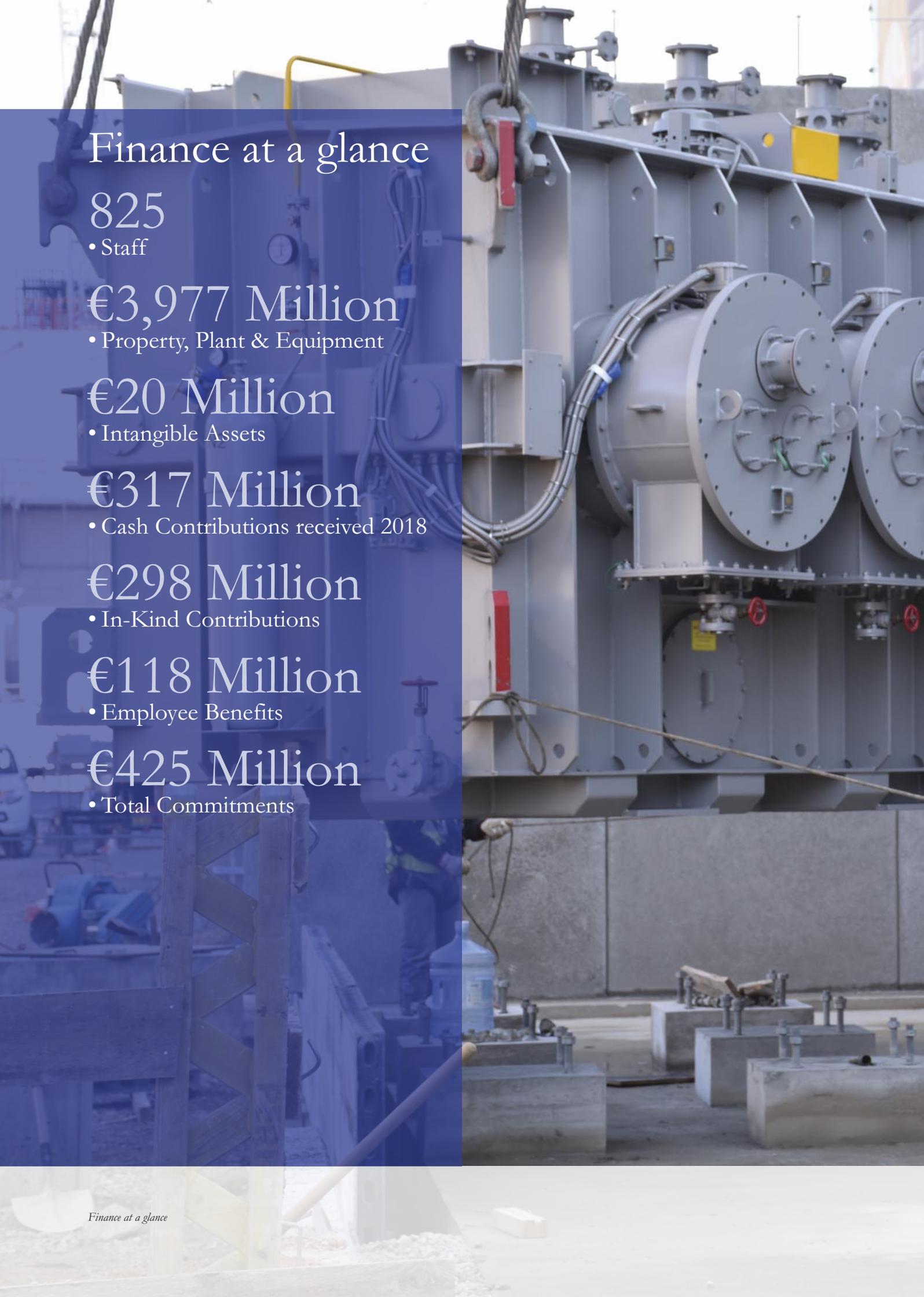




ITER ORGANIZATION  
Financial  
Report  
2018



china eu india japan korea russia usa



## Finance at a glance

825

• Staff

€3,977 Million

• Property, Plant & Equipment

€20 Million

• Intangible Assets

€317 Million

• Cash Contributions received 2018

€298 Million

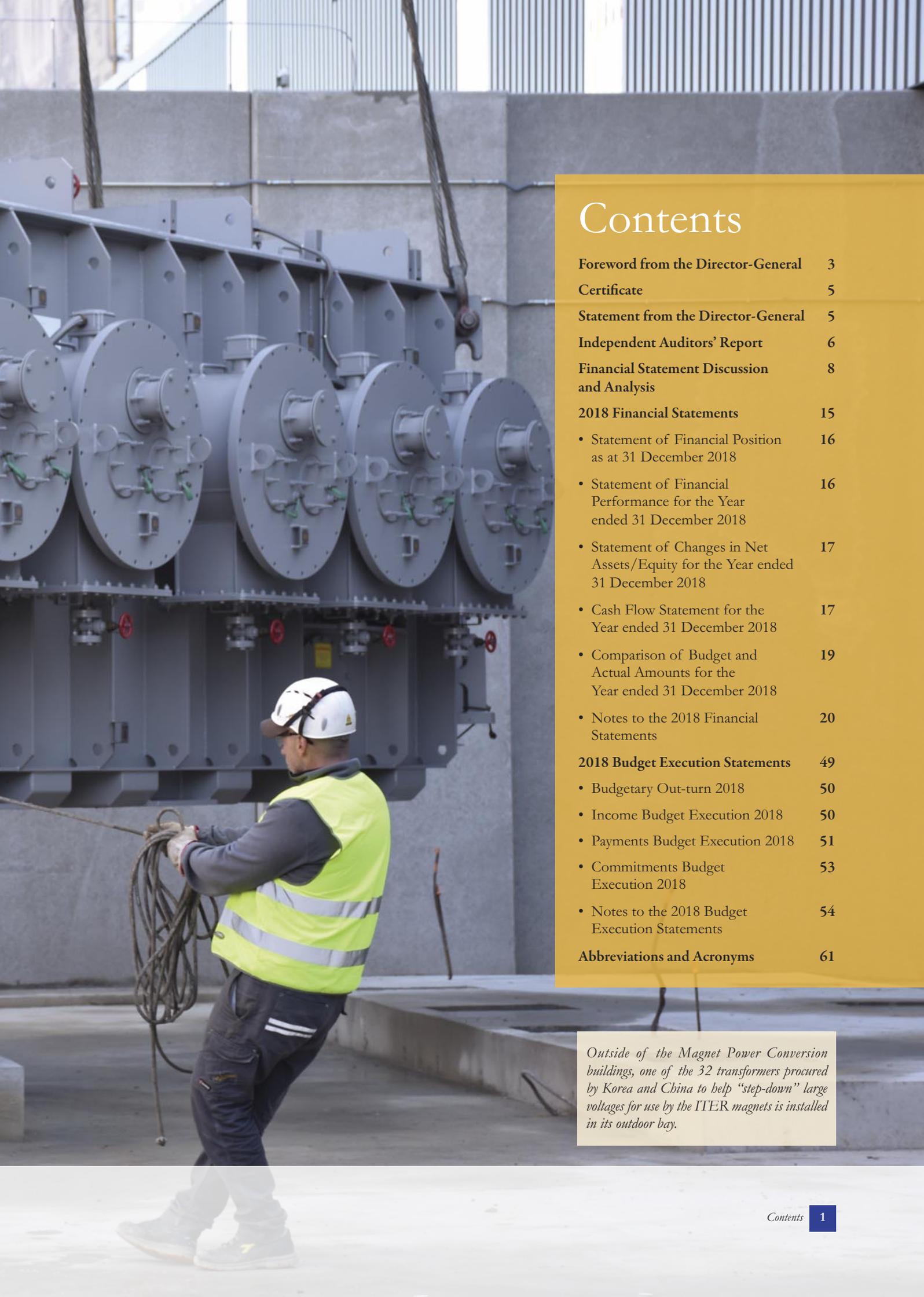
• In-Kind Contributions

€118 Million

• Employee Benefits

€425 Million

• Total Commitments



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*Outside of the Magnet Power Conversion buildings, one of the 32 transformers procured by Korea and China to help “step-down” large voltages for use by the ITER magnets is installed in its outdoor bay.*



*The Diagnostics Building is the second tallest building of the Tokamak Complex. It will house the electronic and information systems that will receive, record, and interpret signals from the diagnostics close to the plasma.  
Photo: ITER Organization/EJF Riche*

# Foreword from the Director-General

The ITER Project is entering a period of even more intense and sustained activity compared to the past 12 years.

After years of design, prototyping, testing and qualification activities, component fabrication is accelerating under the oversight of the ITER Domestic Agencies. For components and systems required for First Plasma, fully 95.8 percent of design work and 67.2 percent of manufacturing has been achieved. Over the next four years many of ITER's largest components – the toroidal, poloidal and central solenoid magnets, the feeders, the vacuum vessel sectors, the thermal shield, and the cryostat – will be finalized and delivered to the ITER Assembly Hall.

In parallel, the infrastructure and buildings needed on site for ITER's first operational event in 2025 have progressed to 70 percent completion. The European Domestic Agency is working to ensure that the Tokamak Building will be ready – and the heavy lift cranes extended – in time for the start of machine assembly in March 2020. ITER assembly will begin with the installation of the cryostat base, the heaviest single component of the machine, and will end with the fitting of the cryostat lid.

Every event of the ITER schedule – whether a delivery, a pre-assembly task, a construction milestone, or the installation of a component – is carefully planned and sequenced. Particular attention has been given to organizing co-activity, as system installation teams will be working in some cases alongside mechanical and electrical installation contractors. In 2018 – precisely to permit optimized coordination – negotiations were concluded on the transfer of selected construction and installation scope from the Domestic Agencies to the ITER Organization.

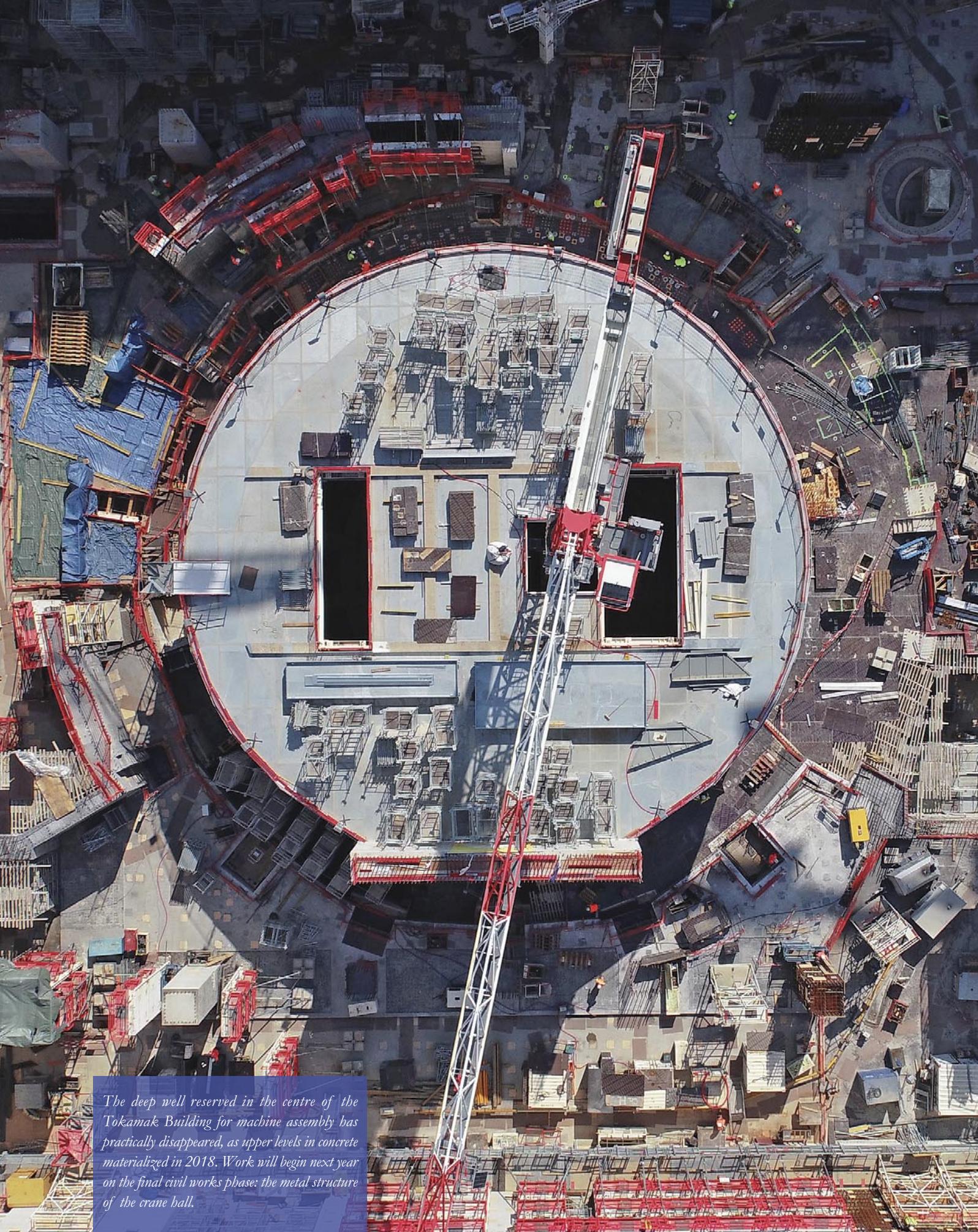
In the years ahead, the accomplishment of Assembly Phase I as planned is critically reliant on all parties respecting their commitments. All pieces of the project are interlinked – the on-time delivery of one critical component, for example, is of no avail if the component that precedes it in the assembly sequence arrives late.

Similarly, the respect of annual in-kind and in-cash commitments is an indispensable prerequisite to maintaining the pace and performance of schedule execution and achieving First Plasma in 2025.

Knowing that every stakeholder is aware of the critical importance of the strict respect of the schedule for quality-compliant deliveries, I am confident that we will accomplish all of our goals as a united “One ITER” team. In a world that seems ever more divided, the ITER Project is proving that nations – when united around a common and noble goal – are stronger together.



**Bernard Bigot**  
St. Paul-lez-Durance  
June 2019



*The deep well reserved in the centre of the Tokamak Building for machine assembly has practically disappeared, as upper levels in concrete materialized in 2018. Work will begin next year on the final civil works phase: the metal structure of the crane hall.*

# 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 2018 and of the financial position of the ITER Organization in all material aspects at the end of 2018.

We are not aware of any un-recorded liabilities.



11 April 2019  
**Lionel Rigaux**  
Accounting Officer  
Accounting, Treasury &  
Systems Section Leader



11 April 2019  
**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.



11 April 2019  
**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 2018, 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 2018, 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

*In December, the cooling tower zone on the northern corner of the ITER platform is handed over from the European Domestic Agency, which financed and supervised construction, to the ITER Organization, which will oversee the installation of equipment delivered by India.*



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 2018 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**  
11 April 2019

**Mr. Brian GRAY**  
Chair of the Financial Audit Board  
EUROPEAN UNION

**Ms. Yumin GUO**  
PEOPLE’S REPUBLIC OF CHINA

**Ms. Richa BAGLA**  
REPUBLIC OF INDIA

**Mr. Yoshinori IZUMI**  
JAPAN

**Mr. Chang Young OH**  
REPUBLIC OF KOREA

**Mr. Sergei IUGAI**  
RUSSIAN FEDERATION

**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 2018.

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 2017 Financial Statements were audited and thereafter approved by the ITER Council at its Twenty-Second Meeting in June 2018.

## 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.

*Ground insulation is carried out on a European toroidal field coil winding pack at ASG Superconductors in Italy. This is the inner core of the magnet, formed from seven stacked double pancakes. Photo: Andrea Botto*



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 and 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/Infocircs/2007/infocirc702.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 =
2018	EUR 1,718.90
2017	EUR 1,693.50
January 1989	USD 1,000.00

Contributions from Members or their respective Domestic Agencies (DAs) are provided in cash and in kind. The Procurement Arrangements (PAs) 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. Short-term in-kind contributions are related to Task Agreements (contracts between the ITER Organization and the Domestic Agencies/Members) and secondments of staff. Both of them are directly recognized in the Statement of Financial Position upon receipt of their delivered milestones or work performed ('credit request mechanism').

PA milestones recorded within 'machine under construction' are split into two categories: as Advance for 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 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 Site Services Building is strategic for the entire installation, accommodating and distributing a large number of industrial support services and systems. All mechanical and electrical equipment has now been installed.*

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).

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 related services (outside the scope of the ITER Organization budget).

The Partnership Arrangement with the Principality of Monaco concluded for ten years in 2008 has now 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 Arrangement are therefore not considered part of the construction cost of the experimental equipment. Details of these Construction Contracts and the Partnership Arrangements are disclosed in Note A16 and A17.

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

For the past three years the ITER Project has maintained a vigorous pace of execution, with the ITER Organization and the Domestic Agencies working collaboratively as an integrated One-ITER team to meet the project's demanding schedule and the groundbreaking technical requirements of the first-of-a-kind ITER machine.

The updated Overall Project Schedule and overall project cost – Baseline 2016 – remains the compass by which the project is managed and controlled. ITER management reports every second month to the ITER Council on schedule performance against this Baseline, as well as on the status of key performance indicators, mitigation strategies for top project risks, and progress in the achievement of high-level milestones. Since January 2016, 38 Council-approved project or programmatic milestones have been met.

The focus of ITER Organization activity is shifting increasingly from in-kind deliverable management to planning and preparing for on-site assembly and installation. Publishing calls for tender for the principal assembly and installation contracts, planning in detail for systems commissioning, adjusting and expanding the internal construction organization, and preparing engineering work packages are some of the preparatory works already underway. A detailed implementation framework for installation and assembly – the Revised Construction Strategy – was proposed in 2018 to the ITER Council and approved as a way to increase project efficiency by optimizing and integrating assembly sequences through the transfer of selected work scope from the Domestic Agencies to the ITER Organization.

On the construction site, the European Domestic Agency continues to progress in realizing the buildings and site infrastructure required for First Plasma. In the main Tokamak Complex, contractors completed the ITER bioshield and the concrete support crown in 2018, began installing nuclear doors in port cell galleries, and started work on the final concrete level of the Tokamak Building (L5) which is planned to be ready for equipment by the end of March 2020. Over 1,000 metrology 'target nests' were also installed to prepare for the assembly of machine components. Equipment installation is underway for many

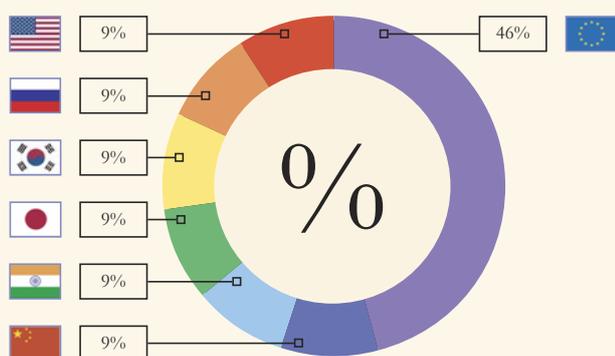
## Cumulative Position Statement by Member as at 31 December 2018

Amounts in thousands of Euro

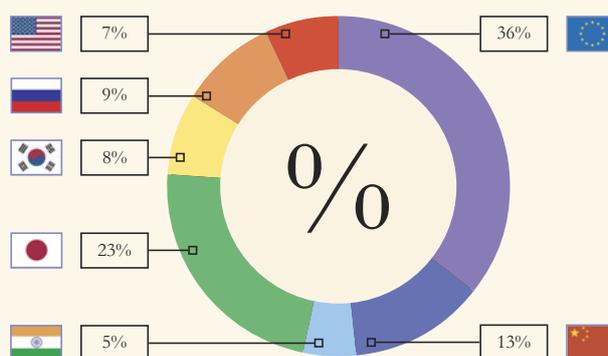
	Calls for Contributions in Cash (cash and short-term in kind)		Contributions in Kind (Procurement Arrangements)		Total Contributions	
	Amount	%	Amount	%	Amount	%
Euratom (*)	1,047,279	45.59%	617,829	35.90%	1,665,109	41.44%
People's Republic of China	208,370	9.07%	215,664	12.53%	424,034	10.55%
Republic of India	208,370	9.07%	87,039	5.06%	295,409	7.35%
Japan (*)	208,370	9.07%	400,067	23.25%	608,437	15.14%
Republic of Korea	208,370	9.07%	129,780	7.54%	338,150	8.42%
Russian Federation	208,370	9.07%	156,503	9.09%	364,873	9.08%
United States of America	207,956	9.05%	113,951	6.62%	321,907	8.01%
<b>Total</b>	<b>2,297,084</b>		<b>1,720,833</b>		<b>4,017,917</b>	

(\*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to IUA 153,170.80 amounting to EUR 257.21 million (including IUA 7,085.63 for deliverables achieved in 2018) for procurements for which the procurement responsibility has been transferred to Japan within the framework of the transferred procurement responsibilities from Euratom to Japan.

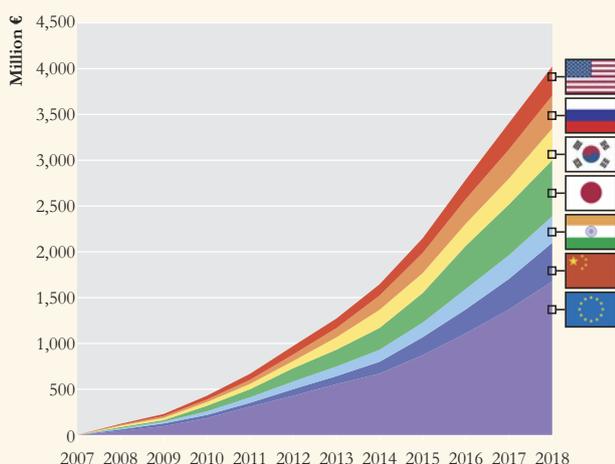
### Contributions in Cash (Cash and short-term in kind)



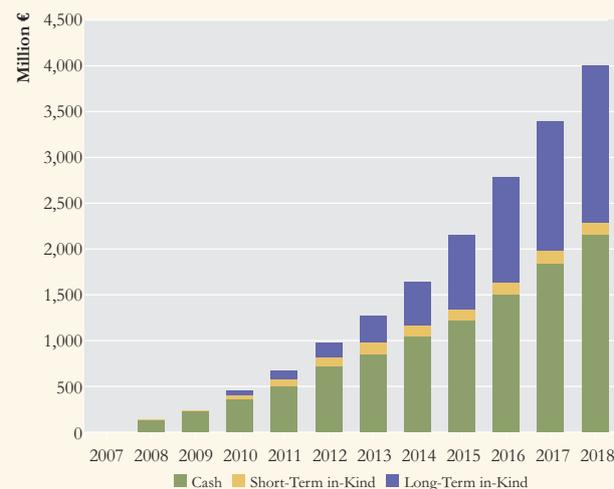
### Contributions in Kind (Procurement Arrangements)



### Cumulative Position by Member



### Deferred Contributions



The pace of deferred contributions related to the achievement of Procurement Arrangement milestones (in purple) continued its increase in 2018, reflecting an acceleration of construction and component fabrication activities.

ITER plant systems including cryogenics, magnet power supply, heat rejection, and site services. Technical galleries, cable tray installation and commissioning activities for electrical distribution are all progressing well.

A 6.6-tonne magnet feeder segment became the first machine component to be lowered into the Tokamak Pit in November. All First Plasma components and systems are in production and major components are arriving on site with increasing frequency. In 2019, the first vacuum vessel sector, the first toroidal field coil, and the first poloidal field coil will be delivered to the ITER site, and the first cryostat sections will be readied for factory acceptance testing. Finally, two large handling tools will be load tested early next year to prepare for sector sub-assembly activities.

The next phase of project execution – assembly and installation – will be launched officially in March 2020 when heavy lift cranes begin to travel between the Assembly Hall and the Tokamak Pit.

### **Risks and Uncertainties**

The ITER Organization is confronted with the risk of direct or indirect impacts to the 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 the Domestic Agencies), Member contributions, legal and regulatory requirements, environmental factors, and adherence to accepted standards of corporate behaviour.

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 an 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 Baseline 2016. 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 implemented further R&OM improvements, starting during 2017, but largely completing during 2018. 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 on R&OM practices, as well as on the progress of the R&OM Improvement Plan.

The Management Advisory Committee at its twenty-sixth meeting (MAC-26) in October 2018 confirmed the progress, and declared the improvements to be implemented (except one small action, which is scheduled to be implemented in 2019). 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.

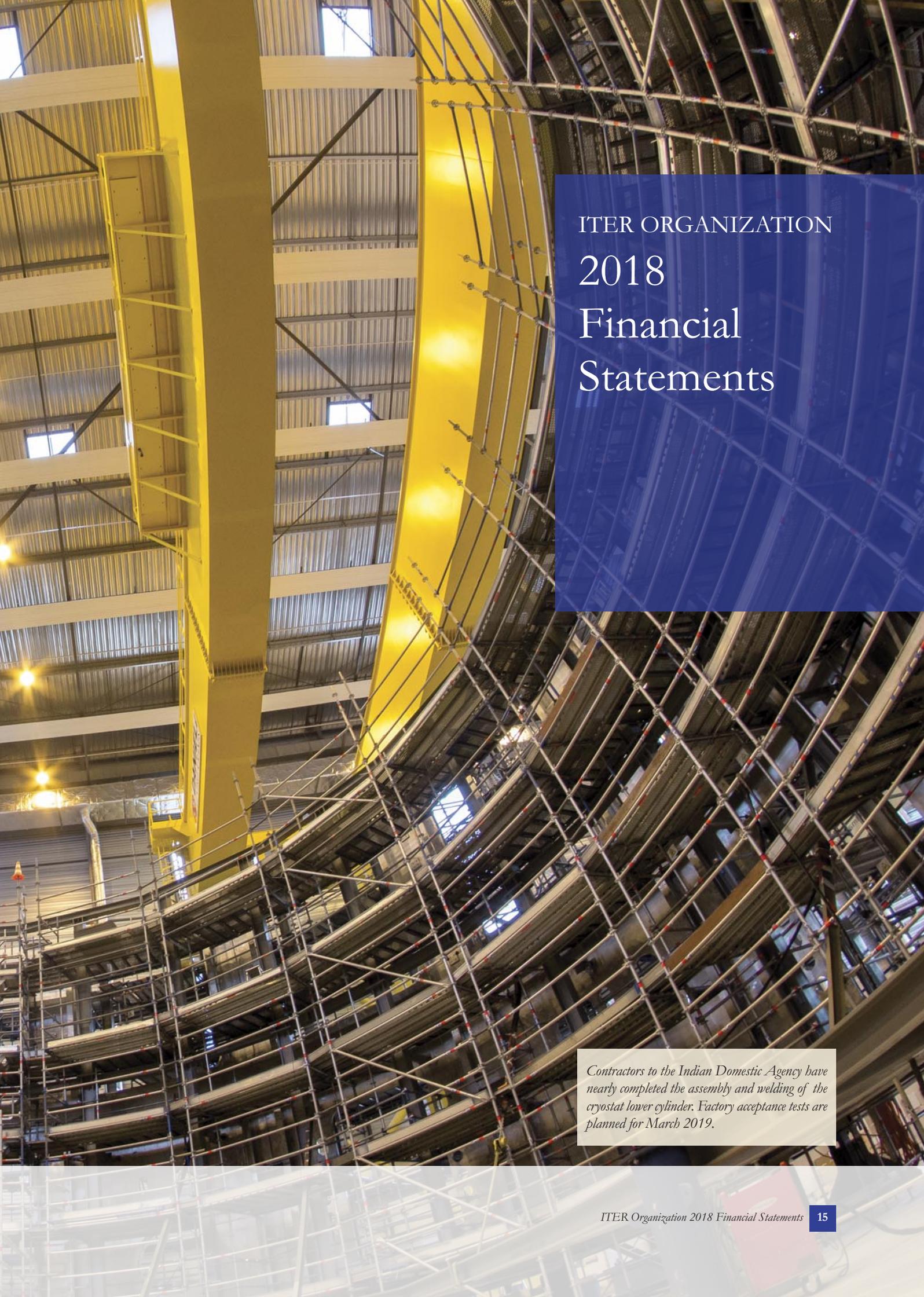
The R&OM framework is also applied to the process of contract award and management, and all the major contract awards related to fabrication/construction and manufacturing invariably have to be accompanied by R&OM documents that are evaluated by ITER Organization's Technical Responsible Officers (TROs).

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 the 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 behaviour, 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 2018 to deliberate and advise on subject matters of importance.





ITER ORGANIZATION  
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Statements

*Contractors to the Indian Domestic Agency have nearly completed the assembly and welding of the cryostat lower cylinder. Factory acceptance tests are planned for March 2019.*

## Statement of Financial Position as at 31 December 2018

Amounts in thousands of Euro

	Note	31.12.2018	31.12.2017
<b>ASSETS</b>			
<b>Current assets</b>		<b>647,151</b>	<b>405,908</b>
Cash and cash equivalents	A3	483,395	293,699
Recoverables from non-exchange transactions	A4	132,101	100,424
Receivables from exchange transactions	A5	29,463	10,078
Prepayments	A6	2,192	1,706
<b>Non-current assets</b>		<b>3,958,745</b>	<b>3,337,657</b>
Property, plant and equipment	A7	3,951,512	3,327,808
Intangible assets	A8	7,232	9,847
Financial assets		2	2
<b>TOTAL ASSETS</b>		<b>4,605,897</b>	<b>3,743,565</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>424,449</b>	<b>195,244</b>
Payables	A9	420,777	191,209
Employee benefits liabilities	A10	3,672	4,035
<b>Non-current liabilities</b>		<b>4,181,448</b>	<b>3,548,321</b>
Long-term payables	A11	5,077	5,077
Deferred revenue	A12	4,176,371	3,543,244
<b>TOTAL LIABILITIES</b>		<b>4,605,897</b>	<b>3,743,565</b>
<b>NET ASSETS/EQUITY</b>			
Brought forward surplus		-	-
<b>TOTAL NET ASSETS/EQUITY</b>		<b>-</b>	<b>-</b>

## Statement of Financial Performance for the Year ended 31 December 2018

Amounts in thousands of Euro

	Note	2018	2017
<b>REVENUE</b>			
Deferred contributions from Members	A12	7,614	6,418
Construction Contracts	A16	38,383	7,914
Partnership Arrangements	A17	405	357
Other revenue	A13	833	121
<b>TOTAL REVENUE</b>		<b>47,235</b>	<b>14,810</b>
<b>EXPENSES</b>			
Employee benefits	A14	116,001	107,331
Other expenses	A15	69,537	30,119
Depreciation of property, plant and equipment	A7	4,085	3,512
Amortization of intangible assets	A8	3,529	2,906
<b>TOTAL EXPENSES</b>		<b>193,151</b>	<b>143,867</b>
Activity costs capitalized for the machine under construction	A7	145,916	129,057
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>-</b>	<b>-</b>

## Statement of Changes in Net Assets/Equity for the Year ended 31 December 2018

Amounts in thousands of Euro

	2018	2017
Balance at 1 January	-	-
Surplus/(deficit)	-	-
Net assets/equity at 31 December	-	-

## Cash Flow Statement for the Year ended 31 December 2018

Amounts in thousands of Euro

	Note	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Contributions from Members		380,613	305,504
Construction Contracts		93,963	35,529
Partnership Arrangements (Monaco)		500	425
Administrative Agreements		5,788	3,933
Interest received		705	734
Other		3,361	1,577
<b>Payments</b>			
Construction Contracts		(16,986)	(7,333)
Partnership Arrangements (Monaco)		(476)	(294)
Administrative Agreements		(5,030)	(2,695)
Reserve Fund payments to DAs		(17,384)	(17,967)
Other		(797)	(1,251)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>444,256</b>	<b>318,163</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
VAT reimbursement		23,307	17,107
<b>Payments</b>			
Capital Expenditure		(277,879)	(250,700)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(254,572)</b>	<b>(233,594)</b>
Net (decrease)/increase in cash and cash equivalents		189,684	84,569
Effects of exchange rate changes on the balance of cash held in foreign currencies		11	(34)
Cash and cash equivalents at 1 January		293,699	209,164
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	A3	<b>483,395</b>	<b>293,699</b>



*Double pancake windings for ITER's poloidal field coil #5 (PF5) are leaving this European production line at a steady rate. PF5 is the first of four ring-shaped magnets that Europe will produce in this on-site facility.*

## Comparison of Budget and Actual Amounts for the Year ended 31 December 2018

*Amounts in thousands of Euro*

	Chapter	Initial budget 2018	Final budget 2018	Actual amounts 2018	Actual amounts 2017
<b>Income</b>					
Contributions from Members	71	393,630	317,096	317,210	354,839
Internal tax	72	19,491	19,491	22,015	20,359
Financial Income	73	4,186	4,066	684	734
Other Income	74	4,276	4,396	563	482
<b>Total Income</b>	<b>(a)</b>	<b>421,582</b>	<b>345,048</b>	<b>340,472</b>	<b>376,414</b>
<b>Payments</b>					
Direct Investment (Fund)	11	211,884	146,514	110,242	121,051
R&D Expenditure	21	3,141	2,779	1,510	2,877
Staff Expenditure	31	121,598	103,834	116,690	106,840
Organizational Expenditure	32	84,959	91,921	71,247	57,073
<b>Total Payments</b>	<b>(b)</b>	<b>421,582</b>	<b>345,048</b>	<b>299,688</b>	<b>287,841</b>
<b>Budgetary Out-turn</b>	<b>(a)-(b)</b>	<b>-</b>	<b>-</b>	<b>40,784</b>	<b>88,573</b>

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*The smallest poloidal field coil (9 metres in diameter) is under construction in Russia at the Sredne-Nevisky Shipyard, near Saint Petersburg. Photo: ITER Russia*



## Note A1 – Basis of Preparation

The 2018 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the ITER Project Resource Management Regulations (PRMR), the former being published by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC).

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 agreements.

The accounting policies set out in Note A2 - Significant Accounting Policies are applied consistently with previous years except for the offsetting of recoverables and payables relating to the accrued Members' in-kind Contributions. Both payables and recoverables from non-exchange transactions related to accrued in-kind contributions from Members are disclosed in the notes Note A4 - Recoverables from Non-Exchange Transactions and in Note A9 Payables.

The full cost capitalization approach, adopted by the ITER Organization (IO), 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 (write-back to revenue)'.

Development costs are capitalized as part of the cost of the experimental equipment to the extent that such costs can be measured reliably, the product or process is technically feasible, future service potential is probable, and the entity has sufficient resources, and intends to complete the development and to use the asset. The ITER Organization considers that during the Construction Phase, no research costs can be recognized.



Nearly 5 kilometres of cryolines will transport extremely low-temperature cooling fluids from the ITER cryoplant to client systems in the Tokamak Complex and back. Employees at INOXCVI, based in Vadodra (Gujarat), India, are working to fill approximately half of that order.

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

The budgetary statements are prepared on a modified cash basis as required by the PRMR. The reconciliation between the Cash Flow Statement and the Budgetary Out-turn is provided in Note A19.

### Effect of new accounting standards

The standard IPSAS 39 Employee Benefits is effective for annual periods beginning on 1 January 2018. This new standard superseded IPSAS 25 Employee Benefits. IPSAS 39 prescribes the accounting and disclosure for employee benefits, including short-term benefits (wages, annual leave, sick leave, bonuses, profit-sharing and nonmonetary benefits); pensions; post-employment life insurance and medical benefits; termination benefits and other long-term employee benefits (long-service leave, disability, deferred compensation, and bonuses and long-term profit-sharing), except for share-based transactions and employee retirement benefit plans.

This new standard did not result in any material effect on the 2018 Financial Statements.

### Effect of forthcoming accounting standards

Three new IPSAS standards are not yet effective for the year ended 31 December 2018, and have not been adopted for the preparation of these Financial Statements.

#### • 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.'

The ITER Organization has reviewed the standard and is not expecting any material impact from the adoption of the new standard on 1 January 2019.

#### • IPSAS 41 Financial Instruments

IPSAS 41 sets out requirements for recognition and measurement of financial instruments, including impairment, derecognition 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 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.



*Six identical helium tanks outside of the cryoplat will store 380 cubic metres of gaseous helium each. Nearly 25 tonnes of liquid helium – circulating at minus 269 °C – will be needed at ITER to cool the superconducting magnets, the thermal shield, vacuum cryopumps, and certain diagnostics.*

## 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.

### *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 initially 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 upon reception of credit requests submitted by the Domestic Agencies (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	20 - 30 years
Plant and equipment experimental assets	20 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.

*At the end of each ITER magnet feeder, an insulated "termination box" will protect cryogenic components. Photo: ITER China*



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

- **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



*A secure base and cage will ensure that the 18-metre-tall central solenoid magnet is able to withstand thousands of tonnes of force during operation. One element of the lower support structure is pictured during forging. Photo: US ITER*

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. In-kind 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



*The lowest level of the Diagnostics Building is ready for equipment after all painting activity is completed in December.*

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, 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 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, grouped by PA. 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 a 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. The Japanese Yen and US Dollar bank accounts are valued in Euro using official year-end exchange rates prevailing on the reporting date. Term deposits are expected to be held to maturity.

## Note A3 – Cash and Cash Equivalents

Amounts in thousands of Euro

	31.12.2018	31.12.2017
<b>Cash at bank - Euro accounts</b>	<b>237,295</b>	<b>111,417</b>
BNP Paribas, France	141,319	111,417
Crédit Mutuel, France	95,976	-
<b>Cash at bank - JP Yen account</b>	<b>5</b>	<b>4</b>
BNP Paribas, France	5	4
<b>Cash at bank - US Dollar accounts</b>	<b>402</b>	<b>13</b>
BNP Paribas, France	74	11
HSBC, USA	-	-
Bank of the West, USA	417	51
Cheques issued and not yet disbursed	(90)	(48)
<b>Saving/Deposits with banks - Euro accounts</b>	<b>245,693</b>	<b>182,265</b>
BNP Paribas, France	0	0
Caisse d'Épargne, France	5,000	5,000
Crédit Agricole PCA, France	170,409	58,829
Crédit Mutuel, France	70,285	118,436
<b>Cash-in-transit</b>		-
Cash-in-transit		-
<b>Total Cash and Cash Equivalents</b>	<b>483,395</b>	<b>293,699</b>

The balance of the ITER Organization's cash and cash equivalents arises from Members' contributions, financial revenue and other income including the annual contribution from the Partnership Arrangement with the Principality of Monaco, and cash from other Arrangements.

Cash balance at year end includes EUR 196.19 million received in advance from the Members toward their 2019 cash contributions (detailed in Note A9), EUR 130.00 million for Construction Contracts and Partnership Arrangements (detailed in Note A16 & 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 2018.

In 2018, Financial Revenue of EUR 0.75 million was realized by the ITER Organization. This amount represents an average rate of return of 0.34% of the average daily available cash balance (invested). In comparison, the average 2018 Eonia® (Euro OverNight Index Average) index was -0.36%.

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*

	31.12.2018	31.12.2017
<b>Members' cash contributions yet to be received</b>	<b>119,363</b>	<b>86,814</b>
Euratom	-	-
People's Republic of China	-	-
Republic of India	49,224	32,400
Japan	-	-
Republic of Korea	-	-
Russian Federation	-	-
United States of America	70,139	54,415
<b>Other recoverables from non-exchange transactions</b>	<b>12,739</b>	<b>13,610</b>
EU Domestic Agency	1,036	1,529
CN Domestic Agency	-	-
IN Domestic Agency	40	110
JA Domestic Agency	9	9
KO Domestic Agency	-	-
RF Domestic Agency	-	-
US Domestic Agency	349	606
VAT receivable	11,229	11,254
Other	75	101
<b>Total Recoverables from Non-Exchange Transactions</b>	<b>132,101</b>	<b>100,424</b>

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 5.16 million, the amount to be requested was EUR 3.85 million, and the VAT on accruals was EUR 2.22 million).

The recoverables from non-exchange transactions related to accrued in-kind contributions from Members are disclosed below, for information, as they are offset against their counterpart (payables related to accrued in-kind procurement).

<i>Amounts in thousands of Euro</i>	31.12.2018	31.12.2017
Euratom	35,167	50,992
People's Republic of China	26,506	8,468
Republic of India	8,637	-
Japan	4,985	338
Republic of Korea	9,363	3,048
Russian Federation	10,033	1,430
United States of America	693	12,255
<b>Accrued Members' in-kind contributions (TAs &amp; PAs)</b>	<b>95,384</b>	<b>76,531</b>



*The ITER bioshield, completed in January 2018, is as thick as 3.2 metres in some areas. Its role is to protect workers and the environment from radiation generated by the fusion reactions.*

## Note A5 – Receivables from Exchange Transactions

*Amounts in thousands of Euro*

	31.12.2018	31.12.2017
Down payment to suppliers	29,006	9,785
Accrued interest	239	191
Construction contracts	218	102
<b>Total Receivables from Exchange Transactions</b>	<b>29,463</b>	<b>10,078</b>

'Down payment 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*

	31.12.2018	31.12.2017
Maintenance licenses	1,066	517
License fees	884	730
Maintenance and repair	83	180
Subscriptions	60	180
Rent warehouse	49	49
Insurance	27	26
Other	22	25
<b>Total Prepayments</b>	<b>2,192</b>	<b>1,706</b>

Prepayments correspond to payments made in 2018 for which the acquired goods/services relate to 2019 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		
<b>Cost</b>									
<b>Balance 01.01.2017</b>	76,334	1,160	8,325	1,053,971	383,200	680,404	583,635	2,701,209	2,787,028
Additions	5,517	148	1,454	129,057	160,412	148,286	117,304	555,060	562,179
Disposals	-	-	(35)	-	-	-	-	-	(35)
Transfers	1,677	-	(278)	-	(1,399)	-	-	(1,399)	-
<b>Balance 31.12.2017</b>	<b>83,528</b>	<b>1,307</b>	<b>9,466</b>	<b>1,183,028</b>	<b>542,213</b>	<b>828,690</b>	<b>700,939</b>	<b>3,254,871</b>	<b>3,349,172</b>
Additions	8,013	244	1,351	145,916	167,905	59,929	244,430	618,180	627,789
Disposals	-	-	-	-	-	-	-	-	-
Transfers	155	-	-	-	(155)	-	-	(155)	-
<b>Balance 31.12.2018</b>	<b>91,696</b>	<b>1,552</b>	<b>10,817</b>	<b>1,328,945</b>	<b>709,963</b>	<b>888,618</b>	<b>945,370</b>	<b>3,872,896</b>	<b>3,976,961</b>
<b>Accumulated depreciation</b>									
<b>Balance 01.01.2017</b>	(10,470)	(348)	(7,248)						(18,067)
Depreciation of the year	(2,810)	(109)	(593)						(3,512)
Write-back	1	-	214						215
<b>Balance 31.12.2017</b>	<b>(13,279)</b>	<b>(457)</b>	<b>(7,628)</b>						<b>(21,364)</b>
Depreciation of the year	(3,090)	(136)	(859)						(4,085)
Write-back	-	-	-						-
<b>Balance 31.12.2018</b>	<b>(16,369)</b>	<b>(594)</b>	<b>(8,486)</b>						<b>(25,449)</b>
<b>Net carrying amount</b>									
<b>Balance 31.12.2017</b>	<b>70,249</b>	<b>850</b>	<b>1,838</b>	<b>1,183,028</b>	<b>542,213</b>	<b>828,690</b>	<b>700,939</b>	<b>3,254,871</b>	<b>3,327,808</b>
Net variation	5,078	108	492	145,916	167,750	59,929	244,430	618,026	623,704
<b>Balance 31.12.2018</b>	<b>75,327</b>	<b>958</b>	<b>2,330</b>	<b>1,328,945</b>	<b>709,963</b>	<b>888,618</b>	<b>945,370</b>	<b>3,872,896</b>	<b>3,951,512</b>

'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.

The additional amount capitalized under Buildings corresponds to the delivery of the buildings B04, B80.2 and the parking areas B6, B7 and B8.

## Note A8 – Intangible Assets

Amounts in thousands of Euro

	Computer software	Intangible assets under development (computer software)	Total
<b>Cost</b>			
Balance 01.01.2017	13,945	488	14,433
Additions	3,308	1,265	4,573
Disposals	-	-	-
Transfers	-	-	-
Balance 31.12.2017	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
<b>Accumulated amortization</b>			
Balance 01.01.2017	(6,253)		(6,253)
Amortization of the year	(2,906)		(2,906)
Write-back	-		-
Balance 31.12.2017	(9,159)		(9,159)
Amortization of the year	(3,529)		(3,529)
Write-back	-		-
Balance 31.12.2018	(12,688)		(12,688)
<b>Net carrying amount</b>			
Balance 31.12.2017	8,093	1,754	9,847
Net variation	(987)	(1,628)	(2,615)
Balance 31.12.2018	7,106	126	7,232

## Note A9 – Payables

*Amounts in thousands of Euro*

	31.12.2018	31.12.2017
<b>Advance Payments on Members' Contributions</b>	<b>196,185</b>	<b>94,025</b>
Euratom	137,579	54,525
People's Republic of China	6,740	0
Republic of India	-	-
Japan	6,957	4,401
Republic of Korea	20,844	13,107
Russian Federation	24,065	21,992
United States of America	-	-
<b>Other Payables</b>	<b>224,592</b>	<b>97,184</b>
Creditors (suppliers and accrued charges)	91,297	44,314
Amounts due by IO for Construction Contracts	129,818	51,557
Amounts due by IO for Partnership Arrangements	512	416
Personnel	144	134
Other	2,821	763
<b>Total Payables</b>	<b>420,777</b>	<b>191,209</b>

'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 2018 Financial Statements but not yet paid as at 31 December 2018 (mainly accruals). It also includes the Task Agreements in cash.

'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. In 2017, these payables were reported together for a total amount of EUR 51,973 in Note A16.

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

'Other' relates to EUR 2.56 million of VAT due to the Indian Domestic Agency and also to administrative fees related to agreements with partners.

The payables related to accrued in-kind procurement from Members are disclosed below, for information, as they are offset against their counterpart (accrued in-kind contribution from Members).

<i>Amounts in thousands of Euro</i>	31.12.2018	31.12.2017
Accruals from Task Agreements in kind	7,511	4,932
Accruals from Procurement Arrangements in kind	87,874	71,599
<b>Accrued Members' in-kind procurement (TAs &amp; PAs)</b>	<b>95,384</b>	<b>76,531</b>

## Note A10 – Employee Benefits Liabilities

*Amounts in thousands of Euro*

	31.12.2018	31.12.2017
Accrued untaken leave	2,466	2,386
Social security and pension schemes	1,181	1,244
Other	24	405
<b>Total Employee Benefits Liabilities</b>	<b>3,672</b>	<b>4,035</b>

‘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 22.11 thousand arising from excessive leave taken during the reporting period. The accrued untaken leave liability is computed on gross basis and therefore includes EUR 488.63 thousand of internal taxes.

## Note A11 – Long-Term Payables

*Amounts in thousands of Euro*

	31.12.2018	31.12.2017
Reserve Fund transfer of credits	5,077	5,077
<b>Total Long-Term Payables</b>	<b>5,077</b>	<b>5,077</b>

‘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.

## Note A12 – Deferred Revenue as at 31 December 2018

Amounts in thousands of Euro

	Cash			Short-term in kind		
	End of 2017	2018	End of 2018	Seconded staff and Task Agreements		
	End of 2017	2018	End of 2018	End of 2017	2018	End of 2018
<b>Deferred contributions</b>						
Euratom (*)	812,035	140,933	952,968	89,572	4,739	94,311
People's Republic of China	176,131	28,824	204,955	3,415	-	3,415
Republic of India	175,077	28,824	203,901	4,468	-	4,468
Japan (*)	178,672	28,824	207,496	874	-	874
Republic of Korea	169,725	28,824	198,549	9,821	-	9,821
Russian Federation	176,345	28,824	205,169	3,201	-	3,201
United States of America	150,482	28,561	179,044	27,477	1,435	28,912
<b>Total Deferred contributions</b>	<b>1,838,468</b>	<b>313,614</b>	<b>2,152,082</b>	<b>138,828</b>	<b>6,174</b>	<b>145,002</b>
<b>Other deferred revenue</b>						
Internal tax	139,454	22,015	161,470			
Grants	23,282	-	23,282			
Financial revenue	11,930	752	12,682			
<b>Total Other deferred revenue</b>	<b>174,667</b>	<b>22,768</b>	<b>197,435</b>			
Deferred contributions from Members (during the Construction Phase, write back to revenue equals the depreciation and amortization costs)						
<b>Total Deferred Revenue</b>	<b>2,013,135</b>	<b>336,382</b>	<b>2,349,517</b>	<b>138,828</b>	<b>6,174</b>	<b>145,002</b>

(\*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to IUA 153,170.80 amounting to EUR 257.21 million (including IUA 7,085.63 for deliverables achieved in 2018) for procurements for which the procurement responsibility has been transferred to Japan within the framework of the transferred procurement responsibilities from Euratom to Japan.

	Total cash including cash, seconded staff and Task Agreements			Long-term in kind Procurement Arrangements			Total		
	End of 2017	2018	End of 2018	End of 2017	2018	End of 2018	End of 2017	2018	End of 2018
		901,607	145,672	1,047,279	465,581	152,248	617,829	1,367,188	297,920
	179,546	28,824	208,370	159,419	56,245	215,664	338,965	85,069	424,034
	179,546	28,824	208,370	76,540	10,500	87,039	256,086	39,324	295,409
	179,546	28,824	208,370	368,156	31,911	400,067	547,702	60,735	608,437
	179,546	28,824	208,370	111,074	18,706	129,780	290,620	47,530	338,150
	179,546	28,824	208,370	134,137	22,366	156,503	313,683	51,190	364,873
	177,959	29,996	207,956	107,742	6,209	113,951	285,701	36,205	321,907
	1,977,296	319,788	2,297,084	1,422,648	298,185	1,720,833	3,399,944	617,973	4,017,917
	139,454	22,015	161,470				139,454	22,015	161,470
	23,282	-	23,282				23,282	-	23,282
	11,930	752	12,682				11,930	752	12,682
	174,667	22,768	197,435				174,667	22,768	197,435
							(31,366)	(7,614)	(38,981)
	2,151,963	342,556	2,494,519	1,422,648	298,185	1,720,833	3,543,244	633,127	4,176,371

## Note A13 – Other Revenue

Amounts in thousands of Euro

	2018	2017
Performance guarantee	517	-
Exchange rate gains	79	11
Liquidated damages	42	53
Insurance claim reimbursements	29	42
Donations	2	-
Other	164	16
<b>Total Other Revenue</b>	<b>833</b>	<b>121</b>

‘Performance guarantee’ is related to a reimbursement levied by the bank of a supplier that was not able to fulfil its contract satisfactorily.

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

## Note A14 – Employee Benefits

Amounts in thousands of Euro

	Professional staff		Technical support staff		Total	
	2018	2017	2018	2017	2018	2017
Wages and salaries	67,660	61,625	18,969	18,302	86,630	79,927
Pension funds	9,502	8,641	2,674	2,581	12,177	11,222
Medical care insurance	1,697	1,543	478	461	2,174	2,004
Life and invalidity insurances	679	617	191	184	870	802
Other employee benefits	9,333	8,890	2,994	2,747	12,327	11,637
Accrued untaken leave	88	228	(7)	31	81	259
Awards	517	320	190	144	707	464
Indemnities for loss of job	46	122	22	-	68	122
On-call duty indemnity			54	61	54	61
Bonus for temporary assignment	4	6	-	-	4	6
Trainees					132	136
Occupational medicine / infirmary					287	241
Social activities					124	134
Other (canteen)					368	317
<b>Total</b>	<b>89,525</b>	<b>81,990</b>	<b>25,565</b>	<b>24,511</b>	<b>116,001</b>	<b>107,331</b>
Seconded staff	1,472	1,532	105	103	1,577	1,635
<b>Total including seconded staff</b>	<b>90,997</b>	<b>83,522</b>	<b>25,670</b>	<b>24,614</b>	<b>117,578</b>	<b>108,965</b>

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’ 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 an ITER Organization's contribution 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 an ITER Organization's contribution of 1% of gross basic salary.

On 31 December 2018 the ITER Organization had the following number of staff, per category:

	Professional staff		Technical support staff		Total	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
ITER Organization staff (Direct Employed Staff)	554	512	260	266	814	778
Seconded staff	10	11	1	1	11	12
<b>Sub-Total within target(*)</b>	<b>564</b>	<b>523</b>	<b>261</b>	<b>267</b>	<b>825</b>	<b>790</b>
Others (post-doctoral and IO staff recruited for work on Construction Contracts)	20	21	13	14	33	35
<b>Total</b>	<b>584</b>	<b>544</b>	<b>274</b>	<b>281</b>	<b>858</b>	<b>825</b>

(\*) The target for the number of staff decided by the Director-General for 2018 was 873 where the ITER Council had determined, in 2016, an overall ITER Organization staff cap of 1050.

In addition to the target positions for directly employed and seconded staff, 36 other positions were allocated as at 31 December 2018 as follows: 28 for TCWS, 2 for VAS, 5 for MCP and 1 for SCS-N.



*These column-like components will support the vacuum vessel sectors and toroidal field coils as they are pre-assembled on specialized tooling at ITER. Korea is procuring a wide array of bespoke tooling for the machine assembly phase. Photo: ITER Korea*

## Note A15 – Other Expenses

Amounts in thousands of Euro

	2018	2017
Material	32,519	429
Telecom and IT equipment	2,125	1,110
IT licenses and software	721	548
Small fitting-out premises	580	215
Electricity	484	700
Furniture and equipment	448	518
Office supplies	184	184
Water	52	168
Other	3	4
<b>Total supplies and consumables</b>	<b>37,116</b>	<b>3,877</b>
External services	11,924	13,382
Maintenance and repairs	6,473	3,598
ITER Project Associates	3,416	300
Temporary staff	2,388	1,877
Rental of equipment and buildings	2,041	699
License yearly fees	1,775	1,423
Travel and related costs (IO staff)	1,564	1,690
Removal expenses	725	717
Documentation and seminar expenses (conferences)	683	726
Communication	503	642
Post and telecommunication	284	253
Travel and related costs (non-IO staff)	259	404
Insurance	113	107
Transport of goods	77	105
Membership fees	65	70
Exchange rate losses	63	153
Reception and representation	61	95
Bank charges	1	1
Other	5	2
<b>Total external services and other expenses</b>	<b>32,421</b>	<b>26,242</b>
<b>Total Other Expenses</b>	<b>69,537</b>	<b>30,119</b>

'Material' represents the components/parts under construction for the construction contracts (EUR 27.88 million for VVS, EUR 3.70 million for TCWS and EUR 0.94 million for VAS).

'Telecom and IT equipment' has nearly double compared to 2017 mainly due to the renewal campaign of the computers under MS Windows 10.

'ITER Project Associates' (IPAs) moves from 13 IPAs as at 31 December 2017 to 64 IPAs as at 31 December 2018. It represents the full costs of the IPAs.

## Note A16 – Construction Contracts

Amounts in thousands of Euro

31.12.2018

31.12.2017

### STATEMENT OF FINANCIAL POSITION DATA

<b>Advances and payments on account received</b>	<b>204,547</b>	<b>88,020</b>
Construction contracts in progress - assets	218	102
Construction contracts in progress - liabilities	(137,462)	(59,536)
<b>Construction Contracts in progress - net</b>	<b>(137,244)</b>	<b>(59,434)</b>

### TOTAL REVENUE AND EXPENSES TO DATE RECOGNIZED ON CONTRACTS IN PROGRESS

Costs incurred to date	74,947	36,565
Less invoices issued	(212,191)	(95,999)
<b>Construction Contracts in progress - net</b>	<b>(137,244)</b>	<b>(59,434)</b>

‘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 7.64 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 2017 and 31 December 2018 also represents the revenue recognized during the period (EUR 38,383 thousand).

‘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

	01.01.2017	2017	31.12.2017	2018	31.12.2018	
Partnership Arrangement (P1)	Contribution requested and received	4,350	425	4,775	-	4,775
	Post-doctoral fellowship costs	(3,218)	(357)	(3,575)	(361)	(3,936)
	MIIFED costs	(783)	-	(783)	-	(783)
	<b>Unused Revenue / Deferred Revenue P1</b>	<b>349</b>	<b>68</b>	<b>416</b>	<b>(361)</b>	<b>56</b>
Partnership Arrangement (P2)	Contribution requested and received	-	-	-	500	500
	Post-doctoral fellowship costs	-	-	-	(44)	(44)
	<b>Unused Revenue / Deferred Revenue P2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>456</b>	<b>456</b>
Partnership Arrangements	Contribution requested and received	4,350	425	4,775	500	5,275
	Post-doctoral fellowship costs	(3,218)	(357)	(3,575)	(405)	(3,980)
	MIIFED costs	(783)	-	(783)	-	(783)
	<b>Unused Revenue / Deferred Revenue</b>	<b>349</b>	<b>68</b>	<b>416</b>	<b>95</b>	<b>512</b>

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 ends in 2019, a new one (P2) of EUR 5.00 million has now been signed by both parties for another ten years running to 2028. The second one will be entirely dedicated to the post-doctoral fellowships program.

Revenue has been recognized to the extent of contract costs incurred in the period (EUR 0.40 million in 2018 and EUR 0.36 million in 2017). 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

	2018	2017
<b>Total Lease Payments</b>	<b>665</b>	<b>-</b>
No later than one year	1,529	-
Later than one year and no later than five years	1,519	-
Later than five years	91	-
<b>Total Operating Leases</b>	<b>3,138</b>	<b>-</b>

Two significant operating leases related to storage cells (warehouses) were signed in 2018:

- “Fos” with a lease term of two years and a possibility to extend the contract for another two years;
- “Corbières” with a lease term of six years and 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.



*Russia will supply 5.4 kilometres of electrical busbars to connect the superconducting magnet coils to their power supplies. Busbars are like cables, only more massive and rigid. Photo: ITER Russia*

## Note A19 – Reconciliation: Cash Flow Statement - Budgetary Out-turn

Amounts in thousands of Euro

	Note	2018			2017		
		Operating	Investing	Total	Operating	Investing	Total
<b>Budgetary Out-turn</b>	Page 50	<b>40,784</b>		<b>40,784</b>	<b>88,573</b>		<b>88,573</b>
Cash contributions requested	B2	(313,614)		(313,614)	(348,660)		(348,660)
Cash contributions received	B2	383,226		383,226	317,955		317,955
Cheques N-1 paid in N	A3	48		48	32		32
Cheques N unpaid at 31.12.N	A3	(90)		(90)	(48)		(48)
Effects of exchange rate changes on the balance of cash held in foreign currencies	CFS	(11)		(11)	34		34
Movements in control accounts	B3	2,708		2,708	(1,728)		(1,728)
Miscellaneous Income	Income execution	-		-	-		-
<b>Basis differences</b>		<b>72,266</b>		<b>72,266</b>	<b>(32,415)</b>		<b>(32,415)</b>
Earmarked Funds Out-turn	B5	76,634		76,634	28,412		28,412
<b>Entity differences</b>		<b>76,634</b>		<b>76,634</b>	<b>28,412</b>		<b>28,412</b>
<b>Presentation differences</b>		<b>254,572</b>	<b>(254,572)</b>	<b>-</b>	<b>233,594</b>	<b>(233,594)</b>	<b>-</b>
<b>Net (decrease)/increase in the Cash Flow Statement</b>	CFS	<b>444,256</b>	<b>(254,572)</b>	<b>189,684</b>	<b>318,163</b>	<b>(233,594)</b>	<b>84,569</b>

'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):

- 'Cash contributions requested' corresponds to the amount of cash contributions requested from the Members for the current year;
- 'Cash contributions received' corresponds to the amount received in cash 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 control accounts' reconciles other transactions with the Cash Flow Statement and the Budgetary Out-turn.

'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 Income Execution and Payment Execution for Earmarked Funds for the current year.



*At Hyundai Heavy Industries in Korea, contractors measure the tolerances achieved on parts of the toroidal field coil cases structures. The Japanese Domestic Agency is procuring nineteen 200-tonne case assemblies for ITER's large D-shaped magnets.*

## **Note A20 – Provisions**

Asset Decommissioning/ Site Restoration

No such provision was recorded as at 31 December 2018 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 2018 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 2018.

## **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 0.86 million (EUR 0.85 million in 2017) includes their gross salaries and allowances. In addition, EUR 0.14 million (EUR 0.13 million in 2017) is also recognized as employer's pension and social insurance contributions.

No other material-related party transaction was identified in 2018.

## **Note A24 – Events After the Reporting Date**

The ITER Organization's reporting date is 31 December 2018. The Financial Statements were authorized for issue and submission to the Financial Audit Board by the Director-General on 25 February 2019 and updated on 11 April 2019. 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.



ZUA:22  
R4 DONCHIK STEEL  
KTR 03 CEMK170M  
JIS G3101 S5400  
80K2438K6096  
8631108-01 0K609655  
JIS G3101 S5400

# 2018 Budget Execution Statements



A322  
KUK STEEL  
CCKR17004  
C3101 S6400  
243645096  
31591-02  
3 C3101 S6400

ZUC12  
KUK STEEL  
CCKR17004  
C3101 S6400  
243645096  
31591-02  
3 C3101 S6400



J4322  
KUK STEEL  
CCKR17004  
C3101 S6400  
243645096  
31591-02  
3 C3101 S6400

ZUC12  
KUK STEEL  
CCKR17004  
C3101 S6400  
243645096  
31591-02  
3 C3101 S6400

*The first outboard and inboard segments of a toroidal field coil case successfully match with gap tolerances as strict as 0.25 to 0.75 mm along 15-metre weld grooves. Photo: ITER Japan*

ZUC12  
KUK STEEL  
CCKR17004  
C3101 S6400  
243645096  
31591-02  
3 C3101 S6400

## Budgetary Out-Turn 2018

Amounts in thousands of Euro

	2018	2017
Total Income Execution	340,472	376,414
Total Payments Execution	299,688	287,841

<b>Total Budgetary Out-Turn</b>	<b>40,784</b>	<b>88,573</b>
---------------------------------	---------------	---------------

## Income Budget Execution 2018

Amounts in thousands of Euro

	Unrealized Total Income Appropriations brought forward from 2017	Initial Total Income Budget 2018	Cumulative Income Transfers and Budget Adjustments 2018	Final Total Income Budget 2018	Total Income Appropriations 2018	Total Actual Income 2018	Total Actual Income 2017	Unrealized Total Income Appropriations carried forward to 2019
<b>Budget Headings</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4 = 2 + 3</b>	<b>5 = 4 - 1</b>	<b>6</b>	<b>7</b>	<b>8 = 6 - 5</b>
Article 711: Contribution from Euratom	(1,257)	178,944	(34,792)	144,152	145,408	143,353	162,450	(2,055)
Article 712: Contribution from the People's Republic of China	(0)	35,781	(6,957)	28,824	28,824	28,824	32,330	(0)
Article 713: Contribution from the Republic of India	(0)	35,781	(6,957)	28,824	28,824	28,824	32,282	(0)
Article 714: Contribution from Japan	0	35,781	(6,957)	28,824	28,824	28,824	32,330	0
Article 715: Contribution from the Republic of Korea	(0)	35,781	(6,957)	28,824	28,824	28,824	32,427	(0)
Article 716: Contribution from the Russian Federation	0	35,781	(6,957)	28,824	28,824	28,824	32,330	0
Article 717: Contribution from the United States of America	(1,586)	35,781	(6,957)	28,824	30,410	29,736	30,689	(674)
<b>Chapter 71: Contributions</b>	<b>(2,843)</b>	<b>393,630</b>	<b>(76,534)</b>	<b>317,096</b>	<b>319,939</b>	<b>317,210</b>	<b>354,839</b>	<b>(2,729)</b>
Article 721: Internal Tax from Professional Staff	1,731	20,930	-	20,930	19,199	18,012	16,498	(1,187)
Article 722: Internal Tax from Technical Staff	(5,719)	(1,440)	-	(1,440)	4,280	4,004	3,861	(276)
<b>Chapter 72: Internal tax</b>	<b>(3,988)</b>	<b>19,491</b>	<b>-</b>	<b>19,491</b>	<b>23,479</b>	<b>22,015</b>	<b>20,359</b>	<b>(1,463)</b>
Article 731: Financial interest	203	3,103	(120)	2,983	2,780	705	734	(2,075)
Article 732: Exchange rate income	1,041	1,083	-	1,083	42	(21)	-	(63)
<b>Chapter 73: Financial Income</b>	<b>1,244</b>	<b>4,186</b>	<b>(120)</b>	<b>4,066</b>	<b>2,822</b>	<b>684</b>	<b>734</b>	<b>(2,137)</b>
Article 741: Cancellation of Appropriations from the current year	311	311	-	311	-	-	-	-
Article 742: Cancellation of Appropriations from previous year(s)	3,590	3,590	(0)	3,590	-	-	-	-
Article 743: Monaco Partnership	(125)	375	-	375	500	500	425	-
Article 744: Excess Income from previous years	-	-	-	-	-	-	-	-
Article 745: Shortfall Income Budget of the current year	-	-	-	-	-	-	-	-
Article 749: Miscellaneous income	57	-	120	120	63	63	57	0
<b>Chapter 74: Other Income</b>	<b>3,833</b>	<b>4,276</b>	<b>120</b>	<b>4,396</b>	<b>563</b>	<b>563</b>	<b>482</b>	<b>0</b>
<b>Title VII: Income</b>	<b>(1,754)</b>	<b>421,582</b>	<b>(76,534)</b>	<b>345,048</b>	<b>346,802</b>	<b>340,472</b>	<b>376,414</b>	<b>(6,330)</b>
<b>Total Income</b>	<b>(1,754)</b>	<b>421,582</b>	<b>(76,534) *</b>	<b>345,048</b>	<b>346,802</b>	<b>340,472</b>	<b>376,414</b>	<b>(6,330)</b>

\* Budget Reduction approved by the ITER Council in June 2018

## Payments Budget Execution 2018

Amounts in thousands of Euro

	Unused Total Payment Appropriations brought forward from 2017	Initial Total Payments Budget 2018	Cumulative Payments Transfers and Budget Adjustments 2018	Final Total Payments Budget 2018	Total Payment Appropriations 2018	Total Actual Payments and Credit Notifications 2018	Total Actual Payments and Credit Notifications 2017	Unused Total Payment Appropriations carried forward to 2019
<b>Budget Headings</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4 = 2 + 3</b>	<b>5 = 1 + 4</b>	<b>6</b>	<b>7</b>	<b>8 = 5 - 6</b>
Article 111: Direct Investment	56,904	179,417	(41,758)	137,659	194,563	109,411	120,121	85,153
Article 112: Test Blanket Module	1,588	2,408	(2,736)	(329)	1,259	831	930	428
Article 113: Reserve Fund	139,358	30,060	(20,877)	9,183	148,541	-	-	148,541
<b>Title I: Direct Investment (Fund)</b>	<b>197,850</b>	<b>211,884</b>	<b>(65,371)</b>	<b>146,514</b>	<b>344,364</b>	<b>110,242</b>	<b>121,051</b>	<b>234,122</b>
Article 211: Research & Development	1,372	3,141	(362)	2,779	4,151	1,510	2,877	2,641
<b>Title II: R&amp;D Expenditure</b>	<b>1,372</b>	<b>3,141</b>	<b>(362)</b>	<b>2,779</b>	<b>4,151</b>	<b>1,510</b>	<b>2,877</b>	<b>2,641</b>
Article 311: Professional staff salary costs	3,867	91,848	(5,450)	86,397	90,264	88,951	81,023	1,313
Article 312: Technical Support staff salary costs	6,644	25,609	(7,449)	18,160	24,804	24,369	22,674	435
Article 313: Travel and subsistence	3,462	1,701	(3,748)	(2,047)	1,415	1,196	1,388	219
Article 314: Secondment allowances	-	-	-	-	-	-	-	-
Article 315: Removal expenses	627	1,238	(1,079)	159	786	730	632	56
Article 316: Promotions	5	601	149	751	756	756	674	-
Article 317: Awards	277	601	(186)	415	692	687	450	4
<b>Chapter 31: Staff Expenditure</b>	<b>14,882</b>	<b>121,598</b>	<b>(17,763)</b>	<b>103,834</b>	<b>118,716</b>	<b>116,690</b>	<b>106,840</b>	<b>2,027</b>
Article 321: General services	9,721	12,269	(8,527)	3,741	13,462	10,251	9,262	3,211
Article 322: Administrative services	3,658	8,545	(1,725)	6,820	10,478	8,344	7,740	2,134
Article 323: Equipment	6,430	10,090	464	10,554	16,984	11,768	6,333	5,216
Article 324: External specialized services	10,954	46,230	19,493	65,722	76,676	38,190	33,510	38,487
Article 325: ITER Project Associates	79	7,826	(2,743)	5,083	5,162	2,694	228	2,469
<b>Chapter 32: Organizational Expenditure</b>	<b>30,842</b>	<b>84,959</b>	<b>6,962</b>	<b>91,921</b>	<b>122,763</b>	<b>71,247</b>	<b>57,073</b>	<b>51,516</b>
<b>Title III: Direct Expenditure</b>	<b>45,724</b>	<b>206,557</b>	<b>(10,801)</b>	<b>195,756</b>	<b>241,479</b>	<b>187,936</b>	<b>163,914</b>	<b>53,543</b>
<b>Total Expenditure</b>	<b>244,946</b>	<b>421,582</b>	<b>(76,534) *</b>	<b>345,048</b>	<b>589,994</b>	<b>299,688</b>	<b>287,841</b>	<b>290,306</b>
<b>Total Expenditure (excluding Reserve Fund)</b>	<b>105,588</b>	<b>391,522</b>	<b>(55,657)</b>	<b>335,865</b>	<b>441,453</b>	<b>299,688</b>	<b>287,841</b>	<b>141,765</b>

\* Budget Reduction approved by the ITER Council in June 2018



*On the ITER site in southern France, the European Domestic Agency Fusion for Energy is 70% of the way to realizing the buildings and site infrastructure required for First Plasma.*

## Commitments Budget Execution 2018

Amounts in thousands of Euro

	Unused Total Commitment Appropriations brought forward from 2017	Initial Total Commitments Budget 2018	Cumulative Commitments Transfers and Budget Adjustments 2018	Final Total Commitments Budget 2018	Total Commitment Appropriations 2018	Total Actual Commitments 2018	Total Actual Commitments 2017 **	Unused Commitment Appropriations carried forward to 2019
<b>Budget Headings</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4 = 2 + 3</b>	<b>5 = 1 + 4</b>	<b>6</b>	<b>7</b>	<b>8 = 5 - 6</b>
Article 111: Direct Investment	53,192	249,613	54,917	304,530	357,723	228,034	231,830	129,688
Article 112: Test Blanket Module	343	688	(219)	469	812	812	317	0
Article 113: Reserve Fund	29,646	30,060	(55,036)	(24,976)	4,670	-	-	4,670
<b>Title I: Direct Investment (Fund)</b>	<b>83,181</b>	<b>280,361</b>	<b>(337)</b>	<b>280,024</b>	<b>363,205</b>	<b>228,847</b>	<b>232,147</b>	<b>134,359</b>
Article 211: Research & Development	1,219	119	-	119	1,338	95	129	1,242
<b>Title II: R&amp;D Expenditure</b>	<b>1,219</b>	<b>119</b>	<b>-</b>	<b>119</b>	<b>1,338</b>	<b>95</b>	<b>129</b>	<b>1,242</b>
Article 311: Professional staff salary costs	3,867	91,848	(5,450)	86,397	90,264	88,951	81,023	1,313
Article 312: Technical Support staff salary costs	6,644	25,609	(7,449)	18,160	24,804	24,369	22,674	435
Article 313: Travel and subsistence	3,342	1,665	(3,608)	(1,944)	1,398	1,055	1,369	343
Article 314: Secondment allowances	-	-	-	-	-	-	-	-
Article 315: Removal expenses	663	1,238	(1,115)	122	786	706	689	80
Article 316: Promotions	5	601	149	751	756	756	674	-
Article 317: Awards	277	601	(186)	415	692	687	450	4
<b>Chapter 31: Staff Expenditure</b>	<b>14,798</b>	<b>121,561</b>	<b>(17,660)</b>	<b>103,901</b>	<b>118,699</b>	<b>116,525</b>	<b>106,879</b>	<b>2,175</b>
Article 321: General services	5,500	19,720	(3,737)	15,983	21,483	19,849	11,524	1,634
Article 322: Administrative services	2,013	10,922	(1,686)	9,237	11,250	9,599	8,770	1,651
Article 323: Equipment	320	7,153	396	7,549	7,868	6,920	7,677	949
Article 324: External specialized services	5,736	41,289	14,795	56,085	61,820	31,308	39,499	30,512
Article 325: ITER Project Associates	4	14,681	(61)	14,619	14,624	11,860	2,508	2,764
<b>Chapter 32: Organizational Expenditure</b>	<b>13,572</b>	<b>93,766</b>	<b>9,707</b>	<b>103,473</b>	<b>117,045</b>	<b>79,535</b>	<b>69,977</b>	<b>37,509</b>
<b>Title III: Direct Expenditure</b>	<b>28,370</b>	<b>215,327</b>	<b>(7,953)</b>	<b>207,374</b>	<b>235,744</b>	<b>196,060</b>	<b>176,857</b>	<b>39,684</b>
<b>Total Expenditure</b>	<b>112,770</b>	<b>495,808</b>	<b>(8,291) *</b>	<b>487,517</b>	<b>600,287</b>	<b>425,002</b>	<b>409,132</b>	<b>175,285</b>
<b>Total Expenditure (excluding Reserve Fund)</b>	<b>83,125</b>	<b>465,748</b>	<b>46,745</b>	<b>512,493</b>	<b>595,617</b>	<b>425,002</b>	<b>409,132</b>	<b>170,615</b>

\* Budget Reduction approved by the ITER Council in June 2018

\*\* Total Actual Commitments 2017 of EUR 409.13 million merges the Total Actual Commitments 2017 of EUR 440.76 million and the Decommittments and Transfers of previous years' Total Commitments of EUR 31.63 million processed in 2017, and reported in the 2017 Financial Report.

# Notes to the 2018 Budget Execution Statements

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## 54 Note – B1 Budget Execution

56 The Project Resource Management Regulations of the ITER  
57 Organization (PRMR) and its Implementing Measures  
58 require the preparation of certain schedules and notes for  
59 inclusion in the Financial Statements. The primary budgetary  
60 schedules following the requirements from the PRMR are  
shown from pages 50 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 B1 to B6.

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.

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.

The ITER Council adopted the 2018 Budgets at its twenty-first meeting (IC-21) in November 2017 at a level of EUR 495.81 million for Commitments, EUR 421.58 million for Payments, and EUR 421.58 million for Income. These budgets are sub-divided into Titles, Chapters, and Articles. Moreover, they are divided between planned budget with a pre-defined scope at the beginning of the year and un-allocated budget, including the Reserve Fund and the Undistributed Budget, that are distributed to the ITER Organization and Domestic Agencies based on need.

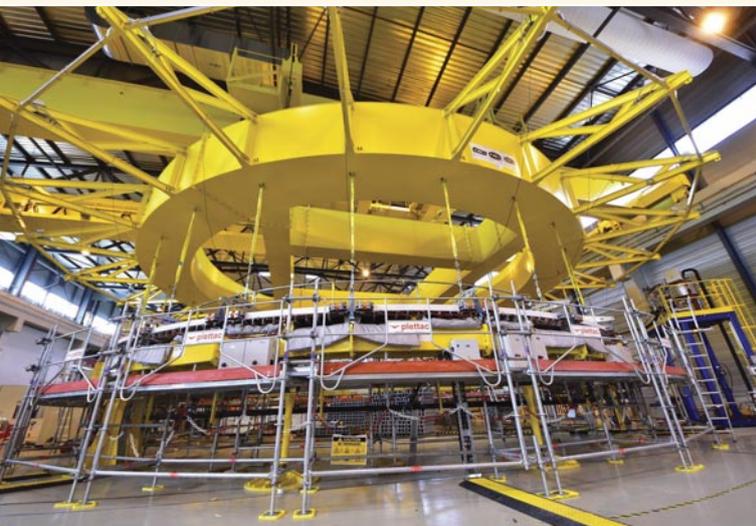
Throughout 2018, the Director-General approved several budgetary transfers within the limits of his mandate. In addition, a separate Budget Revision that reduced the overall Commitments, Payments, and Income Budgets was approved by the ITER Council at its twenty-second meeting (IC-22) in June 2018. Together, these adjustments result in the final 2018 Budgets presented here.

In order to ensure full traceability, all schedules are shown in the format approved by the ITER Council, including the division between Articles and Cash and Short-Term In-Kind (covering Task Agreements and Seconded Staff).

### a) Income

The Cash Contributions from the Members are considered as Income in the year for which they are requested by the

*In the European Poloidal Field Coils Winding Facility, technicians have started to stack the rigid double pancake windings for poloidal field coil #5.*



ITER Organization regardless of their date of receipt, as has been done for previous years. However, Short-Term In-Kind and other sources of revenue are shown in the year in which they are realized or received.

Considering a final Income Budget for 2018 of EUR 345.05 million and Unrealized Income Appropriations of EUR 1.75 million from 2017, the total Income Appropriations for 2018 were EUR 346.80 million. During the year, the ITER Organization received Income of EUR 340.47 million, resulting in a shortfall of EUR 6.33 million to be carried forward to 2019. This amount included a shortfall of EUR 3.60 million in Cash and a shortfall of EUR 2.73 million in realized Short-term In-kind Income.

The Cumulative Income Transfers and Budget Adjustments for 2018 include transfers between Cash and Short Term In-Kind as well as a reduction of Income at the level of EUR 76.53 million approved by the IC in June 2018.

## **b) Payments**

The final Payments Budget for 2018 was EUR 345.05 million. In addition, an unused Payments Appropriations brought forward from 2017 of EUR 244.95 million, including unallocated funding of the Reserve Fund and Undistributed Budget, resulted in total Payments Appropriations for 2018 of EUR 589.99 million.

Throughout 2018, the ITER Organization executed Payments of EUR 299.69 million, or EUR 296.09 million in Cash and EUR 3.60 million in Short-Term In-kind for Task Agreements and Secondments. The remaining amount of EUR 290.31 million reflected the year-end balances in the Reserve Fund of EUR 148.54 million and Undistributed Budget of EUR 70.95 million. It also included an underrun of EUR 70.82 million or 19% of the related Payments Appropriations as a result of various procurement or contract delays, including re-negotiation of the payments for the Construction and Erection All-Risk Insurance (CEAR); delays on the installation of the LHe Cryoplant as a result of general building delays on site; delays in the mobilization and execution of the related Balance-of-Plant Group 2 (BOP Gr. 2) Cooling Water Plant; delays in the supply of the Sector Sub Assembly Tool (SSAT) as a result of financial difficulties on the part of the supplier; procurement delays in placing contracts for Purpose Built Assembly Tools; and various other short-term delays.

The Cumulative Payments Transfers and Budget Adjustments for 2018 include transfers between Cash and Short-Term In-Kind as well as a reduction of the Payments Budget at the level of EUR 76.53 million approved by the ITER Council in June 2018.

During 2018, an amount of EUR 20.88 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 from the Reserve Fund approved by the Director-General in accordance with the Executive Project Board (EPB).

## **c) Commitments**

The final Commitments Budget for 2018 was EUR 487.52 million. In addition, an unused Commitments Appropriations brought forward from 2017 of EUR 112.77 million, including unallocated funding for the Reserve Fund and Undistributed Budget, resulted in total Commitments Appropriations of EUR 600.29 million.

Throughout the year, the ITER Organization committed a total of EUR 425.00 million net de-commitments of previous years' commitments. This amount included EUR 423.63 million in Cash for contracts and staff expenditures and EUR 1.37 million in Short-Term In-kind for Task Agreements and Secondments. The remaining amount of EUR 175.29 million included the year-end balances of the Reserve Fund of EUR 4.67 million and Undistributed Budget of EUR 101.75 million. It also represents an underrun of EUR 68.86 million, or 14% of the related Commitments Appropriations, as a result of various delays in placing large-value construction contracts, including the Cryostat Rectangular Bellows contract that was delayed as a result of a change in procurement strategy; the Balance-of-Plant Group 4 (BOP Gr. 4) X-Cryolines Installation that was delayed due to ongoing negotiations with the chosen supplier; the Project Management Services contract as a result of final discussions with the supplier; the Toroidal Field (TF) Coil Preparation Building as a result of pending decisions regarding the strategy for TF Coil preparation works; the In-Cryostat Rails due to delays in the vendor offer, and other short-term procurement delays.

The Cumulative Commitments Transfers and Budget Adjustments for 2018 include transfers between Cash and Short-Term In-Kind as well as a reduction of the Commitments Budget at the level of EUR 8.29 million approved by the ITER Council in June 2018.

For 2018, an amount of EUR 55.04 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 of the Reserve Fund.

## Note B2 – Members’ Contributions

Amounts in thousands of Euro

### Cash Contributions

	Brought forward from 2017	Due for 2018	Transfers between Cash and Short Term In-Kind	Requested for 2018	Received in 2018	Carry forward to 2019
Members	1	2	3	4 = 2 + 3	5	6 = 1 - 4 + 5
Euratom	54,525	141,158	(225)	140,933	223,987	137,579
People’s Republic of China	0	28,824	-	28,824	35,564	6,740
Republic of India	(32,400)	28,824	-	28,824	12,000	(49,224)
Japan	4,401	28,824	-	28,824	31,380	6,957
Republic of Korea	13,107	28,824	-	28,824	36,560	20,844
Russian Federation	21,992	28,824	-	28,824	30,897	24,065
United States of America	(54,415)	28,561	-	28,561	12,837	(70,139)
<b>Total</b>	<b>7,210</b>	<b>313,839</b>	<b>(225)</b>	<b>313,614</b>	<b>383,226</b>	<b>76,822</b>

Following the established practice, the Members’ Cash Contributions have been accounted in full as Income of the year, in accordance with the budget, regardless of the cash received as shown in the Income Budget Execution 2018. Consequently, over and underpayments have been carried forward as cash liabilities to/from these Members in the above statement.

### Short-Term In-Kind Contributions

	Brought forward from 2017	Due for 2018	Transfers between Cash and Short Term In-Kind	Requested for 2018	Received in 2018	Carry forward to 2019
Members	1	2	3	4 = 2 + 3	5	6 = 1 - 4 + 5
Euratom	(1,257)	2,994	225	3,219	2,421	(2,055)
People’s Republic of China	-	-	-	-	-	-
Republic of India	-	-	-	-	-	-
Japan	-	-	-	-	-	-
Republic of Korea	-	-	-	-	-	-
Russian Federation	-	-	-	-	-	-
United States of America	(1,586)	263	-	263	1,175	(674)
<b>Total</b>	<b>(2,843)</b>	<b>3,257</b>	<b>225</b>	<b>3,482</b>	<b>3,596</b>	<b>(2,729)</b>

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

### Total Contributions

	Brought forward from 2017	Requested for 2018	Received in 2018	Carry forward to 2019
Members	1	2	3	4 = 1 - 2 + 3
Euratom	53,268	144,152	226,408	135,524
People’s Republic of China	0	28,824	35,564	6,740
Republic of India	(32,400)	28,824	12,000	(49,224)
Japan	4,401	28,824	31,380	6,957
Republic of Korea	13,107	28,824	36,560	20,844
Russian Federation	21,992	28,824	30,897	24,065
United States of America	(56,001)	28,824	14,012	(70,813)
<b>Total</b>	<b>4,367</b>	<b>317,096</b>	<b>386,821</b>	<b>74,093</b>

## Note B3 – Control Accounts

Amounts in thousands of Euro

Origin / Destination	Situation at 1 January 2018	Movements in 2018	Situation at 31 December 2018
EU Domestic Agency	(604)	269	(335)
IN Domestic Agency	543	2,006	2,548
RF Domestic Agency	-	-	-
JA Domestic Agency	(1)	-	(1)
KO Domestic Agency	-	-	-
CN Domestic Agency	-	-	-
US Domestic Agency	(587)	329	(258)
<b>Total Domestic Agencies' accounts excl. Members' contributions</b>	<b>(648)</b>	<b>2,603</b>	<b>1,955</b>
Administrative fees	243	70	312
VAT to be reimbursed	(9,249)	123	(9,125)
Sickness Insurances and Pension Funds Payables	1,249	(67)	1,181
Other	21	(22)	(0)
<b>Total Other</b>	<b>(7,737)</b>	<b>105</b>	<b>(7,632)</b>
<b>Total</b>	<b>(8,384)</b>	<b>2,708</b>	<b>(5,677)</b>

The Control accounts are used to record transactions that are not reflected in the ITER Organization's budget nor related to any of the existing Earmarked Funds, covering moneys that are not material and temporarily received or paid by the ITER Organization and to be normally regularized within the same or the following year at the latest. Thus, together with the Income, Commitment and Payment Budget Execution Statements and Note B5 - Earmarked Funds, this ensures that the totality of transactions undertaken by the ITER Organization are covered in Part B of the Financial Report. This also facilitates the reconciliation of the Cash Flow Statement with Budgetary Out-turn through Note A19.

The Domestic Agencies' accounts (excluding Members' contributions) reflect transactions with the Domestic Agencies which are not adjustable or reflected in the Members' in-cash contributions. The closing balance in respect of EU-DA represents costs to be reimbursed in the context of the On-Site Cooperation and Host Agreements. For IN-DA, the closing balance includes an amount of EUR 2.56 million on account of a refund for VAT received from the French State and due to IN-DA.

'VAT to be reimbursed' represents claims for VAT paid by the ITER Organization, for which the ITER Organization is yet to receive reimbursement from the French State.

'Sickness Insurances and Pension Funds Payables' shows a final balance of EUR 1.18 million deducted from staff salaries still to be disbursed, representing EUR 1.15 million for the ITER Organization staff (to be paid to the ITER Organization's sickness insurance and service provider) and EUR 0.03 million for the ITER Organization seconded staff from the European Commission (to be paid to the European Commission).

## Note B4 – Statement of Unpaid Commitments

Amounts in thousands of Euro

	Unpaid Total Commitments 1 January 2018	Total Actual Commitments 2018	Total Actual Payments and Credit Notifications 2018	Unpaid Total Commitments 31 December 2018
Budget Headings	1	2	3	4 = 1 + 2 - 3
Article 111: Direct Investment	333,451	228,034	109,411	452,075
Article 112: Test Blanket Module	4,399	812	831	4,381
Article 113: Reserve Fund	-	-	-	-
<b>Title I: Direct Investment (Fund)</b>	<b>337,850</b>	<b>228,847</b>	<b>110,242</b>	<b>456,455</b>
Article 211: Research & Development	3,606	95	1,510	2,191
<b>Title II: R&amp;D Expenditure</b>	<b>3,606</b>	<b>95</b>	<b>1,510</b>	<b>2,191</b>
Article 311: Professional staff salary costs	-	88,951	88,951	-
Article 312: Technical Support staff salary costs	-	24,369	24,369	-
Article 313: Travel and subsistence	905	1,055	1,196	764
Article 314: Secondment allowances	-	-	-	-
Article 315: Removal expenses	186	706	730	162
Article 316: Promotions	-	756	756	-
Article 317: Awards	-	687	687	-
<b>Chapter 31: Staff Expenditure</b>	<b>1,091</b>	<b>116,525</b>	<b>116,690</b>	<b>926</b>
Article 321: General services	14,203	19,849	10,251	23,801
Article 322: Administrative services	7,152	9,599	8,344	8,406
Article 323: Equipment	14,649	6,920	11,768	9,801
Article 324: External specialized services	49,290	31,308	38,190	42,409
Article 325: ITER Project Associates	2,280	11,860	2,694	11,446
<b>Chapter 32: Organizational Expenditure</b>	<b>87,574</b>	<b>79,535</b>	<b>71,247</b>	<b>95,863</b>
<b>Title III: Direct Expenditure</b>	<b>88,665</b>	<b>196,060</b>	<b>187,936</b>	<b>96,789</b>
<b>Total Expenditure</b>	<b>430,121</b>	<b>425,002</b>	<b>299,688</b>	<b>555,435</b>

## Note B5 – Earmarked Funds

Amounts in thousands of Euro

### Earmarked Funds Out-turn

	Actuals 2018	Actuals 2017
Total Income Execution	116,530	35,529
Total Payments Execution	39,896	7,117
<b>Total Earmarked Funds Out-turn</b>	<b>76,634</b>	<b>28,412</b>

### Earmarked Funds Execution

Fund	Unpaid Commitments at 1 January 2018	Total Actual Income 2018	Commitments (including Adjustments on Previous Years)	Total Actual Payments 2018	Unpaid Commitments at 31 December 2018
	1	2	3	4	5 = 1 + 3 - 4
BOP 5	-	-	7,644	-	7,644
DON	-	2	-	-	-
PF 6	-	425	489	405	84
PPS	4,664	99	-	-	4,664
SSEN	15	-	-	15	-
TB 04	-	71,139	162,409	22,256	140,153
TBS	621	171	720	5	1,335
TCWS	4,646	16,675	9,765	3,424	10,987
VAS	1,152	4,167	200	91	1,262
VVS	77,248	23,851	-	13,700	63,548
<b>Total</b>	<b>88,345</b>	<b>116,530</b>	<b>181,227</b>	<b>39,896</b>	<b>229,676</b>

'Earmarked Funds' refers to the realization of specific signed Arrangements/MoU between the ITER Organization and the Domestic Agencies as well as the donations received by the ITER Organization. These Arrangements/MoU are not part of the ITER Council-approved ITER Organization budget.

- BOP 5 – Installation and commissioning of the items included in Buildings 11 and 74, in accordance with PCR 789, (RF-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, (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).

The VVS Arrangement 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.

## Note B6 – Reserve Fund Status

Construction OPC Value : 621.3 kIUA or EUR 1,050,000 thousands (rate 2016, excluding escalation)

<i>Amounts in thousands of Euro</i>	Commitments	Payments	Commitments	Payments	Commitments	Payments
	1 January 2018		2018		31 December 2018	
Credits to be set off directly against Members' in-kind balance as part of the Overall Project Cost	5,077	5,077	5,077	5,077	5,077	5,077
Budget requested	203,622	213,206	30,060	30,060	233,682	243,266
Remaining Budget to be requested	841,301	831,717			811,241	801,657
Budget Transferred	173,976	73,848	55,036	20,877	229,012	94,725
Unused Budget Appropriations	29,646	139,358			4,670	148,541
Actual Expenditures	172,328	59,284	53,023	26,028	225,351	85,312

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 in 2015. 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 towards 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 nor 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 long-term payable in Euro in the Statement of Financial Position.

On 31 December 2018, the remaining amount in the IO Budgets was equal to EUR 4.67 million in Commitments and EUR 148.54 million in Payments. Total expenditures were equal to EUR 225.35 million in Commitments and EUR 85.31 million in Payments.

Cumulative credits granted amount to EUR 5.08 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 and are not included in the IO Budgets or Expenditures.

On 31 December 2018, the remaining amount to commit against the Budget transferred to Article A111 was EUR 3.67 million, where the remaining amount to pay against the Commitments was EUR 140.04 million.

The payment budgets requested are equal to the Income budgets.

*Cover image... The first 800-tonne sub-sector assembly tool from Korea has been mounted in the Assembly Hall and a second is in progress. After final load testing next year, the tools will be ready to support sectors of the vacuum vessel while they are sub-assembled with D-shaped toroidal field coils and panels of thermal shielding.*



*In August, European contractors finalize the civil works of the concrete crown. This solid base ring and its 18 radial walls will support the 23,000-tonne machine from below.*

## Abbreviations and Acronyms

<b>BOP</b>	Balance Of Plant
<b>CEA</b>	Commissariat à l'Énergie Atomique et aux Énergies Alternatives (France)
<b>CEAR</b>	Construction and Erection All-Risk
<b>CFS</b>	Cash Flow Statement
<b>CMA</b>	Construction Management-as-Agent
<b>CN-DA</b>	Chinese Domestic Agency
<b>COSO</b>	Committee of Sponsoring Organizations of the Treadway Commission
<b>CWIP</b>	Capital Work in Progress
<b>DA</b>	Domestic Agency
<b>DDG</b>	Deputy Director-General
<b>DG</b>	Director-General
<b>DON</b>	Donations
<b>Eonia<sup>®</sup></b>	Euro OverNight Index Average
<b>EU-DA</b>	European Domestic Agency
<b>F4E</b>	Fusion for Energy (name of the European Domestic Agency)
<b>FAB</b>	Financial Audit Board
<b>HI</b>	Home Institutes
<b>IA</b>	Implementing Agreement
<b>IAEA</b>	International Atomic Energy Agency
<b>IC</b>	ITER Council
<b>IFAC</b>	International Federation of Accountants
<b>IN-DA</b>	Indian Domestic Agency
<b>IO</b>	ITER Organization
<b>IPA</b>	ITER Project Associates
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISA</b>	International Standards on Auditing
<b>ISO</b>	International Organization for Standardization
<b>IUA</b>	ITER Unit of Account
<b>JA-DA</b>	Japanese Domestic Agency
<b>KO-DA</b>	Korean Domestic Agency
<b>KPI</b>	Key Performance Indicator
<b>MAC</b>	Management Advisory Committee
<b>MCP</b>	Monaco Partnership Arrangement
<b>MoU</b>	Memorandum of Understanding
<b>MQP</b>	Management Quality Programme
<b>MuC</b>	Machine under Construction
<b>OPC</b>	Overall Project Cost
<b>PA</b>	Procurement Arrangement
<b>PF</b>	Poloidal Field Coil
<b>PPE</b>	Property, Plant and Equipment
<b>PPS</b>	Port Plug Structures
<b>PRMR</b>	Project Resource Management Regulations
<b>RF-DA</b>	Russian Federation Domestic Agency
<b>SCS-N</b>	Safety Control System - Nuclear
<b>SSEN</b>	Steady-State Electrical Network
<b>TA</b>	Task Agreement
<b>TB</b>	Tokamak Building
<b>TBS</b>	Test Blanket System
<b>TCWS</b>	Tokamak Cooling Water System
<b>TFCC</b>	Toroidal Field Coil Conductor
<b>US-DA</b>	United States of America Domestic Agency
<b>VAS</b>	Vacuum Auxiliary System
<b>VAT</b>	Value Added Tax
<b>VVS</b>	Vacuum Vessel Sector

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