317	116,001
Seconded Staff	1,185	1,472	107	105	1,292	1,577
Total including Seconded Staff	101,188	90,997	26,596	25,670	128,608	117,578

An internal tax is applied to basic salary costs including overtime and night work. This tax is collected by the ITER Organization by withholding it from the 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. 'Employee Benefits Expenses' presents the gross costs including the corresponding internal tax.

The seconded staff costs are directly capitalized and values credited to their respective Members (short-term in kind).

The ITER Organization has set up a defined pension contribution scheme with an external company. These 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. Employee contributions to the medical insurance amount to 1.25% of gross basic salary supplemented by a contribution from the ITER Organization of 2.5% of gross basic salary. Employee contributions for the Life and Invalidity insurances amount to 0.5% of gross basic salary supplemented by a contribution from the ITER Organization of 1% of gross basic salary.

On 31 December 2019 the ITER Organization had the following number of staff, per category:

	Professional staff		Technical support staff		Total	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
ITER Organization staff (Direct Employed Staff)	620	554	263	260	883	814
Seconded staff	7	10	1	1	8	11
Sub-Total within target(*)	627	564	264	261	891	825
Others (post-doctoral and IO staff recruited for work on Construction Contracts)	26	20	12	13	38	33
TOTAL	653	584	276	274	929	858

(*) The target for the number of directly employed and seconded staff decided by the Director-General for 2019 was 950 (in 2016, the ITER Council had determined an overall ITER Organization staff cap of 1050).

In addition to the target positions for directly employed and seconded staff, 38 other positions (out of 53) were allocated as at 31 December 2019 as follows: 29 for TCWS, 3 for VAS, 5 for MCP and 1 for SCS-N.



For now, a temporary cap protects the machine assembly well. Once the crane hall is erected, both this cap and the temporary wall between the Assembly and Tokamak buildings will be removed.

NOTE A15 - OTHER EXPENSES

Amounts in thousands of Euro

	2019	2018
Material	7,541	32,519
Telecom and IT equipment	2,180	2,125
Electricity and gas	948	484
IT licenses and software	926	721
Furniture and equipment	632	448
Office supplies	174	184
Water	129	52
Small fitting-out premises	83	580
Other	3	3
TOTAL SUPPLIES AND CONSUMABLES	12,617	37,116
External services	17,591	11,924
ITER Project Associates	8,984	3,416
Maintenance and repairs	6,648	6,473
Rental of equipment and buildings	3,871	2,041
Temporary staff	2,478	2,388
License yearly fees	2,100	1,775
Travel and related costs (IO staff)	1,468	1,564
Removal expenses	946	725
Communication	812	503
Documentation and seminar expenses (conferences)	469	683
Travel and related costs (non-IO staff)	313	259
Post and telecommunication	241	284
Transport of goods	163	77
Insurance	150	113
Exchange rate losses	89	63
Reception and representation	72	61
Membership fees	66	65
Bank charges	1	1
Other	(5)	5
TOTAL EXTERNAL SERVICES AND OTHER EXPENSES	46,459	32,421
TOTAL OTHER EXPENSES	59,076	69,537

'Material' represents mainly the components/parts under construction for the construction contracts (EUR 4.12 million for VVS and EUR 3.47 million for TCWS).

'ITER Project Associates' (IPAs) moves from 64 IPAs as at 31 December 2018 to 160 IPAs as at 31 December 2019.

NOTE A16 - CONSTRUCTION CONTRACTS

Amounts in thousands of Euro

	31.12.2019	31.12.2018
STATEMENT OF FINANCIAL POSITION DATA		
Advances and payments on account received	302,324	204,547
Construction contracts in progress - assets	478	218
Construction contracts in progress - liabilities	(211,548)	(137,462)
CONSTRUCTION CONTRACTS IN PROGRESS - NET	(211,070)	(137,244)
TOTAL REVENUE AND EXPENSES TO DATE RECOGNIZED ON CONTRACTS IN PROGRESS		
Costs incurred to date	95,454	74,947
Less invoices issued	(306,524)	(212,191)
CONSTRUCTION CONTRACTS IN PROGRESS - NET	(211,070)	(137,244)

'Advances and payments on account received' represents the amount of cash received.

'Construction contracts in progress – assets' represents the gross amount due from the Domestic Agencies for contract work.

'Construction contracts in progress – liabilities' represents the gross amount due to the Domestic Agencies for contract work. It includes an amount of EUR 4.20 million of advance billing not received by the ITER Organization at the reporting date (in line with the progress of the work).

'Costs incurred to date' represents the aggregate amount of costs incurred to date. The balance between the positions as at 31 December 2018 and 31 December 2019 also represents the revenue recognized during the period (EUR 20.51 million).

'Less invoices issued' represents the sum of progress billings for all contracts in progress.

'Construction Contracts in progress – net' represents the gross amount due to Domestic Agencies for contract work.

Revenues have been recognized to the extent of construction contract costs incurred in the period. There are no recognized surpluses or deficits estimated to date.

All costs and revenues are directly allocated to the related contract.

NOTE A17 - PARTNERSHIP ARRANGEMENTS

Amounts in thousands of Euro

		01.01.2018	2018	31.12.2018	2019	31.12.2019
Partnership Arrangement (P1)	Contribution requested and received	4,775	-	4,775	-	4,775
	Post-doctoral fellowship costs	(3,575)	(361)	(3,936)	(35)	(3,971)
	MIIFED costs	(783)	-	(783)	-	(783)
	Transfer to P2				(21)	(21)
	Unused revenue / Deferred revenue P1	416	(361)	56	(56)	-
Partnership Arrangement (P2)	Transfer from P1				21	21
	Contribution requested and received	-	500	500	500	1,000
	Post-doctoral fellowship costs		(44)	(44)	(383)	(427)
	Unused revenue / Deferred revenue P2	-	456	456	138	594
Partnership Arrangements	Contribution requested and received	4,775	500	5,275	500	5,775
	Post-doctoral fellowship costs	(3,575)	(405)	(3,980)	(418)	(4,398)
	MIIFED costs	(783)	-	(783)	-	(783)
	UNUSED REVENUE / DEFERRED REVENUE	416	95	512	82	594

The initial EUR 5.50 million Partnership Arrangement (P1) with the Principality of Monaco was signed in 2008 to support post-doctoral fellowships and the organization of conferences on scientific and technical subjects related to ITER (Monaco-ITER International Fusion Energy Days (MIIFED)).

While the execution of the first Partnership Arrangement ended in 2019, a new one (P2) of EUR 5.00 million has been signed by both parties for another ten years running to 2028. The second one is entirely dedicated to the post-doctoral fellowships program. The unspent Contribution (EUR 21,024) received from P1 has been carried over to P2 in 2019.

Revenue has been recognized to the extent of contract costs incurred in the period (EUR 0.42 million in 2019 and EUR 0.40 million in 2018). There are no recognized surpluses or losses estimated to date.

All costs and revenue are directly allocated to their respective Partnership Arrangement.

NOTE A18 - LEASES

Amounts in thousands of Euro

	2019	2018
TOTAL LEASE PAYMENTS	1,637	665
No later than one year	1,406	1,529
Later than one year and no later than five years	3,298	1,519
Later than five years	-	91
TOTAL OPERATING LEASES	4,704	3,138

One significant operating lease related to storage cells was signed in 2019. It is replacing the former one on the "Fos warehouse facility". The new lease term is four years with a possible extension of three years.

The other main operating lease "Corbières warehouse facility" signed in 2018 remains in force for five years with no extension foreseen in the contract.

There is no option to purchase the leased assets upon the expiry of the lease periods.

The ITER Organization did not have a financial lease at the closing date.

NOTE A19 - RECONCILIATION: CASH FLOW STATEMENT - BUDGETARY OUT-TURN

Amounts in thousands of Euro

	Note	2019			2018		
		Operating	Investing	Total	Operating	Investing	Total
Budgetary Out-Turn	Page 51	133,789		133,789	40,784		40,784
Total contributions requested	B2	(478,181)		(478,181)	(313,614)		(313,614)
Total contributions received	B2	407,743		407,743	383,226		383,226
Cheques N-1 paid in N	A3	90		90	48		48
Cheques N unpaid at 31.12.N	A3	(65)		(65)	(90)		(90)
Effects of exchange rate changes on the balance of cash held in foreign currencies	CFS	1		1	(11)		(11)
Movements in suspense accounts		910		910	2,708		2,708
Basis differences		(69,502)		(69,502)	72,266		72,266
Earmarked Funds Out-Turn	B5	58,745		58,745	76,634		76,634
Entity differences		58,745		58,745	76,634		76,634
Presentation differences	CFS	316,502	(316,502)	-	254,572	(254,572)	-
NET (DECREASE)/INCREASE IN THE CASH FLOW STATEMENT	CFS	439,534	(316,502)	123,032	444,256	(254,572)	189,684

'Basis differences' are the differences between the statements showing the schedules prepared in accordance with the IPSAS and in particular its Statement of Financial Performance (accruals-based accounting) and the schedules prepared in accordance with the PRMR and its Budgetary Out-Turn Statement (modified cash-based accounting):

- 'Total contributions requested' corresponds to the amount of cash and short-term in-kind contributions requested from the Members for the current year;
- 'Total contributions received' corresponds to the amount received in cash and short term in-kind in the current year from the Members following the call for contributions (including advances);
- 'Cheques N-1 paid in N' corresponds to the cheques issued in previous year(s) and disbursed in the current year;
- 'Cheques N unpaid at 31.12.N' corresponds to the cheques issued in the current year and not disbursed at the end of the current year;
- 'Effects of exchange rate changes on the balance of cash held in foreign currencies' is not real cash flows but impacts are reported in the Cash Flow Statement;
- 'Movements in suspense accounts' relates to transactions not reflected in the ITER Organization's budget nor related to any of the existing Earmarked Funds. Together with the Income, Commitments and Payments Budget Execution Statements and Note B5 - Earmarked Funds, it ensures that the totality of transactions undertaken by the ITER Organization are included in the Budgetary Statements of the Financial Report.

It mainly consists of:

- EUR 1.31 million related to transactions for/on behalf of DAs (Host and On-Site Agreements, US Tax);
- EUR -0.16 million related to the VAT reimbursements mechanism with the French State and;
- EUR -0.24 million related to other miscellaneous operations.

'Entity differences' comes from the variation of the revenue received and associated costs incurred by the ITER Organization for the Earmarked Funds. These costs and revenue are included in the Statement of Financial Performance but outside the ITER Council-approved ITER Organization budget:

- 'Earmarked Funds Out-Turn' corresponds to the balance between the cash-in and the actual payments made on the Earmarked Funds for the current year.

The European Domestic Agency worked in 2019 to prepare the concrete crown, at the bottom of the Tokamak pit, for the first machine component – the cryostat base.



NOTE A20 – PROVISIONS

Asset Decommissioning/ Site Restoration:

No such provision was recorded as at 31 December 2019 as the experimental equipment is still in the Construction Phase.

NOTE A21 - CONTINGENT LIABILITIES

There are three cases pending before the ILO Administrative Tribunal but in the opinion of the Legal Affairs of the ITER Organization, the final outcome of these claims is not determinable as at the time of closure of the 2019 financial year; no material financial obligation resulting from these cases is foreseen.

Therefore, these items are not recorded as liability in these accounts. Settlements, if any, resulting from the resolution of these cases will be accounted for in the year in which the liability is determined.

NOTE A22 - SPARE PARTS

No spare parts/inventories had been recorded at 31 December 2019.

NOTE A23 - RELATED PARTY DISCLOSURES

The ITER Organization is governed by its seven Members and works closely with their representative Domestic Agencies.

All transactions made between the ITER Organization and the Domestic Agencies, including construction contracts which have specific mandates, are in essence intended to build the ITER facilities.

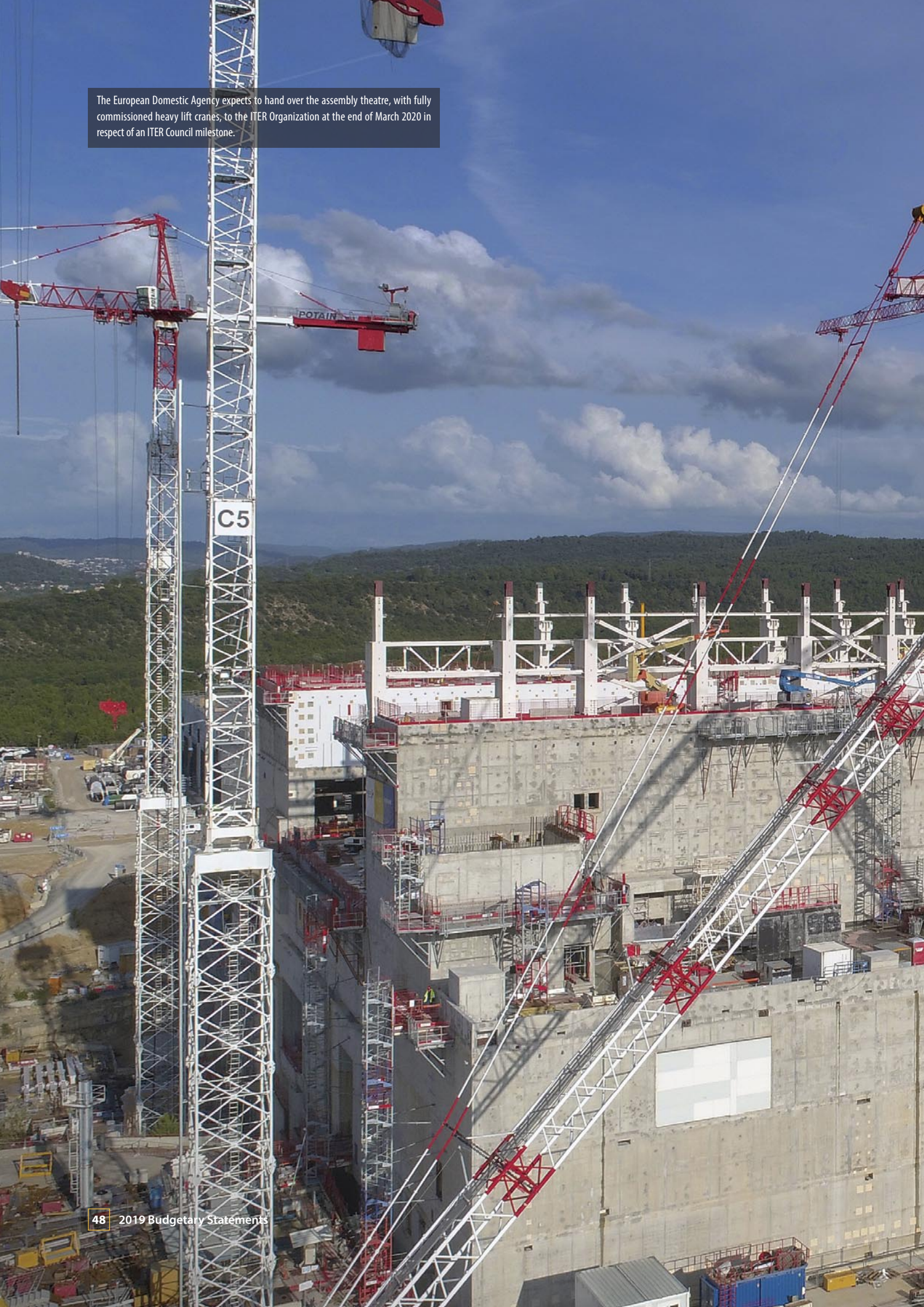
The ITER Organization's key management personnel are the Director-General and the two Deputy Directors-General. The aggregate gross remuneration of EUR 0.87 million (EUR 0.86 million in 2018) includes their gross salaries and allowances. In addition, EUR 0.14 million (EUR 0.14 million in 2018) is also recognized as employer's pension and social insurance contributions.

No other material-related party transaction was identified in 2019.

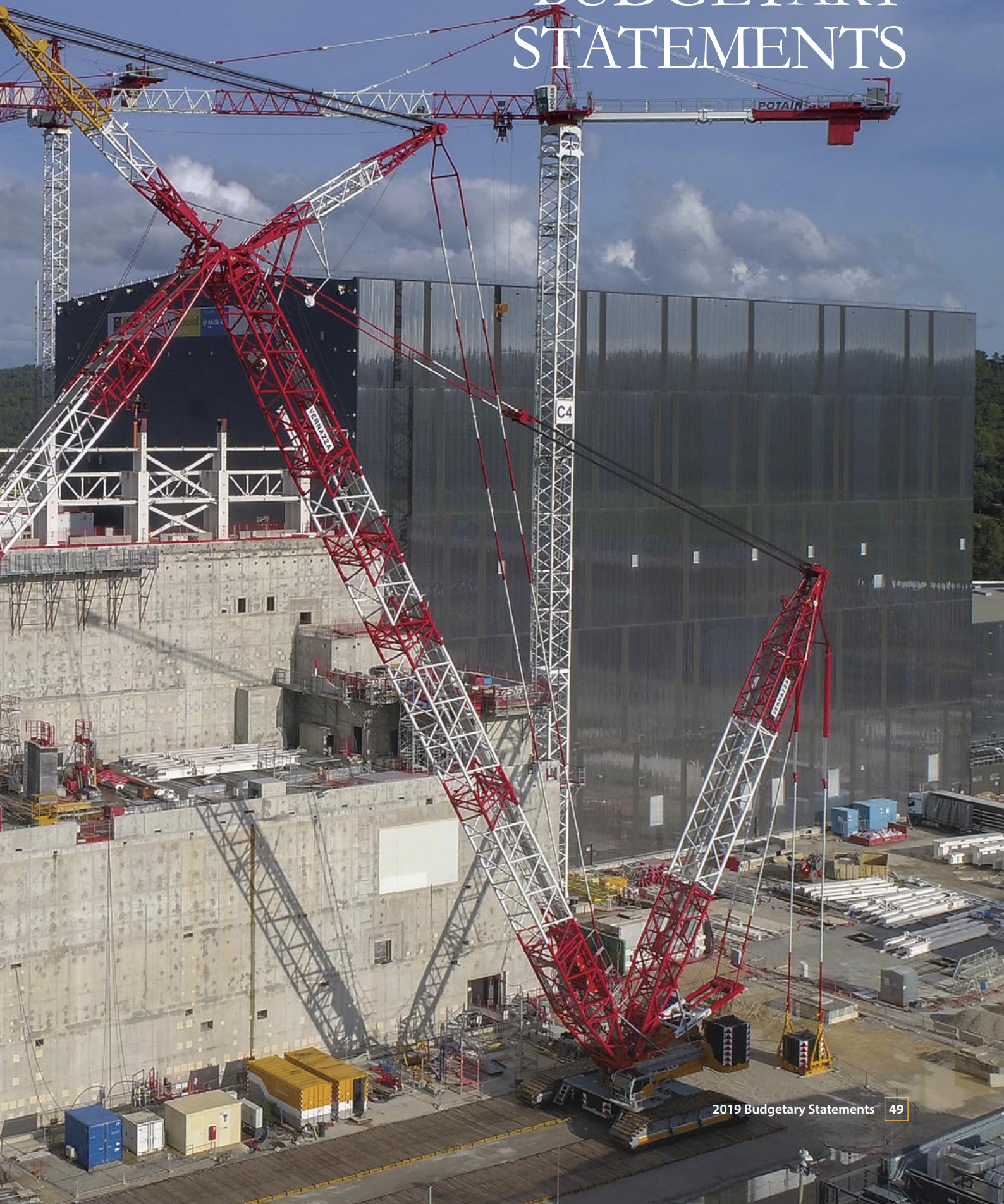
NOTE A24 - EVENTS AFTER THE REPORTING DATE

The ITER Organization's reporting date is 31 December 2019. The Financial Statements were authorized for issue and submission to the Financial Audit Board by the Director-General on 25 February 2020. On the date of signing these accounts, there had been no material events, favourable or unfavourable, incurred between the reporting date and the date when the Financial Statements were authorized for issue that would have impacted these statements.

The European Domestic Agency expects to hand over the assembly theatre, with fully commissioned heavy lift cranes, to the ITER Organization at the end of March 2020 in respect of an ITER Council milestone.



2019 BUDGETARY STATEMENTS



OVERVIEW

The 2019 Budgetary Statements have been prepared in accordance with the Project Resource Management Regulations of the ITER Organization (PRMR) and its Implementing Measures and show the following:

- Budgetary Out-Turn comparing the Income and Payments Executions;
- Income, Payments and Commitments Executions against their respective initial and final budgets;
- Basis of Preparation and Budget Execution explaining how the statements are built and justifying the variances between the budgets and corresponding executions;
- Members' contributions comparing the requested amount against the received amounts by Member in Cash and Short-Term In-Kind;
- Reserve Fund Status providing cumulative figures and explaining its purpose and mechanism;
- Statement of Unpaid Commitments providing the unpaid total commitments at year-end;
- Earmarked Funds Out-Turn and Executions comparing the cash in, commitments and payments actuals for arrangements outside the ITER Council-approved IO budget which are:
 - BOP 4 - X-Cryolines installation to the ITER Organization (IN-DA);
 - BOP 5 - Installation and commissioning of the items included in Buildings 11 and 74, in accordance with PCR 789 (RF-DA);
 - MANL - Procurement of Manlift to access the Central Solenoid during assembly (US-DA);
 - PF 6 - Completion of the adaptation works on the ITER Itinerary which are necessary for the horizontal transportation of the PF 6 Coil to the ITER site (EU-DA);
 - PPS - Procurement of Upper & Equatorial Port Plug Structures (EU-DA, IN-DA, JA-DA, KO-DA and US-DA);
 - SSEN - Procurement of the Steady-State Electrical Network High Voltage Substation Structures, the Battery Banks and LV Distribution & Sub-Distribution Panel boards (US-DA);
 - TB 04 - Assembly, Installation and related support services in the Tokamak Complex Building (EU-DA);
 - TBS - Design and procurement of the Test Blanket System Connection Pipes (CN-DA, EU-DA, IN-DA, JA-DA and KO-DA);
 - TCWS - Completion of the final design of the Tokamak Cooling Water System and procurement of the piping for this system, procurement of ESPN TCWS First-Plasma Equipment and support of the US procurements of non-ESPN TCWS First-Plasma Equipment, procurement manufacturing and testing of the TCWS First-Plasma electrical, instrumentation and control components and software for the VV PHTS, draining and drying systems (US-DA);
 - TFCC - Procurement of the Integration Toroidal Field Coil Conductor (US-DA);
 - VAS - Procurement of the Piping for Tokamak Vacuum Auxiliary System (US-DA);
 - VVS - Supply of Sectors #7 and #8 of the Vacuum Vessel (EU-DA, KO-DA). It involves an amendment to the Procurement Arrangement between the ITER Organization and EU-DA for the Vacuum Vessel sectors; an agreement on additional contribution between ITER Organization and EU-DA; a delegation agreement between the ITER Organization and KO-DA for the supply of Sectors #7 and #8; and a trilateral agreement between the ITER Organization, EU-DA and the EU-DA supplier consortium for transfer of material;
 - Donations and Sponsoring approved by the ITER Organization.

BUDGETARY OUT-TURN 2019

Amounts in thousands of Euro

	2019	2018
Total Actual Income	503,288	340,472
Total Actual Payments and Credit Notifications	369,499	299,688
TOTAL BUDGETARY OUT-TURN	133,789	40,784

INCOME BUDGET EXECUTION 2019

Amounts in thousands of Euro

Budget Headings	Unrealized Total Income Appropriations brought forward from 2018(*)	Unrealized Total Income Appropriations brought forward from 2018 Restated(*)	Initial Total Income Budget 2019	Cumulative Income Transfers and Budget Adjustments 2019	Final Total Income Budget 2019	Total Income Appropriations 2019	Total Actual Income 2019	Total Actual Income 2018	Unrealized Total Income Appropriations carried forward to 2020
	1	1'	2	3	4 = 2 + 3	5 = 4 + 1'	6	7	8 = 5 - 6
Article 711 Contribution from Euratom	(2,055)	-	217,381	-	217,381	217,381	217,381	143,353	-
Article 712 Contribution from the People's Republic of China	(0)	-	43,467	-	43,467	43,467	43,467	28,824	-
Article 713 Contribution from the Republic of India	(0)	-	43,467	-	43,467	43,467	43,467	28,824	-
Article 714 Contribution from Japan	0	-	43,467	-	43,467	43,467	43,467	28,824	-
Article 715 Contribution from the Republic of Korea	(0)	-	43,467	-	43,467	43,467	43,467	28,824	-
Article 716 Contribution from the Russian Federation	0	-	43,467	-	43,467	43,467	43,467	28,824	-
Article 717 Contribution from the United States of America	(674)	-	43,467	-	43,467	43,467	43,467	29,736	-
Chapter 71 Contributions (**)	(2,729)	-	478,181	-	478,181	478,181	478,181	317,210	-
Article 721 Internal Tax from Professional Staff	(1,187)	1,187	19,590	-	19,590	20,778	20,020	18,012	758
Article 722 Internal Tax from Technical Staff	(276)	276	4,224	-	4,224	4,500	4,142	4,004	358
Chapter 72 Internal tax	(1,463)	1,463	23,814	-	23,814	25,277	24,162	22,015	1,116
Article 731 Financial interest	(2,075)	2,075	(345)	-	(345)	1,729	484	705	1,246
Article 732 Exchange rate Income	(63)	63	-	-	-	63	(38)	(21)	101
Chapter 73 Financial Income	(2,137)	2,137	(345)	-	(345)	1,792	446	684	1,346
Article 741 Cancellation of Appropriations from the current year	-	-	-	-	-	-	-	-	-
Article 742 Cancellation of Appropriations from previous year(s)	-	-	-	-	-	-	-	-	-
Article 743 Monaco Partnership	-	-	500	-	500	500	500	500	-
Article 744 Excess Income from previous years	-	-	-	-	-	-	-	-	-
Article 749 Miscellaneous income	0	(0)	-	-	-	(0)	-	63	(0)
Chapter 74 Other Income	0	(0)	500	-	500	500	500	563	(0)
Title VII Income	(6,330)	3,601	502,149	-	502,149	505,750	503,288	340,472	2,462
TOTAL INCOME	(6,330)	3,601	502,149	-	502,149	505,750	503,288	340,472	2,462

(*) Unrealized Total Income Appropriations brought forward from 2018 (column 1) has been restated (column 1') in order to ensure that Cash and Short-Term In-Kind Contributions are recognized as income of the year for which they are requested by the ITER Organization.

(**) The amount of EUR 478.18 million related to Columns 4 and 6 of Chapter 71 correspond to the Total Contributions Requested for 2019 as indicated in Note B2 column 2.

PAYMENTS BUDGET EXECUTION 2019

Amounts in thousands of Euro

Budget Headings	Unused Total Payments Appropriations brought forward from 2018	Initial Total Payments Budget 2019	Cumulative Payments Transfers and Budget Adjustments 2019	Final Total Payments Budget 2019	Total Payments Appropriations 2019	Total Actual Payments and Credit Notifications 2019	Total Actual Payments and Credit Notifications 2018	Unused Total Payments Appropriations carried forward to 2020
	1	2	3	4 = 2 + 3	5 = 1 + 4	6	7	8 = 5 - 6
Article 111 Direct Investment	85,153	224,407	41,279	265,686	350,839	161,006	109,411	189,833
Article 112 Test Blanket Module	428	1,120	256	1,377	1,805	1,754	831	51
Article 113 Reserve Fund	148,541	50,599	(41,535)	9,063	157,605	-	-	157,605
Title I Direct Investment (Fund)	234,122	276,126	-	276,126	510,248	162,759	110,242	347,489
Article 211 Research & Development	2,641	368	-	368	3,008	999	1,510	2,009
Title II R&D Expenditure	2,641	368	-	368	3,008	999	1,510	2,009
Article 311 Professional staff salary costs	1,313	102,137	(3,614)	98,523	99,836	98,517	88,951	1,319
Article 312 Technical Support staff salary costs	435	26,368	(1,008)	25,360	25,795	25,456	24,369	339
Article 313 Travel and subsistence	219	2,157	(488)	1,669	1,888	1,024	1,196	864
Article 314 Secondment allowances	-	-	-	-	-	-	-	-
Article 315 Removal expenses	56	1,360	(89)	1,271	1,326	805	730	521
Article 316 Promotions	-	644	(22)	622	622	592	756	29
Article 317 Awards	4	644	(22)	622	626	607	687	19
Chapter 31 Staff Expenditure	2,027	133,308	(5,242)	128,066	130,093	127,001	116,690	3,091
Article 321 General services	3,211	20,228	1,134	21,362	24,573	12,661	10,251	11,912
Article 322 Administrative services	2,134	9,594	(806)	8,788	10,922	7,739	8,344	3,183
Article 323 Equipment	5,216	9,181	1,631	10,812	16,028	8,844	11,768	7,184
Article 324 External specialized services	38,487	45,537	2,103	47,640	86,126	41,633	38,190	44,494
Article 325 ITER Project Associates	2,469	7,807	1,181	8,988	11,456	7,863	2,694	3,594
Chapter 32 Organizational Expenditure	51,516	92,348	5,242	97,590	149,107	78,740	71,247	70,367
Title III Direct Expenditure	53,543	225,656	-	225,656	279,199	205,741	187,936	73,458
TOTAL EXPENDITURE	290,306	502,149	-	502,149	792,455	369,499	299,688	422,956

COMMITMENTS BUDGET EXECUTION 2019

Amounts in thousands of Euro

Budget Headings	Unused Total Commitments Appropriations brought forward from 2018	Initial Total Commitments Budget 2019	Cumulative Transfers and Budget Adjustments 2019	Final Total Commitments Budget 2019	Total Commitments Appropriations 2019	Total Actual Commitments 2019	Total Actual Commitments 2018	Unused Commitments Appropriations carried forward to 2020
	1	2	3	4 = 2 + 3	5 = 1 + 4	6	7	8 = 5 - 6
Article 111 Direct Investment	129,688	278,425	13,867	292,292	421,980	301,987	228,034	119,994
Article 112 Test Blanket Module	0	585	579	1,163	1,164	1,129	812	34
Article 113 Reserve Fund	4,670	65,536	(14,445)	51,091	55,761	-	-	55,761
Title I Direct Investment (Fund)	134,359	344,546	-	344,546	478,904	303,116	228,847	175,789
Article 211 Research & Development	1,242	-	-	-	1,242	(398)	95	1,641
Title II R&D Expenditure	1,242	-	-	-	1,242	(398)	95	1,641
Article 311 Professional staff salary costs	1,313	102,137	(3,614)	98,523	99,836	98,517	88,951	1,319
Article 312 Technical Support staff salary costs	435	26,368	(1,008)	25,360	25,795	25,456	24,369	339
Article 313 Travel and subsistence	343	2,131	(486)	1,645	1,988	1,120	1,055	867
Article 314 Secondment allowances	-	-	-	-	-	-	-	-
Article 315 Removal expenses	80	1,360	(142)	1,217	1,297	852	706	446
Article 316 Promotions	-	644	(22)	622	622	592	756	29
Article 317 Awards	4	644	(22)	622	626	607	687	19
Chapter 31 Staff Expenditure	2,175	133,283	(5,294)	127,989	130,164	127,144	116,525	3,020
Article 321 General services	1,634	36,679	694	37,373	39,007	28,728	19,849	10,279
Article 322 Administrative services	1,651	10,229	(1,508)	8,721	10,372	8,710	9,599	1,662
Article 323 Equipment	949	6,215	3,778	9,993	10,941	8,719	6,920	2,223
Article 324 External specialized services	30,512	47,062	(16,025)	31,037	61,549	44,832	31,308	16,717
Article 325 ITER Project Associates	2,764	4,249	18,355	22,604	25,368	24,876	11,860	492
Chapter 32 Organizational Expenditure	37,509	104,434	5,294	109,728	147,237	115,865	79,535	31,373
Title III Direct Expenditure	39,684	237,717	-	237,717	277,401	243,009	196,060	34,392
TOTAL EXPENDITURE	175,285	582,263	-	582,263	757,548	545,726	425,002	211,822

Notes to the 2019 Budgetary Statements

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Note B1 – Basis of Preparation and Budget Execution

a) Basis of Preparation

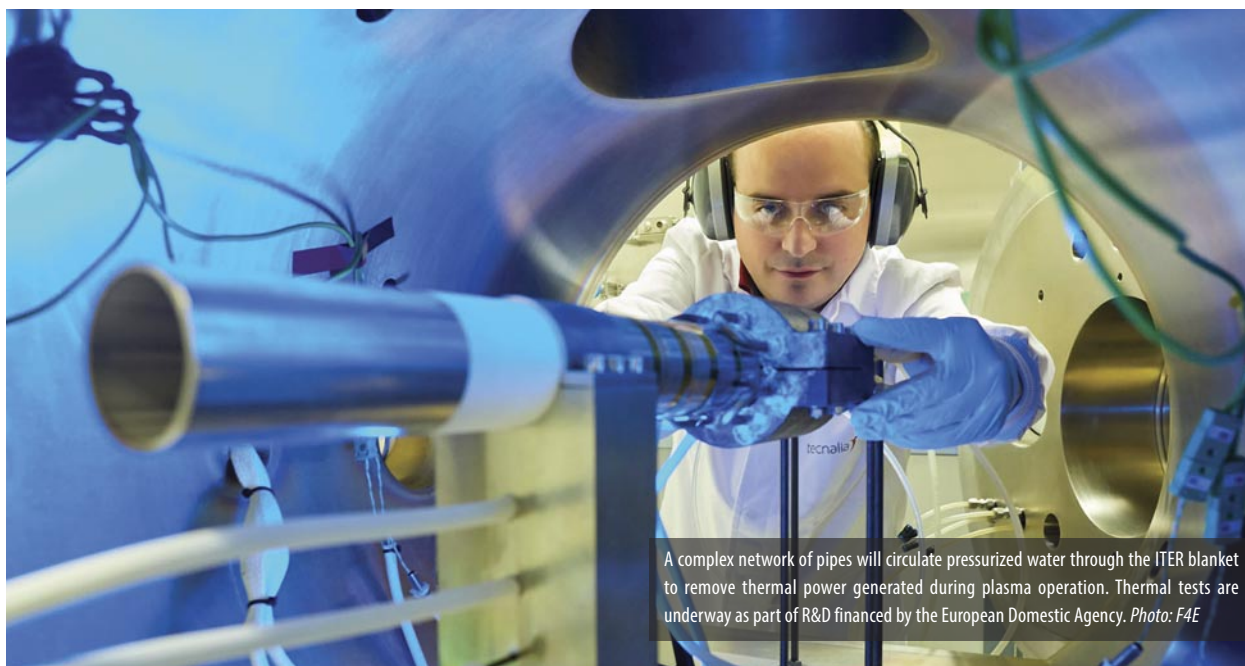
The PRMR and its Implementing Measures require the preparation of certain schedules and notes for inclusion in the Financial Statements. The primary budgetary schedules following the requirements from the PRMR are shown from pages 51 to 53, reflecting the Budgetary Out-Turn, Income, Payments and Commitments against their respective budgets. Supplementary information required under the PRMR is provided in Notes B2 to B5.

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.

In order to ensure full traceability, all schedules are shown in the format approved by ITER Council, including the subdivision into Titles, Chapters, and Articles. Moreover, they are divided between planned budget with an approved scope and un-allocated budget, including Reserve Fund and Undistributed Budget, that are distributed to the ITER Organization and Domestic Agencies based on need.

All statements presented (except Notes B3 - Reserve Fund and B5 - Earmarked Funds) include Cash, Reserve Fund and Short-Term In-Kind (covering Task Agreements and Seconded Staff) executions.

The overall Budgetary Out-Turn corresponds to the difference between the Actual Income, taking into account the value of Debit Notes issued, and Actual Payments made during the year.



A complex network of pipes will circulate pressurized water through the ITER blanket to remove thermal power generated during plasma operation. Thermal tests are underway as part of R&D financed by the European Domestic Agency. Photo: F4E

The budgetary statements are prepared on a modified cash basis. The budgetary expenses (expenditure) are recognized when they are paid. However, the Cash and Short-Term In-Kind Contributions from the Members are considered as Income in the year for which they are requested by the ITER Organization regardless of their date of receipt. Other sources of revenue are shown in the year in which they are realized or received.

b) Budget Execution

The ITER Council adopted the 2019 Budgets at its twenty-third meeting in November 2018 at a level of EUR 582.26 million for Commitments, EUR 502.15 million for Payments, and EUR 502.15 million for Income. Throughout 2019, the Director-General approved several budgetary transfers within the limits of his mandate.

• Actuals Summary

Amounts in thousands of Euro

Funds	Actual Income 2019	Actual Payments 2019	Actual Commitments 2019
Cash	448,444	323,941	510,860
Short-Term In-Kind	4,245	3,528	2,666
Total Cash and Short-Term In-Kind	452,689	327,469	513,526
Reserve Fund	50,599	42,031	32,199
Reserve Fund Short-Term In-Kind	-	-	-
Total Reserve Fund	50,599	42,031	32,199
TOTAL	503,288	369,499	545,726

• Income

Considering a final Income Budget for 2019 of EUR 502.15 million and restated Unrealized Income Appropriations of EUR 3.60 million from 2018, the total Income Appropriations for 2019 were EUR 505.75 million. During the year, the ITER Organization received Income of EUR 503.29 million, resulting in a shortfall of EUR 2.46 million in Cash to be carried forward to 2020.

• Payments

The final Payments Budget for 2019 was EUR 502.15 million. In addition, unused Payments Appropriations of EUR 290.31 million were brought forward from 2018, including unallocated funding for the Reserve Fund and Undistributed Budget, resulted in total Payments Appropriations for 2019 of EUR 792.46 million.

During 2019, the ITER Organization executed Payments of EUR 369.50 million, or EUR 323.94 million in Cash for contracts and staff expenditures, EUR 42.03 million for Reserve Fund and EUR 3.53 million in Short-Term In-Kind for Task Agreements and Secondments. The remaining amount of EUR 422.96 million reflected the year-end balances in the Reserve Fund of EUR 157.60

million and Undistributed Budget of EUR 113.41 million. Considering the planned budget, an underrun of EUR 151.95 million or 29% resulted from various project delays and strategy changes that occurred during the year. These included delays in the Vacuum Vessel Welding, a change in strategy for Construction and Erection All-Risk Insurance (CEAR), delays in the installation of the LHe Cryoplant, delays in the mobilization of contractors for the Tokamak Complex and Tokamak Assembly contracts, delays in the preparatory works in the Tokamak Pit, and slower-than-expected progress in the Balance-of-Plant Group 2 Cooling Water Plant.

During 2019, an amount of EUR 41.54 million was transferred from Article A113 Reserve Fund to Article A111 Direct Investment. This transfer between Articles was necessary in order to execute payments on behalf of the ITER Organization and Domestic Agencies as a result of allocations approved from the Reserve Fund by the Director-General in connection with the Executive Project Board.

• Commitments

The final Commitments Budget for 2019 was EUR 582.26 million. In addition, unused Commitments Appropriations of EUR 175.29 million were brought forward from 2018, including unallocated funding for the Reserve Fund and Undistributed Budget, resulting in total Commitments Appropriations of EUR 757.55 million.

Throughout the year, the ITER Organization committed a total of EUR 545.73 million net de-commitments of previous years' commitments. This amount included EUR 510.86 million in Cash for contracts and staff expenditures, EUR 32.20 for Reserve Fund and EUR 2.67 million in Short-Term In-Kind for Task Agreements and Secondments. The remaining amount of EUR 211.82 million included the year-end balances of the Reserve Fund of EUR 55.76 million and Undistributed Budget of EUR 84.41 million. Considering the planned budget, an underrun of EUR 71.65 million or 12% was due to delays in placing some large-value construction contracts, including a delay in finalizing the procurement for the Tokamak Complex Contract 2, delayed signature of an agreement for the supply of raw water, and delays in the next phase of the Vacuum Vessel Welding.

For 2019, an amount of EUR 14.45 million was transferred from Article A113 Reserve Fund to Article A111 Direct Investment. This transfer allowed for the placement of commitments on behalf of the ITER Organization and Domestic Agencies following decisions by the Director-General to allocate money from the Reserve Fund in accordance with the approved Terms-of-Reference.

NOTE B2 - MEMBERS' CONTRIBUTIONS

CASH CONTRIBUTIONS

Amounts in thousands of Euro

Members	Brought forward from 2018 1	Brought forward from 2018 Restated 1'	Requested for 2019 2	Requested until 2019 3	Received in 2019 4	Carry forward to 2020 5 = 1' + 2 - 4
Euratom	137,579	(137,579)	213,244	1,166,212	218,379	(142,714)
People's Republic of China	6,740	(6,740)	43,467	248,422	43,467	(6,740)
Republic of India	(49,224)	49,224	43,359	247,260	-	92,582
Japan	6,957	(6,957)	43,467	250,963	36,510	-
Republic of Korea	20,844	(20,844)	43,467	242,015	28,021	(5,398)
Russian Federation	24,065	(24,065)	43,467	248,636	37,788	(18,386)
United States of America	(70,139)	70,139	43,467	222,510	40,052	73,554
TOTAL	76,822	(76,822)	473,935	2,626,017	404,216	(7,103)

SHORT-TERM IN-KIND CONTRIBUTIONS

Amounts in thousands of Euro

Members	Brought forward from 2018 1	Brought forward from 2018 Restated 1'	Requested for 2019 2	Requested until 2019 3	Received in 2019 4	Carry forward to 2020 5 = 1' + 2 - 4
Euratom	(2,055)	2,055	4,137	93,253	2,854	3,339
People's Republic of China	-	-	-	3,415	-	-
Republic of India	-	-	108	4,576	-	108
Japan	-	-	-	874	-	-
Republic of Korea	-	-	-	9,821	-	-
Russian Federation	-	-	-	3,201	-	-
United States of America	(674)	674	0	29,326	674	-
TOTAL	(2,729)	2,729	4,245	144,466	3,528	3,447

TOTAL CONTRIBUTIONS

Amounts in thousands of Euro

Members	Brought forward from 2018 1	Brought forward from 2018 Restated 1'	Requested for 2019 2	Requested until 2019 3	Received in 2019 4	Carry forward to 2020 5 = 1' + 2 - 4
Euratom	135,524	(135,524)	217,381	1,259,465	221,232	(139,376)
People's Republic of China	6,740	(6,740)	43,467	251,836	43,467	(6,740)
Republic of India	(49,224)	49,224	43,467	251,836	-	92,690
Japan	6,957	(6,957)	43,467	251,836	36,510	-
Republic of Korea	20,844	(20,844)	43,467	251,836	28,021	(5,398)
Russian Federation	24,065	(24,065)	43,467	251,836	37,788	(18,386)
United States of America	(70,813)	70,813	43,467	251,836	40,726	73,554
TOTAL	74,093	(74,093)	478,181	2,770,483	407,743	(3,656)

The Members' Cash and Short-Term In-Kind Contributions (including Reserve Fund) have been accounted as Income of the year, in accordance with the budget, regardless of the cash received as shown in Income Execution 2019. Consequently, over and underpayments have been carried forward as cash liabilities to/from these Members in the above statements.

NOTE B3 - RESERVE FUND STATUS

Amounts in thousands of Euro

ALLOCATION STATUS	01.01.2019	2019	31.12.2019
Reserve Fund OPC value 621.3 kIUA, rate 2016, excluding escalation	1,050,000		1,050,000
Approved allocations	368,951	171,176	540,127
Available Reserve Fund balance	681,049		509,873

BUDGET STATUS	01.01.2019		2019		31.12.2019	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
Initial Budget	226,392	227,609	65,536	50,599	291,928	278,208
Budget Transfers	(221,722)	(79,068)	(14,445)	(41,535)	(236,167)	(120,603)
Remaining Appropriations	4,670	148,541	51,091	9,063	55,761	157,605

IMPLEMENTATION STATUS	01.01.2019		2019		31.12.2019	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
Actuals incurred by IO	225,351	85,312	32,199	42,031	257,551	127,343
Credits granted by IO to be set off against Members' in-kind balance	5,077	5,077	6,975	6,975	12,052	12,052
Total Amount Issued by IO	230,428	90,389	39,175	49,006	269,603	139,395

In 2015, the ITER Council approved the creation of the Reserve Fund, and the associated Terms of Reference of the Reserve Fund, and the Reserve Fund Management Plan. The purpose of the Reserve Fund is to create a funding mechanism that can be used to implement scope and design changes within the ITER Organization and Domestic Agencies in order to prevent schedule delays or cost overruns. The annual ITER Organization budgets include the contributions to the Reserve Fund. This is a source of funding and not an objective of expenditure.

The ITER Organization has developed three possible payment methods to suit the individual needs of the Domestic Agencies and Members. Cash Payments can be made directly from the ITER Organization's bank account. Alternatively, funds may be deducted from the Member's Cash Contributions to the ITER Organization. For cases in which the Member concerned may not accept cash or reductions in its contributions, an equivalent amount of credit in IUA may be granted to decrease the Member's overall in-kind contribution to the construction of ITER, and is recognized as in-kind deferred contributions in Note A12.

The cumulative Budget and Budget Transfers through 2018 reflect an adjustment in which a Supplementary Budget for the Reserve Fund approved by the ITER Council in 2015 has now been divided between 'Initial Budget' and 'Budget Transfers'.

Cumulative credits granted amount to EUR 12.05 million in Commitments and Payments. These credits will be set off directly against the Members' in-kind balance as part of the Overall Project Cost.

On 31 December 2019, the remaining amount to pay against the Commitments was EUR 130.21 million.

NOTE B4 - STATEMENT OF UNPAID COMMITMENTS

Amounts in thousands of Euro

Budget Headings	Unpaid Total Commitments 01.01.2019	Total Actual Commitments 2019	Total Actual Payments and Credit Notifications 2019	Unpaid Total Commitments 31.12.2019
	1	2	3	4 = 1 + 2 - 3
Article 111 Direct Investment	452,075	301,987	161,006	593,056
Article 112 Test Blanket Module	4,381	1,129	1,754	3,756
Article 113 Reserve Fund	-	-	-	-
Title I Direct Investment (Fund)	456,455	303,116	162,759	596,812
Article 211 Research & Development	2,191	(398)	999	793
Title II R&D Expenditure	2,191	(398)	999	793
Article 311 Professional staff salary costs	-	98,517	98,517	-
Article 312 Technical Support staff salary costs	-	25,456	25,456	-
Article 313 Travel and subsistence	764	1,120	1,024	860
Article 314 Secondment allowances	-	-	-	-
Article 315 Removal expenses	162	852	805	208
Article 316 Promotions	-	592	592	-
Article 317 Awards	-	607	607	-
Chapter 31 Staff Expenditure	926	127,144	127,001	1,068
Article 321 General services	23,801	28,728	12,661	39,868
Article 322 Administrative services	8,406	8,710	7,739	9,377
Article 323 Equipment	9,801	8,719	8,844	9,675
Article 324 External specialized services	42,409	44,832	41,633	45,608
Article 325 ITER Project Associates	11,446	24,876	7,863	28,459
Chapter 32 Organizational Expenditure	95,863	115,865	78,740	132,988
Title III Direct Expenditure	96,789	243,009	205,741	134,056
TOTAL EXPENDITURE	555,435	545,726	369,499	731,661

NOTE B5 - EARMARKED FUNDS

EARMARKED FUNDS OUT-TURN

Amounts in thousands of Euro

	Actuals 2019	Actuals 2018
Total Cash In	97,834	116,530
Total Actual Payments	39,088	39,896
TOTAL EARMARKED FUNDS OUT-TURN	58,745	76,634

'Total Cash In' and 'Total Actual Payments' show the sum of Earmarked Funds related to construction contracts and other Earmarked Funds presented in statements below.

EARMARKED FUNDS EXECUTION RELATED TO CONSTRUCTION CONTRACTS

Amounts in thousands of Euro

Funds	01.01.2019		2019			31.12.2019	
	Unpaid Commitments 1	Cash available 2	Cash In 3	Actual Commitments 4	Actual Payments 5	Unpaid Commitments 6 = 1 + 4 - 5	Cash available 7 = 2 + 3 - 5
BOP4	-	-	11,727	11,727	1,120	10,607	10,607
BOP5	7,644	-	7,644	-	2,285	5,358	5,358
MANL	-	-	175	-	-	-	175
PF6	84	20	-	(64)	20	-	-
PPS	4,664	(3)	817	2	179	4,487	636
SSEN	-	2,670	-	-	-	-	2,670
TB04	140,153	48,883	-	166	4,550	135,769	44,333
TBS	1,335	3,331	-	864	146	2,053	3,185
TCWS	10,987	33,102	48,154	28,265	11,409	27,843	69,847
TFCC	-	272	-	-	-	-	272
VAS	1,262	5,851	640	271	1,028	505	5,463
VVS	63,548	34,928	28,620	-	18,300	45,248	45,248
TOTAL	229,676	129,054	97,777	41,231	39,036	231,870	187,794

'Earmarked Funds Execution related to Construction Contracts' refers to the realization of specific signed Arrangements/MoU between the ITER Organization and the Domestic Agencies. They are not part of the ITER Council-approved ITER Organization budget.

OTHER EARMARKED FUNDS EXECUTION

Amounts in thousands of Euro

Funds	01.01.2019		2019			31.12.2019	
	Unpaid Commitments 1	Cash available 2	Cash In 3	Actual Commitments 4	Actual Payments 5	Unpaid Commitments 6 = 1 + 4 - 5	Cash available 7 = 2 + 3 - 5
DON	-	2	5	-	-	-	7
SPON	-	-	52	52	52	-	-
TOTAL	-	2	57	52	52	-	7

'Other Earmarked Funds Execution' refers to the donations received and Sponsoring approved by the ITER Organization. These Funds are not part of the ITER Council-approved ITER Organization budget.

ABBREVIATIONS AND ACRONYMS

B

BOP

Balance Of Plant

C

CEA

Commissariat à l’Energie Atomique et aux Energies Alternatives (France)

CEAR

Construction and Erection All-Risk

CFS

Cash Flow Statement

CN-DA

Chinese Domestic Agency

COSO

Committee of Sponsoring Organizations of the Treadway Commission

CWIP

Capital Work in Progress

D

DA

Domestic Agency

DG

Director-General

DON

Donations

E

Eonia®

Euro OverNight Index Average

ESPN

French Order concerning Nuclear Pressure Equipment

EU-DA

European Domestic Agency

F

F4E

Fusion for Energy (name of the European Domestic Agency)

FAB

Financial Audit Board

H

HI

Home Institutes

I

IA

Implementing Agreement

IAEA

International Atomic Energy Agency

IC

ITER Council

IFAC

International Federation of Accountants

IN-DA

Indian Domestic Agency

IO

ITER Organization

IPA

ITER Project Associates

IPSAS (B)

International Public Sector Accounting Standards (Board)

ISA

International Standards on Auditing

ISO

International Organization for Standardization

IUA

ITER Unit of Account

J

JA-DA

Japanese Domestic Agency

K

KO-DA

Korean Domestic Agency

KPI

Key Performance Indicator

L

LTIK

Long-Term In Kind

M

MAC

Management Advisory Committee

MANL

Manlift

MCP

Monaco Partnership Arrangement

MoU

Memorandum of Understanding

MQP

Management Quality Programme

MuC

Machine under Construction

O

OPC

Overall Project Cost

P

PA

Procurement Arrangement

PF

Poloidal Field Coil

PHTS

Primary Heat Transfer System

PPE

Property, Plant and Equipment

PPS

Port Plug Structures

PRMR

Project Resource Management Regulations

R

RF-DA

Russian Federation Domestic Agency

S

SCS-N

Safety Control System - Nuclear

SPON

Sponsoring

SSEN

Steady-State Electrical Network

STIK

Short-Term In Kind

T

TA

Task Agreement

TB

Tokamak Building

TBS

Test Blanket System

TCWS

Tokamak Cooling Water System

TFCC

Toroidal Field Coil Conductor

U

US-DA

United States of America Domestic Agency

V

VAS

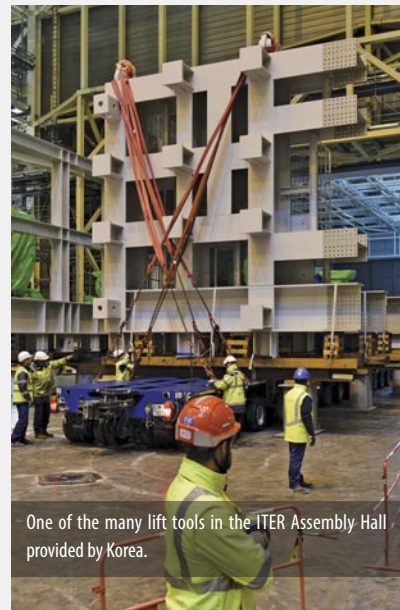
Vacuum Auxiliary System

VAT

Value Added Tax

VVS

Vacuum Vessel Sector



One of the many lift tools in the ITER Assembly Hall provided by Korea.



Two of these 22-metre-tall, 800-tonne sector sub-assembly tools will suspend the vacuum vessel sectors while carefully positioning and installing – via the rotary motion of the “wings” – toroidal field coils and thermal shield panels.

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