



china eu india japan korea russia usa

ITER ORGANIZATION  
2015 FINANCIAL REPORT



612

Staff

€2,213  
Million

Property, Plant & Equipment

€13  
Million

Intangible Assets

€180  
Million

Cash Contributions received for 2015

€323  
Million

In-Kind Contributions

€88  
Million

Employee Benefits

€204  
Million

Total Commitments

## ITER ORGANIZATION 2015 FINANCIAL REPORT

On 5 March 2015 Bernard Bigot became the third Director-General in ITER Organization history, appointed by the ITER Council on the basis of an Action Plan to restructure ITER Project management and to complete the revision of the project Baseline (scope, schedule, cost) in line with the recommendations of the 2013 ITER Management Assessment.

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## FOREWORD BY THE DIRECTOR-GENERAL

In 2015 the ITER Organization and the Domestic Agencies strived together to demonstrate to stakeholders that we now have the capacity to efficiently complete the construction phase of ITER in compliance with the agreed schedule. It has been a year of reorganization, re-affirmation of our common commitment and, finally, transformation, as impediments to progress have been addressed one after the other.

- A strengthened management team, simplified procedures and increased staffing in the key areas of systems engineering, configuration management and project control have improved the technical decision making capability of the ITER Organization.
- A new Executive Project Board, reuniting the three directors of the ITER Organization and the seven Domestic Agencies Heads, has resulted in more coordinated global project management.
- Joint Project Teams in schedule-critical areas (Tokamak Complex and auxiliary buildings, vacuum vessel and, most recently, cryogenic systems) now contribute to an increased pace of execution for these key deliverables.
- A Reserve Fund under the control of the Director-General has been established to offset the risk that unavoidable design changes result in further delay to project execution.

These organizational and management reforms have placed ITER in a stronger position for the challenges of assembly and installation that lie ahead. The spirit of the reforms is clear: the ITER Organization and the Domestic Agencies must never be the limiting step for suppliers to deliver; instead, we must be catalysts for progress.

In the eight years since the ITER Organization signed its first Procurement Arrangement (November 2007), a total of 91.2 percent of allocated in-kind value has been committed through 106 Procurement Arrangements. After lengthy

design and qualification phases, fabrication activities are now underway on all of the systems and components required for First Plasma. Construction is proceeding full speed on the platform and component arrivals along the ITER Itinerary have become a regular feature of life at ITER.

One of my first commitments as the new ITER Director-General was to develop an updated resource-loaded schedule based on an integrated review of all ITER

Organization and Domestic Agency actions – an estimated 150,000 separate activities required to create the ITER machine. A “best technically achievable schedule” to First Plasma, which was presented to the ITER Council last November and subsequently assessed by a Council-appointed group of experts, is now going through its final iterations for presentation to the June 2016 ITER Council meeting. As we wait for this pivotal

moment in ITER Project history, we are successfully keeping the momentum in compliance with the reference schedule approved by the Council for 2016-2017.

For the first year of my term as ITER Organization Director-General, I have witnessed the remarkable dedication of staff, contractors and suppliers to delivering the ITER Project to the best standards. We are all conscious of contributing to a game-changing scientific adventure and I believe that we now have the processes, the organization and the governance to move forward as a tightly-managed industrial project.

Please find in the pages that follow the ITER Organization Financial Statements for the year ending 31 December 2015, prepared in full compliance with the International Public Sector Accounting Standards (IPSAS) and ITER Project Resource Management Regulations, and audited by the experts of the Financial Audit Board. I express my warmest thanks to all who contributed to the consolidated results highlighted in this report.



**Bernard Bigot**  
ITER Organization  
Director-General

## 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 2015 and of the financial position of the ITER Organization in all material aspects at the end of 2015.

We are not aware of any un-recorded liabilities.



26 February 2016  
**Lionel Rigaux**  
Accounting Officer  
Accounting, Treasury & Systems  
Section Leader



26 February 2016  
**Kattalai Ramachandran Sriram**  
Finance & Procurement  
Department Head

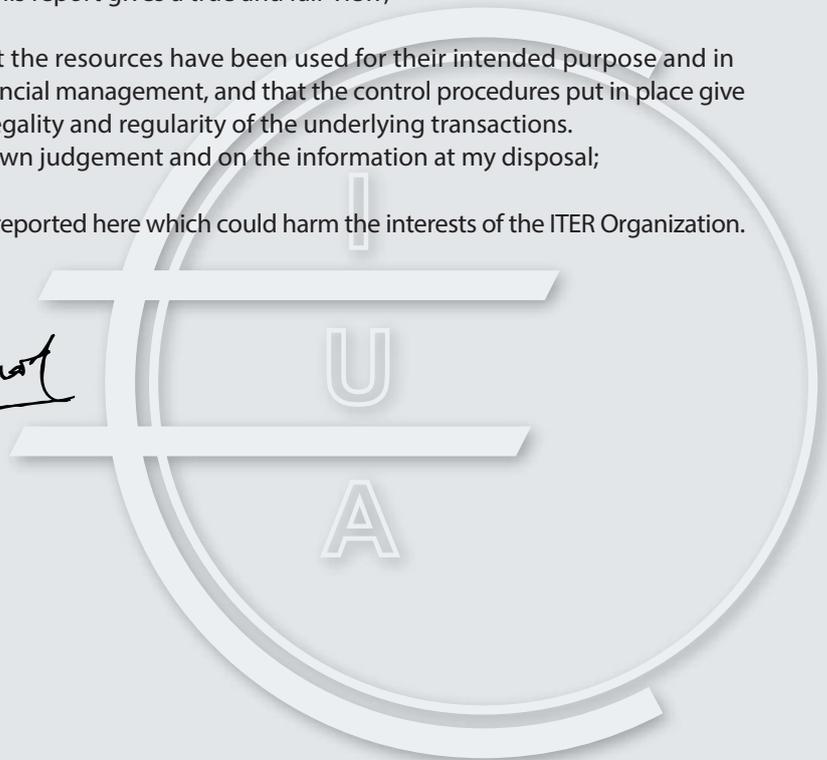
## Statement from the Director-General

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.



26 February 2016  
**Bernard Bigot**  
Authorizing Officer  
The Director-General



## The Independent Auditors' Report on the Financial Statements: Audit Opinion

We have audited the accompanying financial statements of the ITER International Fusion Energy Organization (IO) Financial Performance, the Cash Flow Statement, the Statement of Changes in Net Assets/Equity, the Comparison of Budget and Actual Amounts, and the Notes to the 2015 Financial Statements.

### *Management's responsibility for the financial statements*

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

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Article 17 of the ITER Agreement, the External Financial Audit Procedures, the relevant articles of the PRMR and the International Standards of Auditing (IAS). These rules, regulations and standards require that we comply with ethical requirements to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Audit opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the IO as at 31 December 2015 and its financial performance and cash flows for the period then ended, in accordance with the aforementioned rules, regulations and standards.



胡学文

Mr. Xuewen HU  
Chair of Financial Audit Board  
People's Republic of China

C. Spillane

Mr. Ciaran Spillane  
European Union

R. Rajeev

Mr. R.A. Rajeev  
Republic of India

木村 俊之

Mr. Toshiyuki Kimura  
Japan

정수호

Ms. Yeon-Soo Cho  
Republic of Korea

Sergei Iugai

Mr. Sergei Iugai  
Russian Federation

Susan May

Ms. Susan May  
United States of America

St. Paul-Lez-Durance, France  
8th April 2016

## Financial Statement Discussion and Analysis

This section of the ITER Organization's (IO) annual Financial Report presents management's discussion and analysis of the Financial Statements for the year ended 31 December 2015 in accordance with the recommended practice of the International Public Sector Accounting Standards (IPSAS) in its guideline 2 Financial Statement Discussion and Analysis, issued on 16 July 2013.

The Financial Statement Discussion and Analysis is not part of the IO's Financial Statements; however it should be read together with the IO's Financial Statements on pages 13 to 39 of this report.

The 2014 Financial Statements were audited and thereafter approved by the ITER Council in June 2015.

### Overview

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

In accordance with Articles 7 and 9 of the ITER Agreement, the Director-General and the staff of the IO shall 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 IO is the Euro.

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

The Financial Statements show in particular the:

- Statement of Financial Position which provides information about the:
  - Assets of the Organization (cash; recoverables; prepayments; property, plant and equipment; intangible assets and other financial assets);
  - Liabilities of the Organization (payables; employee benefits liabilities and deferred revenue).
- Statement of Financial Performance presented on an accrual basis of accounting, recognizing revenue in the period it is earned and expenses when they occurred, 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 shall be considered to have been incurred in order to construct and bring the asset to a condition enabling operations to commence ('net costs of IO activities capitalized'). The capitalization of costs/values will



*Working far above the ground on the Assembly Building.*

cease once these assets are utilized in the Operation Phase. The consequences of this capitalization criterion on the annual results of the IO are inter-related with the choice of the accounting policy used in regards 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 which provides information about the IO'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;

These Notes comprise a summary of significant accounting policies used:

- Basis of preparation;
- Specific 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 Budget Out-turn.

Revenue from the Members constitutes revenue from non-exchange transactions. Contributions from Members which are used to acquire property, plant and equipment and intangible assets are taken back to revenue over the period of the utilization of the related 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 European Union (represented by Euratom), Japan, the People’s Republic of China, the Republic of India, the Republic of Korea, the Russian Federation and the United States of America.

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

The purpose, functions and other organizational aspects of the IO are set out in the ‘Agreement on the Establishment of the ITER International Fusion Energy Organization for the Joint Implementation of the ITER Project’ (the ‘ITER Agreement’,

<http://www.iaea.org/Publications/Documents/Infcirc/2007/infcirc702.pdf>).

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

The IO has an international legal personality including the capacity to conclude agreements with States and/or international organizations, and is governed by a Council composed of representatives from each of its Members. The 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 four phases of the ITER Project are construction, 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 IO facility will be financed by the Members and will be carried out by the Host State.

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: 45.46% for Euratom and 9.09% for the others.



*The flags of China, the European Union, India, Japan, Korea, Russia, the United States and the ITER Organization fly over the ITER worksite.*

The cost estimates for the Construction and Operation Phases have been quantified using the IUA unit of currency (IUA is the ITER Unit of Account and 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 thereon.

**IUA Exchange Rates**

Periods	1 IUA =
2015	EUR 1,690.12
2014	EUR 1,683.39
January 1989	USD 1,000.00

Contributions from the Members or their respective Domestic Agency (DA) are provided in cash and in kind. The Procurement Arrangements (PAs) are Contributions/Arrangements in kind foreseen in the ITER Agreement and signed between the IO and each Member. They are called long-term in-kind contributions. Short-term in-kind contributions are related to Task Agreements (contracts between the IO and the DAs/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 as assets under construction are split into two categories, either as Advance for milestones related to assets produced without transfer of control/responsibilities and risks from the DAs to the IO, or as capital work in progress for milestones related to assets produced with transfer of control/responsibilities and risks from the DAs to the IO.

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

The ‘Common Fund’ is the initial ‘Trust Fund’ created by the International Atomic Energy Agency (IAEA) to launch the ITER Project in 2006. In the Financial Statements, these funds received by the IO 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 Financial Statements show tabulations in thousands of Euro, which could cause minor differences due to rounding.

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).

*The very first Tokamak components – 60° segments of the ITER cryostat – reach the site in December. Assembly and welding activities will begin in the Cryostat Workshop in 2016.*



## Construction Contracts and Partnership Arrangement

The Partnership Arrangement with the Principality of Monaco concluded for ten years in 2008 included a contribution of EUR 5.50 million for post-doctorate fellowships and the organization of conferences on scientific and technical subjects related to ITER.

Since 2013, the IO has signed arrangements/Memoranda of Understanding (MoU) with the DAs for undertaking the following activities on their behalf:

- Completion of the final design of the Tokamak Cooling Water System and the procurement of the piping for this system (TCWS), US-DA;
- Procurement of the Steady-State Electrical Network High Voltage Substation Structures (SSEN), US-DA;
- Procurement of the Piping for Tokamak Vacuum Auxiliary System (VAS), US-DA;
- Design and procurement of the Test Blanket System Connection Pipes (TBS), CN-DA, F4E, IN-DA, JA-DA and KO-DA;
- Procurement of the Integration Toroidal Field Coil Conductor (TFCC), US-DA.

Financial resources for the execution of these arrangements by the IO are being provided separately by the related DAs to the IO, outside the ITER Council-approved IO budget. These arrangements do not modify the sharing of responsibilities under the Procurement Arrangements signed between the IO and the DAs.

Revenue is recognized only to the extent of contract costs incurred that it is probable to be recoverable and contract costs are recognized as an expense in the period in which they are incurred. Any excess of revenue/costs over associated costs/revenue is shown as payable/receivable in Note A9/A5.

The costs incurred by the IO arising from the construction contracts 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 Arrangement are disclosed on Note A16.

## Highlights

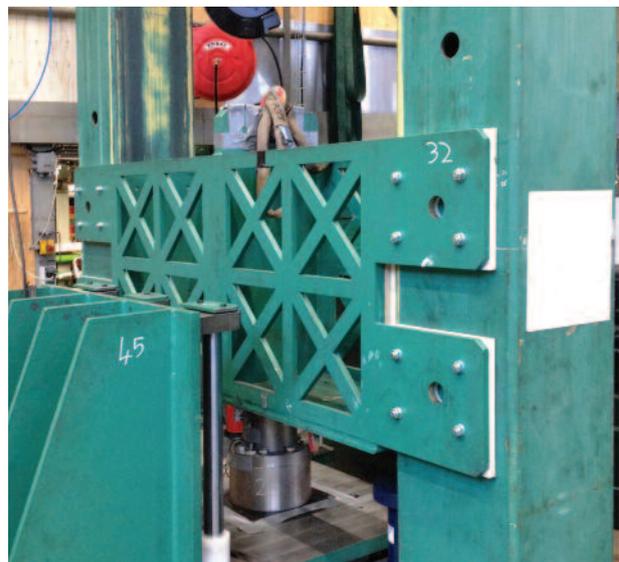
On 5 March 2015 Bernard Bigot became the third Director-General of the ITER Organization appointed by the ITER Council on the basis of an action plan to restructure the management of the ITER Project and to complete the revision of the Project Baseline (scope, schedule and cost) in line with the recommendations of the 2013 ITER Management Assessment.

Important organizational changes were introduced throughout the year to integrate ITER Organization Central Team and Domestic Agency decision-making and planning, arrest changes to system designs, increase

staff resources in key technical areas, and strengthen systems engineering. A comprehensive, project-wide schedule review resulted in a comprehensive integrated schedule and resource plan which was presented to the ITER Council in November 2015.

On-site construction activities progressed strongly in the Tokamak Pit, where the walls and columns of the lowest basement level of the Tokamak Complex (B2) are now in place, work began as planned on the B1 level in July, and the first segment of the ITER bioshield was poured. Work on the massive steel frame of the Assembly Building ended in 2015, culminating in an impressive lift operation for its 730-tonne roof in September. Construction got underway on the cryoplat and the site service buildings and a 10,000 m<sup>2</sup> warehouse was completed for the storage of ITER components.

As of 31 December, 91.20% of the Project's in-kind value has been committed through 106 Procurement Arrangements. The pace of manufacturing activities is accelerating and the first Highly Exceptional Loads from the Domestic Agencies were transported along the ITER Itinerary for delivery to the ITER site. The first Tokamak components – 460 tonnes of cryostat segments – reached the site in December. Finally, the ITER Organization celebrated the conclusion of an eight-year campaign to produce the superconductors for ITER's magnet systems. Six Domestic Agencies, through eleven Procurement Arrangements, have produced 200 kilometres of high-performance superconductors (equivalent to 2,800 metric tonnes).



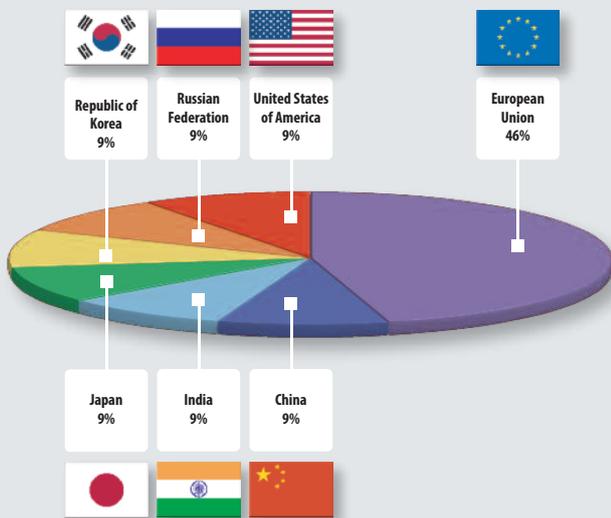
*Wham! The equivalent of 250 tonnes comes down on key pad coating samples at a specialty laboratory in The Netherlands. Ceramic coatings will have a role to play in the electrical insulation of the key pads that connect the blanket modules to the vacuum vessel.*

**Cumulative Position Statement by Member as at 31 December 2015**

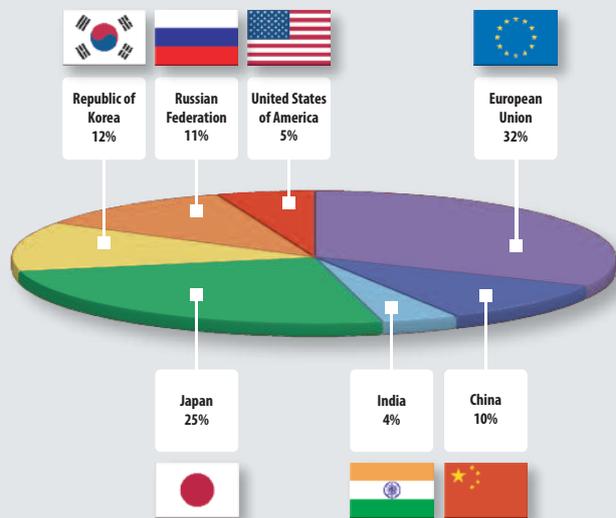
Amounts in thousands of Euro

	Agreed sharing	Contributions in Cash (cash and short-term in kind)		Contributions in Kind (Procurement Arrangements)		Total Contributions	
Euratom (*)	45.46%	607,160	45.45%	263,121	32.33%	870,281	40.48%
People's Republic of China	9.09%	121,408	9.09%	79,099	9.72%	200,507	9.33%
Republic of India	9.09%	121,378	9.09%	35,640	4.38%	157,018	7.30%
Japan (*)	9.09%	121,408	9.09%	200,525	24.64%	321,933	14.98%
Republic of Korea	9.09%	121,406	9.09%	100,784	12.38%	222,189	10.34%
Russian Federation	9.09%	121,408	9.09%	93,003	11.43%	214,410	9.97%
United States of America	9.09%	121,690	9.11%	41,732	5.13%	163,422	7.60%
<b>Total</b>		<b>1,335,857</b>		<b>813,903</b>		<b>2,149,760</b>	

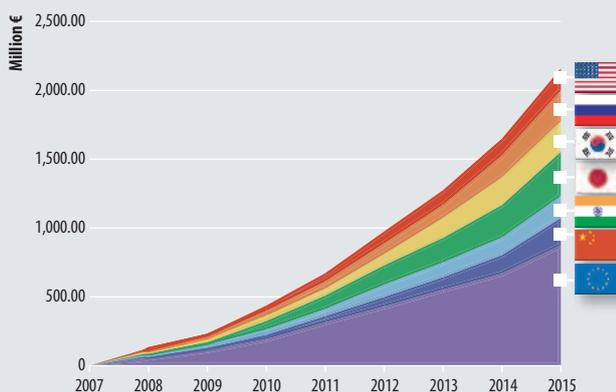
**Contributions in Cash  
(cash and short-term in kind)**



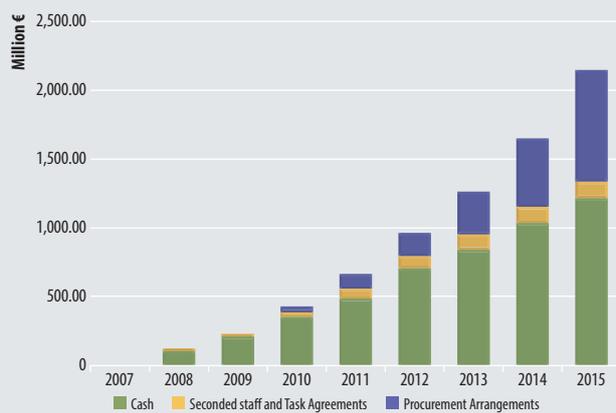
**Contributions in Kind  
(Procurement Arrangements)**



**Cumulative Position by Member**



**Deferred Contributions**



(\*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to IUA 70,535 amounting to EUR 117.26 million (including IUA 33,336 for deliverables achieved in 2015) for procurements for which the procurement responsibility has been transferred to Japan within the framework of the transferred procurement responsibilities from Euratom to Japan.

The pace of deferred contributions related to the achievement of Procurement Arrangement milestones (in blue) nearly doubled in 2015 (compared to 2014), reflecting an acceleration of the construction and the component fabrication activities.

## Risks and Uncertainties

The ITER Organization is now closing its ninth financial year and is still a relatively young organization coupled with the fact that an incredibly huge project still has to be built. Systems and procedures evolved over a period of time are documented and disseminated; these are also regularly updated and reviewed with a view to making them easy to understand and apply. Procedures are in place for imparting mandatory training courses as well as refresher courses.

Moreover, in recent years several measures have been taken in order to transfer, mitigate, avoid or to completely eliminate these risks. The aim of the exercise is to keep them at an acceptable level, and levels of residual risks are periodically assessed.

The IO could suffer direct and indirect losses arising from a wide variety of causes associated with its processes, personnel, technology and infrastructure (including site preparation and construction of the experimental asset), and from external factors arising from legal and regulatory requirements, environmental factors and on account of accepted standards of corporate behaviour.

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, objective indicators for performance, organizational structure, management supervision and monitoring, and business continuity. Requirements under these aspects are defined and measured periodically. These standards following IAEA GS-R-3 and ISO 9001 are organized through procedures that are explained in the IO's Management Quality Programme (MQP). In 2015 a total of 20 MQP procedures were reviewed in order to make them up-to-date, relevant and user friendly; this exercise will continue in 2016.

The process of risk assessment is interwoven in the process of contract awards, and the award of all the major contracts related to construction and manufacturing invariably has to include risk assessment and management documents that are evaluated by the technical responsible officers.

A risk register is maintained centrally in the Project Control Office outlining the nature of each risk, its likelihood, impact and frequency of occurrence. The impact is defined objectively in terms of monetary as well as schedule consequences. The register is regularly updated based on a mechanism of constant tracking and interfaces with the Departments and Divisions. Based on the assessment of the nature of the risk and the accompanying factors, a mitigating

strategy is formulated and put in place where required in consultation with the Departments as well as the Finance & Budget and Procurement & Contracts Divisions. The process of continuously updating the risk register along with the cost books – that are meant to capture costs at sufficiently detailed levels for each of the major processes – is undertaken on a yearly basis.

An exercise for the current year was also carried out to update risk registers at the micro levels of Sections and Divisions in the critical technical Departments in order to capture and manage the emerging risks at the appropriate level of hierarchy.

An organization-wide review of the risk portfolio is carried out annually and based on the risk assessment exercise, mitigating strategies in terms of audit plans are developed for the ensuing period. The risk-assessment exercise is comprehensive in nature covering major technical, administrative, financial, information technology (IT) and quality assurance (QA) processes. Any corrective actions that are necessary as a follow-up to the audits are monitored and reported on a regular basis.

An ethics committee comprising officials and also representatives of staff has been established to reinforce ethical standards in conduct; it meets periodically to deliberate and advise on matters of importance.



*Underground galleries like this one crisscross the platform to deliver industrial services to all the buildings of the ITER plant.*





ITER ORGANIZATION  
2015 FINANCIAL STATEMENTS

**Statement of Financial Position as at 31 December 2015***Amounts in thousands of Euro***Assets**

	Notes	31.12.2015	31.12.2014
<b>Current assets</b>		<b>288,670</b>	<b>200,438</b>
Cash and cash equivalents	A3	141,849	146,558
Recoverables from non-exchange transactions	A4	135,916	34,466
Receivables from exchange transactions	A5	9,051	17,958
Prepayments	A6	1,853	1,457
<b>Non-current assets</b>		<b>2,207,278</b>	<b>1,668,363</b>
Property, plant and equipment	A7	2,198,632	1,661,118
Intangible assets	A8	8,644	7,243
Financial assets		2	2
<b>Total Assets</b>		<b>2,495,947</b>	<b>1,868,802</b>

**Liabilities**

<b>Current liabilities</b>		<b>232,315</b>	<b>122,063</b>
Payables	A9	229,567	119,810
Employee benefits liabilities	A10	2,748	2,253
<b>Non-current liabilities</b>		<b>2,263,632</b>	<b>1,746,738</b>
Deferred revenue	A12	2,263,632	1,746,738
<b>Total Liabilities</b>		<b>2,495,947</b>	<b>1,868,802</b>

**Net Assets / Equity**

Brought forward surplus		-	-
<b>Total Net Assets / Equity</b>		-	-

**Statement of Financial Performance for the Year ended 31 December 2015***Amounts in thousands of Euro*

	Notes	2015	2014
<b>Revenue</b>			
Deferred contributions from Members	A12	3,427	3,314
Construction contracts and partnership arrangement	A13	4,269	2,702
Other revenue	A13	152	91
<b>Total Revenue</b>		<b>7,847</b>	<b>6,107</b>
<b>Expenses</b>			
Employee benefits	A14	86,725	76,632
Other expenses	A15	22,758	20,307
Depreciation of property, plant and equipment	A7	3,150	3,029
Amortization of intangible assets	A8	276	285
<b>Total Expenses</b>		<b>112,910</b>	<b>100,253</b>
Net costs of ITER Organization activities capitalized	A7	105,063	94,145
<b>Surplus / (deficit) for the period</b>		-	-

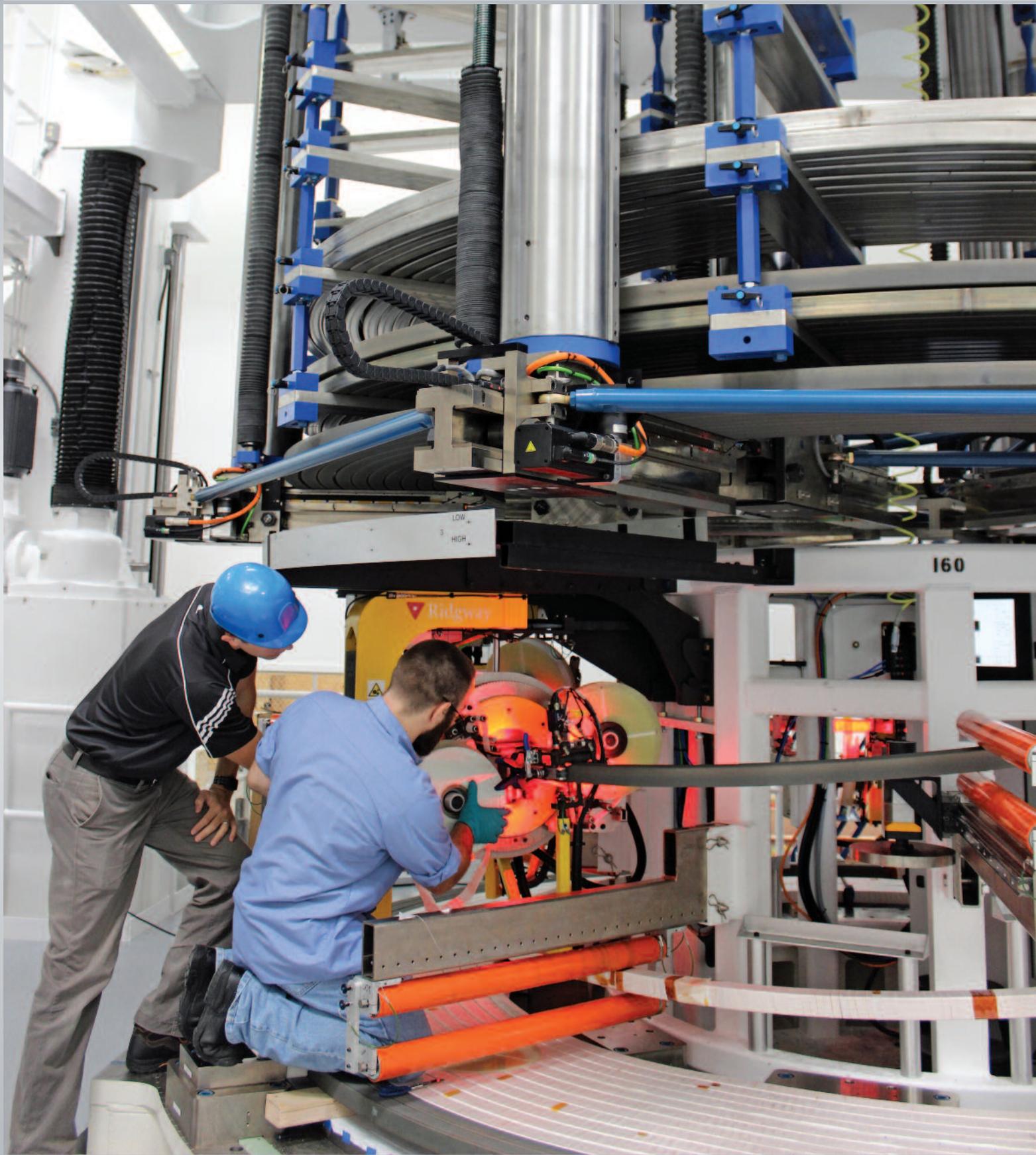
**Cash Flow Statement for the Year ended 31 December 2015***Amounts in thousands of Euro*

	Notes	2015	2014
<b>Cash flow from operating activities</b>			
<b>Cash Received</b>			
- Contributions from Members		169,608	174,141
- Construction Contracts		1,663	11,290
- Partnership Arrangement		550	550
- Agreements		4,067	2,405
- Interests received		1,044	1,585
- Other		49	4,423
<b>Cash Used</b>			
- Construction Contracts		(3,966)	(2,175)
- Partnership Arrangement		(431)	(414)
- Agreements		(446)	(338)
<b>Net cash flows from operating activities</b>		<b>172,139</b>	<b>191,467</b>
<b>Cash flow from investing activities</b>			
<b>Cash Received</b>			
- VAT reimbursements		19,482	7,406
<b>Cash Used</b>			
- Capital Expenditure		(196,357)	(181,666)
<b>Net cash flows from investing activities</b>		<b>(176,876)</b>	<b>(174,260)</b>
<b>Cash flow from financing activities</b>			
Cash flow from financing activities		-	-
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents		(4,737)	17,207
Unrealized gains/(losses) on transactions in foreign currencies		28	12
Cash and cash equivalents at 1 January		146,558	129,339
<b>Cash and cash equivalents at 31 December</b>	A3	<b>141,849</b>	<b>146,558</b>

**Statement of Changes in Net Assets/Equity for the Year ended 31 December 2015***Amounts in thousands of Euro*

	2015	2014
<b>Balance at 1 January</b>	-	-
Surplus/(deficit)	-	-
<b>Net assets / equity at 31 December</b>	<b>-</b>	<b>-</b>

*The first module for ITER's central solenoid is in production in the US following the successful commissioning of 11 tooling stations, including the turn insulation station (pictured). During turn insulation, the module is carefully un-sprung so that the machine heads can wrap insulation around the conductor. Photo: US ITER*



### Comparison of Budget and Actual Amounts for the Year ended 31 December 2015

Amounts in thousands of Euro

	Chapter	Initial budget 2015	Final budget 2015	Actual amounts 2015	Actual amounts 2014
<b>Income</b>					
Contributions from Members	71	177,790	177,790	181,935	202,209
Internal tax	72	15,655	15,655	16,453	14,886
Financial Income	73	750	750	1,162	1,645
Other Income	74	266	266	550	(10,941)
<b>Total Income</b>	(a)	<b>194,461</b>	<b>194,461</b>	<b>200,100</b>	<b>207,799</b>
<b>Payments</b>					
Direct Investment (Fund)	11	70,109	83,674	58,064	49,901
R&D Expenditure	21	6,353	2,596	5,875	10,125
Staff Expenditure	31	86,472	84,712	86,668	79,182
Organizational Expenditure	32	31,527	23,479	47,376	57,891
<b>Total Payments</b>	(b)	<b>194,461</b>	<b>194,461</b>	<b>197,984</b>	<b>197,099</b>
<b>Budget Out-turn</b>	(a)-(b)	-	-	<b>2,116</b>	<b>10,701</b>

## Notes to the 2015 Financial Statements

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### Note A1 - Basis of Preparation

The 2015 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. Fixed assets and contributions arising from Procurement Arrangements (PAs) are measured and accounted at their agreed values (as defined in the ITER Agreement).

The amount of revenue deferred is directly correlated with the amount of costs capitalized. Specifically, the full cost capitalization approach, adopted by the ITER Organization (IO), implies that related Members' contributions are deferred to the same extent and the fixed asset depreciation and write back of the deferred revenue should be equivalent during the operating life of the asset. 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 an equivalent amount of Members' contributions is shown as revenue recorded in the Statement of Financial Performance. Because of the nature of the IO, the impact of either partial or full cost capitalization is generally without consequence on the net result of the organization during the Construction Phase.



*During French President François Hollande's visit to an industrial plant in Sassenage, France, he is greeted by Director-General Bernard Bigot. The visit included a tour of components in fabrication for ITER's cryoplant.*

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.

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 IO, and that the cost or fair value of the item has been measured reliably. Such expenditure is incurred in accordance with the IO's objectives and therefore is considered to meet the 'service potential' criteria.

The Cash Flow Statement is now presented using the "Direct Method" which gives a better understanding of the gross cash receipts and payments.

The budgetary statements are prepared on a modified cash basis as required by the PRMR. The reconciliation between the Cash Flow Statement and the Budget Out-turn is provided in Note A17.

The differences between the initial and final budgets for 2015 reflect the consequences of the reallocations within the budgets made during the reporting year. The final budgets don't include the unrealized and unused appropriations from previous years. More details can be found in the Notes to the 2015 Budget Execution Statements.

## Note A2 - Significant Accounting Policies

### a) Foreign Exchange Accounting

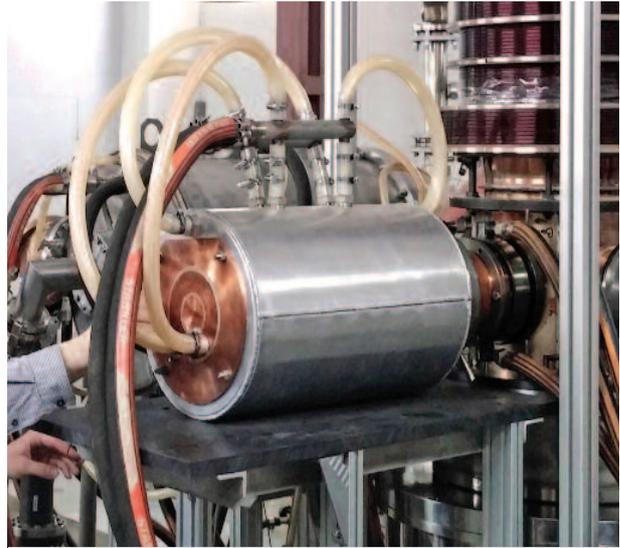
The Financial Statements are presented in thousands of Euro, which is the IO's functional and presentation currency.

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 IO'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.

The applied conversion rate for IUA in 2015 was 1 IUA equals EUR 1,690.12 (versus EUR 1,683.39 in 2014).



*A gyrotron prototype successfully passes factory acceptance tests in May. Russia is responsible for procuring 8 of the 24 energy-generating devices that will inject powerful microwaves into the plasma. Photo: ITER Russia*

### b) Use of Estimates and Judgements

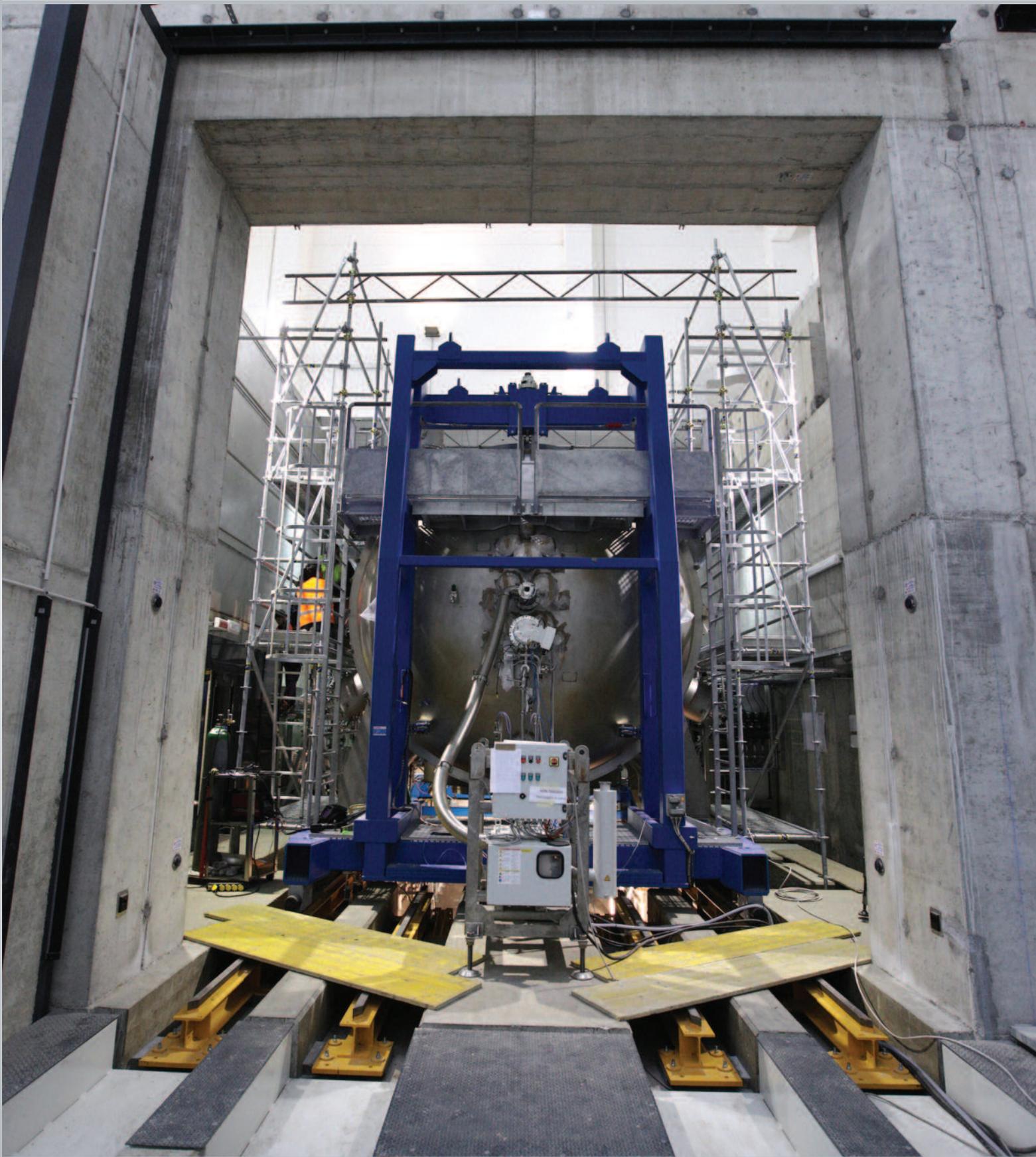
The preparation of the Financial Statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. 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 together with associated infrastructure costs comprising buildings, fixtures and fittings, IT equipment, furniture and transport equipment necessary to conduct the project.

The cost of a PPE item comprises its purchase price, including import duties, any non-refundable purchase taxes and attributable costs of bringing the asset to working condition for its intended use. Examples of 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

*ITER neutral beam technology will be tested in advance of operation at the PRIMA test facility in Padua, Italy. This vacuum vessel, procured by Europe, is one of the first components to be installed on PRIMA's ITER-scale negative ion source testbed, SPIDER. Photo: F4E*



in the cost of the asset. The costs of self-constructed assets include costs of materials and any other costs 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.

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. PA milestones recorded as under construction are split into two categories, either as Advance for milestones related to assets produced without transfer of control/responsibilities and risks from the DAs to the IO, or as Capital Work in Progress (CWIP) for milestones related to assets produced with transfer of control/responsibilities and risks from the DAs to the IO. Accrued values at year end are also recorded as PPE under construction at reception of the milestone.

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.

Concerning the experimental equipment under construction, and given its technical nature and the intrinsic difficulty in identifying separate useful lives to such costs, related expenditure is capitalized as a single component and depreciated over a uniform period.

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

The estimated useful lives of PPE in line with general conventions 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 IO'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.

#### 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 IO, and any unforeseen difficulties which may require a revision of the asset's depreciation 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

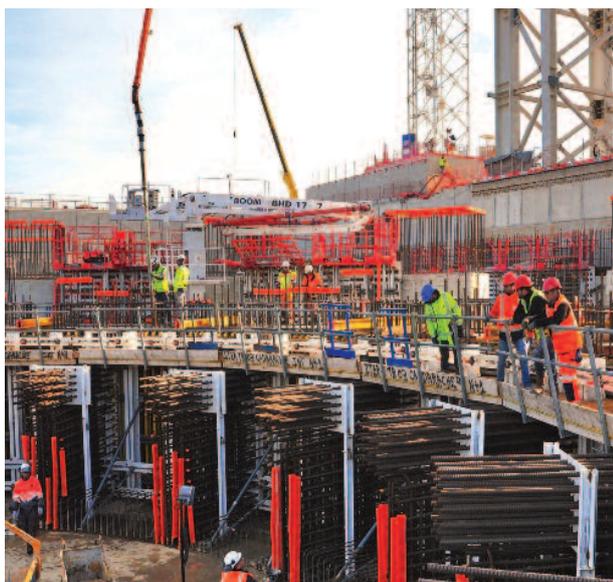
Expenditure on intangible assets relating to the experimental equipment is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the IO and if the cost or fair value of the item can be measured reliably. Such expenditure is incurred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

Intangible assets relating to in-kind contributions from Members are initially recorded at values agreed with the Members using the Euro/IUA conversion rate prevailing for the year of their completion.

In the Statement of Financial Position, other intangible



*Vacuum vessel welding operations will last four years and involve 200 people. R&D is underway in Europe now to qualify and test the sophisticated tools that will manoeuvre the complex geometry of the sectors and ports.*



*The first 200° segment of the ITER bioshield is poured in October. The three-metre-thick concrete structure has a structural role to play in addition to protecting workers and the environment from radiation.*

assets acquired by the IO which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets expenditure is capitalized only when it increases the future economic benefits or service potential embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and licenses, is recognized in the Statement of Financial Performance as incurred.

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 2 - 5 years  
Amortization methods, useful lives and residual values are reviewed on each reporting date.

Acquisitions of intangible assets which are individually under 3 IUA are expensed directly to the Statement of Financial Performance.

#### **f) Spare Parts**

Spare parts are measured at the lower of cost and net realizable value except when received in kind from the IO's Members. In such a case they are measured at their agreed value. Their costs are based on the first-in/first-out principle, and include expenditure incurred in acquiring them, conversion costs and other costs incurred in bringing them to their existing location and condition. No spare parts/inventories had been recorded at 31 December 2015.

#### **g) Employee Benefits**

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

- **Defined contribution pension plan**  
The IO has a defined contribution pension plan for its employees, which is a post-employment benefit plan under which it pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to such defined pension contribution plans are recognized as employee benefit expenses when they are due.
- **Short-term benefits**  
The IO 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 IO. These employer contributions are expensed in the period when 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 in question. Termination benefits are recognized as an expense upon termination of the employment contract for one of the reasons stipulated in the Staff Regulations.

#### **h) Revenue Recognition**

IO revenue comprises contributions from the Members, miscellaneous income, internal tax, financial income, revenue from construction contracts, exchange rate gains, donations and the contribution resulting from the Partnership Arrangement 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 requested. Any contribution which has not been fully paid up 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.

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

The construction of some assets may take place in the country of a Member over several years. Upon attainment of certain milestones, Members' contributions relating to PPE are recorded within the PPE under construction.

- **Internal Tax**  
An Internal Tax is applied to the basic salary of the IO's employees and collected monthly by the IO. This revenue is deferred and will be used for salaries, related benefits and infrastructure.
- **Financial Income**  
Financial Income is an income generated by the cash held on secured fixed-term deposits in the banks. This revenue is deferred and will be used whenever required and agreed by the ITER Council.
- **Donation and Sponsorship**  
The principle of Donation and Sponsorship was agreed by the ITER Council in 2015 under certain conditions. These additional resources, if any, do not modify the level of the agreed Members' Contributions nor its sharing.  
The costs incurred by the IO arising from any donation or sponsorship agreements are therefore not considered as part of the construction costs of the experimental equipment.

#### **i) Construction Contracts**

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

- Revenue shall be recognized only to the extent of contract costs incurred; and
- Contract costs shall be 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.

#### **j) Related Parties**

The IO is governed by its seven Members and works closely with their representative DAs.

All transactions made between the IO and the DAs are by essence intended to build ITER's facilities.

No material-related party transaction was identified in 2015.

#### **k) Provisions**

A provision is recognized if, as a result of a past event, the IO 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, Members shall contribute jointly, through the Budget of the IO, to the accumulation of the Decommissioning Fund from the date of First Plasma throughout the Operation Phase by regular annual payments. Upon achievement of the date of First Plasma, the Decommissioning Fund will be established accordingly.

#### **l) Segment Reporting**

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

#### **m) Financial Instruments**

The IO 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 all held to maturity.

#### **n) Events After the Reporting Date**

No favourable or unfavourable event occurred after the reporting date.



*Magnet instrumentation feedthroughs must operate in an environment characterized by high voltage, high vacuum, high magnetic field and radiation. The first prototypes of these challenging components were delivered for inspection in 2015.*

**Note A3 - Cash and Cash Equivalents***Amounts in thousands of Euro*

	31.12.2015	31.12.2014
<b>Cash at bank - Euro accounts</b>	<b>39,697</b>	<b>32,453</b>
HSBC France	36,701	32,433
BNP Paribas France	2,996	20
<b>Cash at bank - JP Yen account</b>	<b>19</b>	<b>198</b>
HSBC France	19	198
<b>Cash at bank - US Dollar accounts</b>	<b>35</b>	<b>167</b>
HSBC France	6	25
HSBC USA	95	155
HSBC USA, Cheques issued and not yet disbursed	(66)	(14)
<b>Short-term deposits with banks - Euro accounts</b>	<b>102,098</b>	<b>113,740</b>
BNP Paribas France	1,404	51,154
Crédit Agricole PCA France	65,038	-
Crédit Mutuel France	35,656	62,586
<b>Total Cash and Cash Equivalents</b>	<b>141,849</b>	<b>146,558</b>

The IO's cash and cash equivalents balances arise from Members' contributions, financial income and other income including the annual contribution from the Partnership Arrangement with the Principality of Monaco and revenue from the other Arrangements.

The high level of cash at year end takes into account the EUR 63.52 million received in advance from the Members (detailed in Note A9).

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 year-end exchange rates prevailing on 31 December 2015.

In 2015 Financial Income of EUR 1.30 million was realized by the IO. This amount represents an average rate of return of 0.90% of the average daily available cash balance (invested). In comparison, the average 2015 Eonia® (Euro OverNight Index Average) index was -0.11%. As the IO 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*

	31.12.2015	31.12.2014
<b>Members' cash contributions yet to be received</b>	<b>7,376</b>	<b>12,517</b>
Euratom	-	-
People's Republic of China	-	-
Republic of India	6,929	12,517
Japan	-	-
Republic of Korea	23	-
Russian Federation	-	-
United States of America	423	-
<b>Accrued Members' in-kind contributions</b>	<b>116,830</b>	<b>8,219</b>
Euratom	55,416	3,762
People's Republic of China	32,035	202
Republic of India	42	1,136
Japan	27,267	2,567
Republic of Korea	-	-
Russian Federation	1,671	-
United States of America	398	551
<b>Other recoverables from non-exchange transactions</b>	<b>11,710</b>	<b>13,730</b>
EU Domestic Agency	485	387
CN Domestic Agency	-	-
IN Domestic Agency	290	137
JA Domestic Agency	-	-
KO Domestic Agency	-	-
RF Domestic Agency	-	-
US Domestic Agency	769	653
Personnel - Advances	-	-
VAT receivable	10,131	12,529
Other	35	24
<b>Total Recoverables from Non-Exchange Transactions</b>	<b>135,916</b>	<b>34,466</b>

'Accrued Members' in-kind contributions' corresponds to short-term (EUR 2.30 million) and long-term (EUR 114.53 million) in-kind deliverables received by the IO but not formally credited at the reporting date. The counterpart is accrued in payables and shown in Note A9.

Other recoverables have been recorded mainly for suspense accounts payments for EU-DA (EUR 485 thousand), IN-DA (EUR 290 thousand) and US-DA (EUR 769 thousand).

The IO 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 Ministry of Foreign Affairs (the amount already requested at reporting date was EUR 5.62 million, the amount to be requested was EUR 3.74 million and the VAT on accruals was EUR 0.78 million).

*The technically challenging fabrication of the ITER vacuum vessel is progressing in both Korea and Europe. In this photo, a dimensional survey is carried out by a European contractor on one of the vacuum vessel's in-wall shielding supports. Photo: F4E*



**Note A5 - Receivables from Exchange Transactions***Amounts in thousands of Euro*

	31.12.2015	31.12.2014
Down payment to suppliers	8,789	17,958
Accrued interest	259	0
Construction contracts	3	-
<b>Total Receivables from Exchange Transactions</b>	<b>9,051</b>	<b>17,958</b>

'Down payment to suppliers' shows the open amount paid to suppliers for financing their long-lead procurement items (cryostat, vacuum vessel, superconducting magnet system etc.). Where material, these amounts are covered by bank guarantees.

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

**Note A6 - Prepayments***Amounts in thousands of Euro*

	31.12.2015	31.12.2014
Maintenance licences	779	745
Licence fees	681	408
Subscriptions	180	154
Maintenance and repair	104	94
Insurance	23	24
Communication	54	9
Training provider	1	6
Other	32	18
<b>Total Prepayments</b>	<b>1,853</b>	<b>1,457</b>

Prepayments correspond to expenditure incurred in 2015 for which the acquired services relate to 2016 or beyond.

**Note A7 - Property, Plant and Equipment (PPE)**

Amounts in thousands of Euro

	Land and buildings	Fixtures and fittings	Vehicles, IT telecom, office equipment, furniture	'Machine' under construction				Total
				Activities costs capitalized	Direct investment	Advances	Capital work in progress	
<b>Cost</b>								
<b>Balance 31.12.2013</b>	<b>53,874</b>	<b>552</b>	<b>7,628</b>	<b>740,798</b>	<b>122,001</b>	<b>228,127</b>	<b>160,821</b>	<b>1,313,801</b>
Additions	63	25	533	94,145	76,255	111,644	76,822	359,488
Disposals	-	-	-	-	-	-	-	-
Transfers	8,431	-	-	-	(8,010)	-	(421)	-
<b>Balance 31.12.2014</b>	<b>62,368</b>	<b>577</b>	<b>8,161</b>	<b>834,943</b>	<b>190,246</b>	<b>339,771</b>	<b>237,223</b>	<b>1,673,289</b>
Additions	7,508	80	384	105,063	101,360	228,684	97,585	540,664
Disposals	-	-	(600)	-	-	-	-	(600)
Transfers	3,255	133	-	-	(3,388)	-	-	-
<b>Balance 31.12.2015</b>	<b>73,131</b>	<b>790</b>	<b>7,945</b>	<b>940,006</b>	<b>288,218</b>	<b>568,455</b>	<b>334,808</b>	<b>2,213,352</b>
<b>Accumulated depreciation</b>								
<b>Balance 31.12.2013</b>	<b>(3,852)</b>	<b>(165)</b>	<b>(5,125)</b>					<b>(9,142)</b>
Depreciation of the year	(1,890)	(46)	(1,094)					(3,029)
Write-back (disposals)	-	-	-					-
<b>Balance 31.12.2014</b>	<b>(5,742)</b>	<b>(210)</b>	<b>(6,218)</b>					<b>(12,170)</b>
Depreciation of the year	(2,239)	(63)	(848)					(3,150)
Write-back (disposals)	-	-	600					600
<b>Balance 31.12.2015</b>	<b>(7,980)</b>	<b>(274)</b>	<b>(6,467)</b>					<b>(14,720)</b>
<b>Net carrying amount</b>								
<b>Balance 31.12.2014</b>	<b>56,626</b>	<b>367</b>	<b>1,943</b>	<b>834,943</b>	<b>190,246</b>	<b>339,771</b>	<b>237,223</b>	<b>1,661,118</b>
Net variation	8,524	150	(464)	105,063	97,972	228,684	97,585	537,513
<b>Balance 31.12.2015</b>	<b>65,150</b>	<b>517</b>	<b>1,478</b>	<b>940,006</b>	<b>288,218</b>	<b>568,455</b>	<b>334,808</b>	<b>2,198,632</b>

The PPE transferred during the reporting period from 'Under construction - Direct investment' to 'Land and buildings' is mainly related to the Headquarters' extension and the storage facilities.

'Direct Investment' includes EUR 13.39 million capitalized from the Reserve Fund.

'Capital work in progress' and 'Advances' reflect the statuses of the credit granted/deliveries of the Procurement Arrangements (PAs) and Task Agreements (TAs) in kind. They reflect the steep increase of the milestones (PAs) achieved during the reporting period.

**Note A8 - Intangible Assets***Amounts in thousands of Euro*

	Computer software	Intangible assets under development (computer software)	Total
<b>Cost</b>			
<b>Balance 31.12.2013</b>	<b>4,495</b>	<b>3,751</b>	<b>8,246</b>
Additions	279	2,960	3,239
Disposals	-	-	-
Transfers	-	-	-
<b>Balance 31.12.2014</b>	<b>4,774</b>	<b>6,710</b>	<b>11,485</b>
Additions	489	1,188	1,677
Disposals	-	-	-
Transfers	-	-	-
<b>Balance 31.12.2015</b>	<b>5,264</b>	<b>7,899</b>	<b>13,162</b>
<b>Accumulated amortization</b>			
<b>Balance 31.12.2013</b>	<b>(3,956)</b>		<b>(3,956)</b>
Amortization of the year	(285)		(285)
Write-back (disposals)	-		-
<b>Balance 31.12.2014</b>	<b>(4,241)</b>		<b>(4,241)</b>
Amortization of the year	(276)		(276)
Write-back (disposals)	-		-
<b>Balance 31.12.2015</b>	<b>(4,518)</b>		<b>(4,518)</b>
<b>Net carrying amount</b>			
<b>Balance 31.12.2014</b>	<b>533</b>	<b>6,710</b>	<b>7,243</b>
Net variation	213	1,188	1,401
<b>Balance 31.12.2015</b>	<b>746</b>	<b>7,899</b>	<b>8,644</b>

**Note A9 - Payables***Amounts in thousands of Euro*

	31.12.2015	31.12.2014
<b>Advance Payments on Members' Contributions</b>	<b>63,520</b>	<b>75,349</b>
Euratom	29,325	42,733
People's Republic of China	15,024	9,185
Republic of India	-	-
Japan	-	2,132
Republic of Korea	-	2,069
Russian Federation	19,171	17,464
United States of America	-	1,767
<b>Other Payables</b>	<b>166,047</b>	<b>44,462</b>
Accruals from Creditors (suppliers and accrued charges)	17,508	15,825
Accruals from Reserve Fund	13,390	-
Accruals from Task Agreements in kind	2,303	4,313
Accruals from Procurement Arrangements in kind	114,527	3,905
Construction Contracts and Partnership Arrangement	18,025	20,078
Personnel travel costs	145	247
Other	149	94
<b>Total Payables</b>	<b>229,567</b>	<b>119,810</b>

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

'Accruals from Creditors (suppliers and accrued charges)' is the liability recognized in the 2015 Financial Statements but not yet paid as at 31 December 2015. It includes the Task Agreements in cash.

'Accruals from Reserve Fund' will be either paid or adjusted against Members' future Contributions.

'Accruals from Task Agreements in kind' and 'Accruals from Procurement Arrangements in kind' represent the values recognized in the 2015 Financial Statements but not yet formally credited as at 31 December 2015. The counterpart is shown in Note A4.

'Construction Contracts and Partnership Arrangement' relates 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 IO. Details are provided under Note A16.

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

'Other' relates to administrative management agreements.

**Note A10 - Employee Benefits Liabilities***Amounts in thousands of Euro*

	31.12.2015	31.12.2014
Accrued untaken leave	1,886	1,386
Social benefits	862	867
<b>Total Employee Benefits Liabilities</b>	<b>2,748</b>	<b>2,253</b>

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

The accrued untaken leave liability is net of an amount of EUR 14 thousand arising from excessive leave taken during the reporting period. The accrued untaken leave liability is computed on gross basis and therefore includes an amount of EUR 374 thousand of internal taxes.

'Social benefits' is the amount outstanding for social security and pension schemes.

**Note A11 - Provisions and Contingent Liabilities**

- Asset Decommissioning / Site Restoration

No such provision has been recorded at 31 December 2015 as the experimental equipment is still in the Construction Phase.

- Contingent Liabilities

There are eight cases pending before the Tribunal/Court but it should not represent a significant contingent liability at this time. In the opinion of the IO Legal Affairs, the final outcome of these legal actions and claims is not material and not reliably measurable. Therefore, no provision is recorded in the accounts. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determined.

**Note A12 - Deferred Revenue at 31 December 2015***Amounts in thousands of Euro*

	Cash			Short-term in kind Seconded staff and Task Agreements		
	End of 2014	2015	End of 2015	End of 2014	2015	End of 2015
<b>Deferred contributions</b>						
Euratom (*)	452,502	80,174	532,676	73,149	1,335	74,484
People's Republic of China	101,998	15,995	117,993	3,415	-	3,415
Republic of India	100,204	16,733	116,937	4,422	19	4,442
Japan (*)	104,373	16,161	120,534	874	-	874
Republic of Korea	97,384	14,433	111,817	9,356	233	9,589
Russian Federation	101,353	16,854	118,207	3,201	-	3,201
United States of America	80,542	15,945	96,487	23,161	2,043	25,203
<b>Total Deferred contributions</b>	<b>1,038,356</b>	<b>176,295</b>	<b>1,214,651</b>	<b>117,577</b>	<b>3,630</b>	<b>121,207</b>
<b>Other deferred revenue</b>						
Internal tax	84,714	16,453	101,167			
Donations	22,400	-	22,400			
Financial income	8,868	1,303	10,171			
<b>Total Other deferred revenue</b>	<b>115,982</b>	<b>17,755</b>	<b>133,737</b>			
<i>Write back to revenue (Deferred contributions from Members)</i>						
<b>Total deferred revenue</b>	<b>1,154,338</b>	<b>194,050</b>	<b>1,348,388</b>	<b>117,577</b>	<b>3,630</b>	<b>121,207</b>

(\*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to IUA 70,535 amounting to EUR 117.26 million (including IUA 33,336 for deliverables achieved in 2015) 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 2014	2015	End of 2015	End of 2014	2015	End of 2015	End of 2014	2015	End of 2015
525,651	81,509	607,160	143,344	119,777	263,121	668,995	201,286	870,281
105,413	15,995	121,408	30,317	48,782	79,099	135,730	64,777	200,507
104,626	16,752	121,378	25,875	9,765	35,640	130,501	26,517	157,018
105,247	16,161	121,408	128,367	72,158	200,525	233,614	88,319	321,933
106,739	14,666	121,406	91,519	9,265	100,784	198,258	23,931	222,189
104,554	16,854	121,408	52,796	40,207	93,003	157,350	57,061	214,410
103,703	17,988	121,690	19,045	22,686	41,732	122,748	40,674	163,422
<b>1,155,933</b>	<b>179,925</b>	<b>1,335,857</b>	<b>491,263</b>	<b>322,640</b>	<b>813,903</b>	<b>1,647,196</b>	<b>502,564</b>	<b>2,149,760</b>
84,714	16,453	101,167				84,714	16,453	101,167
22,400	-	22,400				22,400	-	22,400
8,868	1,303	10,171				8,868	1,303	10,171
<b>115,982</b>	<b>17,755</b>	<b>133,737</b>				<b>115,982</b>	<b>17,755</b>	<b>133,737</b>
						(16,440)	(3,427)	(19,866)
<b>1,271,915</b>	<b>197,680</b>	<b>1,469,595</b>	<b>491,263</b>	<b>322,640</b>	<b>813,903</b>	<b>1,746,738</b>	<b>516,893</b>	<b>2,263,632</b>

**Note A13 - Other Revenue***Amounts in thousands of Euro*

	2015	2014
Exchange rate gains	152	91
Construction contracts and partnership arrangement	4,269	2,702
Other	0	-
<b>Total Other Revenue</b>	<b>4,421</b>	<b>2,793</b>

'Exchange rate gains' is generated by realized exchange rate transactions and shown in this Note whereas the losses are in Note A15.

'Construction contracts and partnership arrangement' is the revenue dedicated to specific projects, construction contracts (SSEN, TBS, TCWS, TFCC and VAS) and the Partnership Arrangement with the Principality of Monaco (MCP). Details can be found in Note A16.

**Note A14 - Employee Benefits***The personnel costs are detailed in the table below:**Amounts in thousands of Euro*

	Professional staff		Technical support staff		Total	
	2015	2014	2015	2014	2015	2014
Wages and salaries	46,023	43,380	17,759	14,000	63,782	57,379
Pension funds	6,539	6,075	2,505	1,979	9,044	8,054
Medical care insurance	1,168	1,085	447	353	1,615	1,438
Life and invalidity insurances	467	434	179	141	646	575
Other employee benefits	6,273	5,961	2,516	2,350	8,789	8,311
Accrued untaken leave	371	(3)	129	7	500	4
Awards	168	128	111	65	279	193
Indemnities for loss of job	1,226	25	-	-	1,226	25
On-call duty indemnity			56	48	56	48
Seconded staff	1,584	1,824	103	45	1,687	1,868
Bonus for temporary assignment	4	0			4	0
Trainees					123	86
Occupational medicine / infirmary					261	218
Social activities					121	74
Other (canteen)					280	227
<b>Total</b>	<b>63,822</b>	<b>58,908</b>	<b>23,805</b>	<b>18,987</b>	<b>88,412</b>	<b>78,500</b>
Total excluding seconded staff	62,238	57,084	23,703	18,943	86,725	76,632

An internal tax is applied to basic salary costs including overtime and night work. This tax is collected by the IO 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 IO. '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 IO has set up a defined pension contribution scheme with an external company. Contributions equal to 7% of

gross basic salary are deducted from employee remuneration and are supplemented by a contribution from the IO of 14% of gross basic salary.

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

The aggregate gross remuneration of the Director-General and the two Directors of Department was EUR 1.42 million. This amount includes the costs related to the senior managers (the former DG and the former three DDGs) in place before and during the reorganization which was carried out during the reporting period (in 2014, the aggregate gross remuneration of the Director-General and the three Directors of Department was EUR 1.14 million).

On 31 December 2015 the IO had the following numbers of staff, per category:

	Professional staff		Technical support staff		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
ITER Organization staff (Direct Employed Staff)	345	337	256	238	601	575
Seconded staff	10	11	1	1	11	12
<b>Sub-total within cap(*)</b>	<b>355</b>	<b>348</b>	<b>257</b>	<b>239</b>	<b>612</b>	<b>587</b>
Others (postdoctoral and IO staff recruited for work on Construction Contracts)	19	13	11	9	30	22
<b>Total</b>	<b>374</b>	<b>361</b>	<b>268</b>	<b>248</b>	<b>642</b>	<b>609</b>

(\*) The cap for the number of staff decided by the ITER Council for the year is 676.



**Note A15 - Other Expenses***Amounts in thousands of Euro*

	<b>2015</b>	<b>2014</b>
Telecom and IT equipment	669	278
Electricity	641	663
Small fitting-out premises	377	149
Office supplies	244	137
Furniture and equipment	176	467
Water	96	107
Other	116	105
<b>Total supplies and consumables</b>	<b>2,319</b>	<b>1,906</b>
External services	10,965	9,039
Maintenance and repairs	2,957	2,586
Travel and related costs (staff)	2,303	2,566
Licence yearly fees	872	872
Temporary staff / other personnel	756	649
Documentation and seminar expenses (conferences)	728	713
Removal expenses	536	578
Travel and related costs (external)	492	377
Post and telecommunication	262	352
Communication costs	141	166
Receptions and representation costs	124	155
Insurance	100	95
Rental of equipment and buildings	84	171
Exchange rate losses	33	31
Transport of goods	28	22
Bank charges	3	2
Other	53	25
<b>Total external services and other expenses</b>	<b>20,439</b>	<b>18,401</b>
<b>Total Other Expenses</b>	<b>22,758</b>	<b>20,307</b>

**Note A16 - Construction Contracts and Partnership Arrangement**

Amounts in thousands of Euro

	Construction Contracts					TOTAL	Partnership MCP
	SSEN	TBS	TCWS	TFCC	VAS		
<b>Total amounts of revenue agreed in the arrangements</b>	<b>393</b>	<b>3,800</b>	<b>95,598</b>	<b>1,880</b>	<b>5,381</b>	<b>107,053</b>	<b>5,500</b>
<b>At 01.01.2014</b>							
Costs incurred to date			-			-	(2,658)
Revenue recognized to date			-			-	2,658
Advances requested to date			21,794			21,794	2,700
Advances received to date			(10,897)			(10,897)	(2,700)
Gross amount due to date			10,897			10,897	-
<b>At 31.12.2014</b>							
Employee benefits recognized in the period	-		(1,669)			(1,669)	(415)
Other expenses recognized in the period	-		(619)			(619)	1
<b>Costs incurred in the period</b>	<b>-</b>		<b>(2,288)</b>			<b>(2,288)</b>	<b>(414)</b>
<b>Revenue recognized in the period</b>	<b>-</b>		<b>2,288</b>			<b>2,288</b>	<b>414</b>
<b>Costs incurred to date</b>	<b>-</b>		<b>(2,288)</b>			<b>(2,288)</b>	<b>(3071)</b>
<b>Revenue recognized to date</b>	<b>-</b>		<b>2,288</b>			<b>2,288</b>	<b>3,071</b>
Surplus (or deficit) recognized to date	-		-			-	-
Advances requested in the period	393		-			393	550
Advances received in the period	(393)		(10,897)			(11,290)	(550)
Gross amount due	-		-			-	-
<b>Unused at 31.12.2014</b>	<b>393</b>		<b>19,506</b>			<b>19,899</b>	<b>179</b>
<b>At 31.12.2015</b>							
Employee benefits recognized in the period	(75)	-	(2,817)	-	(97)	(2,988)	(377)
Other expenses recognized in the period	(253)	-	(550)	(82)	(19)	(903)	-
<b>Costs incurred in the period</b>	<b>(328)</b>	<b>-</b>	<b>(3,366)</b>	<b>(82)</b>	<b>(115)</b>	<b>(3,892)</b>	<b>(377)</b>
<b>Revenue recognized in the period</b>	<b>328</b>	<b>-</b>	<b>3,366</b>	<b>82</b>	<b>115</b>	<b>3,892</b>	<b>377</b>
<b>Costs incurred to date</b>	<b>(328)</b>	<b>-</b>	<b>(5,655)</b>	<b>(82)</b>	<b>(115)</b>	<b>(6,180)</b>	<b>(3,448)</b>
<b>Revenue recognized to date</b>	<b>328</b>	<b>-</b>	<b>5,655</b>	<b>82</b>	<b>115</b>	<b>6,180</b>	<b>3,448</b>
Surplus (or deficit) recognized to date	-	-	-	-	-	-	-
Advances requested in the period	-	380	-	1,172	112	1,663	550
Advances received in the period	-	(380)	-	(1,172)	(112)	(1,663)	(550)
Gross amount due	-	-	-	-	-	-	-
<b>Unused at 31.12.2015</b>	<b>65</b>	<b>380</b>	<b>16,139</b>	<b>1,089</b>	<b>(3)</b>	<b>17,670</b>	<b>352</b>
Advances requested to date	393	380	21,794	1,172	112	23,851	3,800
Advances received to date	(393)	(380)	(21,794)	(1,172)	(112)	(23,851)	(3,800)
<b>Not requested to date</b>	<b>-</b>	<b>3,420</b>	<b>73,804</b>	<b>709</b>	<b>5,270</b>	<b>83,202</b>	<b>1,700</b>

Revenues have been recognized only to the extent of contract costs incurred in the period. There are no recognized surpluses or losses estimated to date. All costs and revenues are directly allocated to their related Arrangement/Partnership.

**Note A17 - Reconciliation: Cash Flow Statement - Budget Out-turn***Amounts in thousands of Euro*

	Notes	2015	2014
<b>Budget Out-turn</b>	Page 42	<b>2,116</b>	<b>10,701</b>
<b>Basis differences</b>		<b>(4,664)</b>	<b>(13,494)</b>
Cash contributions requested	B2	(176,295)	(186,253)
Cash contributions received (including advances)	B2	169,608	174,141
Cheques N-1 paid in N	A3	14	30
Cheques N unpaid at 31.12.N	A3	(66)	(14)
Movements in suspense accounts	B3	2,075	(12,889)
Excess Income from Previous Years	Page 42 (art744)	-	11,491
<b>Entity differences</b>		<b>(2,160)</b>	<b>20,012</b>
Earmarked Funds Out-turn (construction contracts)	B5	(2,160)	20,012
<b>Total</b>		<b>(4,709)</b>	<b>17,219</b>
Unrealized (gains)/losses on transactions in foreign currencies	CFS	(28)	(12)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>CFS</b>	<b>(4,737)</b>	<b>17,207</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 Budget Out-turn Statement (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;
- '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;
- 'Movements in suspense accounts' corresponds to the balance of disbursements of cash received or paid from/to third parties not related to the budgetary execution;
- 'Excess Income from Previous Years' corresponds to the difference of actual income and budgeted income from the previous years carried forward as a cumulative amount up to 2014. For 2015, the unrealized income budget from previous years has been adjusted per Budget Article and considered as Income Appropriations from which actuals are deducted to obtain the 2015 Income Result to be carried forward to 2016. Therefore the Budget Article A744 'Excess Income from Previous Years' will no longer be used after 2015.

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

- 'Earmarked Funds Out-turn (construction contracts)' corresponds to the balance between Income Execution and Payment Execution for Earmarked Funds for the current year.

'Unrealized gains/losses on transactions in foreign currencies' are not real cash flows but their effects are reported in the Cash Flow Statement.

*In December, Japan delivers its first components to the PRIMA neutral beam test facility. Europe, Japan and India are all contributing components to PRIMA, which is under construction at the Italian research laboratory Consorzio RFX.*





2015  
**BUDGET EXECUTION STATEMENTS**

**Budget Out-turn 2015**

Amounts in thousands of Euro

	2015	2014
Total Income Execution	200,100	207,799
Total Payments Execution	197,984	197,099
<b>Total Budget Out-Turn</b>	<b>2,116</b>	<b>10,701</b>

**Income Budget Execution 2015**

Amounts in thousands of Euro

Budget Headings	Initial Total Income Budget 2015 1	Final Total Income Budget 2015 2	Unrealized Appropriations from 2007 3	Adjusted unrealized Total Income Appropriations brought forward from 2014 4	Total Income Appropriations 2015 5 = 2 - 3 - 4	Total Income 2015 6	Total Income 2014 7	Total Results and Carry Forward to 2016 8 = 6 - 5
Article 711 Contribution from Euratom	80,823	80,823	-	(4,465)	85,289	83,367	92,124	(1,922)
Article 712 Contribution from the People's Republic of China	16,161	16,161	-	166	15,995	15,995	17,991	0
Article 713 Contribution from the Republic of India	16,161	16,161	-	(620)	16,782	16,752	18,229	(29)
Article 714 Contribution from Japan	16,161	16,161	-	(0)	16,161	16,161	17,991	(0)
Article 715 Contribution from the Republic of Korea	16,161	16,161	-	1,493	14,668	14,666	18,658	(2)
Article 716 Contribution from the Russian Federation	16,161	16,161	-	(692)	16,854	16,854	17,991	(0)
Article 717 Contribution from the United States of America	16,161	16,161	-	(2,095)	18,256	18,141	19,224	(116)
<b>Chapter 71 Contributions</b>	<b>177,790</b>	<b>177,790</b>	<b>-</b>	<b>(6,215)</b>	<b>184,005</b>	<b>181,935</b>	<b>202,209</b>	<b>(2,069)</b>
Article 721 Internal Tax from Professional Staff	11,811	11,811	(98)	(382)	12,292	12,709	11,919	417
Article 722 Internal Tax from Technical Staff	3,844	3,844	(160)	(5,164)	9,168	3,744	2,967	(5,424)
<b>Chapter 72 Internal tax</b>	<b>15,655</b>	<b>15,655</b>	<b>(258)</b>	<b>(5,547)</b>	<b>21,460</b>	<b>16,453</b>	<b>14,886</b>	<b>(5,007)</b>
Article 731 Financial interest	750	750	425	658	(332)	1,044	1,585	1,376
Article 732 Exchange rate Income	-	-	26	855	(881)	119	60	999
<b>Chapter 73 Financial Income</b>	<b>750</b>	<b>750</b>	<b>450</b>	<b>1,513</b>	<b>(1,213)</b>	<b>1,162</b>	<b>1,645</b>	<b>2,375</b>
Article 741 Cancellation of Appropriations from the current year	-	-	405	(94)	(311)	-	-	311
Article 742 Cancellation of Appropriations from previous year(s)	-	-	-	2,389	(2,389)	-	-	2,389
Article 743 Monaco Partnership	550	550	-	-	550	550	550	-
Article 744 Excess Income from previous years	(284)	(284)	-	-	(284)	-	(11,491)	284
Article 745 Shortfall Income Budget of the current year	-	-	-	73	(73)	-	-	73
Article 749 Miscellaneous Income	-	-	3,263	59	(3,322)	-	-	3,322
<b>Chapter 74 Other Income</b>	<b>266</b>	<b>266</b>	<b>3,667</b>	<b>2,428</b>	<b>(5,829)</b>	<b>550</b>	<b>(10,941)</b>	<b>6,379</b>
<b>Title VII Income</b>	<b>194,461</b>	<b>194,461</b>	<b>3,859</b>	<b>(7,821)</b>	<b>198,422</b>	<b>200,100</b>	<b>207,799</b>	<b>1,678</b>
<b>Total Income</b>	<b>194,461</b>	<b>194,461</b>	<b>3,859</b>	<b>(7,821)</b>	<b>198,422</b>	<b>200,100</b>	<b>207,799</b>	<b>1,678</b>

## Payments Budget Execution 2015

Amounts in thousands of Euro

Budget Headings		Initial Total	Final Total	Unused Total	Total Payment	Total Payments	Total Payments	Unused Total
		Payments	Payments	Payment	Appropriations	and Credit	and Credit	Payment
		Budget 2015	Budget 2015	brought forward	2015	2015	2014	carried forward
		1	2	from 2014	4 = 2 + 3	5	6	to 2016
				3				7 = 4 - 5
Article 111	Direct Investment	74,736	55,392	8,664	64,056	57,659	49,119	6,397
Article 112	Test Blanket Module	997	250	611	862	405	782	456
Article 113	Reserve Fund	(5,624)	28,031	19,218	47,249	-	-	47,249
<b>Title I</b>	<b>Direct Investment (Fund)</b>	<b>70,109</b>	<b>83,674</b>	<b>28,493</b>	<b>112,167</b>	<b>58,064</b>	<b>49,901</b>	<b>54,103</b>
Article 211	Research & Development	6,353	2,596	5,424	8,021	5,875	10,125	2,145
<b>Title II</b>	<b>R&amp;D Expenditure</b>	<b>6,353</b>	<b>2,596</b>	<b>5,424</b>	<b>8,021</b>	<b>5,875</b>	<b>10,125</b>	<b>2,145</b>
Article 311	Professional staff salary costs	57,499	57,990	5,146	63,136	61,186	57,304	1,950
Article 312	Technical Support staff salary costs	23,952	23,193	448	23,640	22,476	18,367	1,165
Article 313	Travel and subsistence	3,349	2,357	1,406	3,763	2,004	2,266	1,759
Article 314	Secondment allowances	-	-	-	-	-	-	-
Article 315	Removal expenses	710	503	88	591	392	561	199
Article 316	Promotions	482	270	187	457	341	498	116
Article 317	Awards	480	400	10	410	271	187	139
<b>Chapter 31</b>	<b>Staff Expenditure</b>	<b>86,472</b>	<b>84,712</b>	<b>7,284</b>	<b>91,996</b>	<b>86,668</b>	<b>79,182</b>	<b>5,328</b>
Article 321	General services	6,125	7,912	1,504	9,416	7,829	7,972	1,587
Article 322	Administrative services	6,002	6,744	1,809	8,553	6,201	5,963	2,352
Article 323	Equipment	1,466	12,510	1,217	13,727	6,761	4,232	6,966
Article 324	External specialized services	28,522	22,820	10,958	33,778	26,585	39,723	7,193
Article 325	IO Reserve	(10,590)	(26,507)	26,507	-	-	-	-
<b>Chapter 32</b>	<b>Organizational Expenditure</b>	<b>31,527</b>	<b>23,479</b>	<b>41,995</b>	<b>65,474</b>	<b>47,376</b>	<b>57,891</b>	<b>18,098</b>
<b>Title III</b>	<b>Direct Expenditure</b>	<b>117,999</b>	<b>108,191</b>	<b>49,279</b>	<b>157,470</b>	<b>134,045</b>	<b>137,073</b>	<b>23,425</b>
<b>Total Expenditure</b>		<b>194,461</b>	<b>194,461</b>	<b>83,197</b>	<b>277,658</b>	<b>197,984</b>	<b>197,099</b>	<b>79,673</b>
<b>Total Expenditure (without reserves)</b>		<b>210,675</b>	<b>192,937</b>	<b>37,472</b>	<b>230,408</b>	<b>197,984</b>	<b>197,099</b>	<b>32,424</b>

*The first construction elements of the Tokamak Complex's lowest basement level (B2) are distinguishable in this photo, taken in February. By the end of the year, more than 250 individual concrete pours had been successfully carried out and work had started on the B1 level.*



## Commitments Budget Execution 2015

Amounts in thousands of Euro

	Initial Total Commitments Budget 2015	Final Total Commitments Budget 2015	Unused Total Commitment Appropriations brought forward from 2014	Total Commitment Appropriations 2015	Transfers and Adjustments - previous years' Total Commitments	De-commitments and Adjustments - previous years' Total Commitments	Total Commitments 2015	Total Commitments 2014	Unused Commitment Appropriations carried forward to 2016  9 = 4 + 5
<b>Budget Headings</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4 = 2 + 3</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>+ 6 - 7</b>
Article 111 Direct Investment	59,188	55,647	14,118	69,765	(2,637)	6,715	62,262	57,046	11,582
Article 112 Test Blanket Module	3,072	4,162	672	4,834	-	99	4,637	662	296
Article 113 Reserve Fund	2,758	24,830	7,538	32,368	-	-	-	-	32,368
<b>Title I Direct Investment (Fund)</b>	<b>65,019</b>	<b>84,638</b>	<b>22,328</b>	<b>106,966</b>	<b>(2,637)</b>	<b>6,814</b>	<b>66,898</b>	<b>57,708</b>	<b>44,245</b>
Article 211 Research & Development	1,650	691	2,343	3,034	27	685	2,092	4,976	1,654
<b>Title II R&amp;D Expenditure</b>	<b>1,650</b>	<b>691</b>	<b>2,343</b>	<b>3,034</b>	<b>27</b>	<b>685</b>	<b>2,092</b>	<b>4,976</b>	<b>1,654</b>
Article 311 Professional staff salary costs	57,499	57,990	5,146	63,136	-	-	61,186	57,304	1,950
Article 312 Technical Support staff salary costs	23,952	23,193	448	23,640	-	-	22,476	18,367	1,165
Article 313 Travel and subsistence	2,642	2,467	990	3,456	(0)	656	2,735	2,960	1,378
Article 314 Secondment allowances	-	-	-	-	-	-	-	-	-
Article 315 Removal expenses	466	486	152	638	-	10	532	514	116
Article 316 Promotions	483	270	187	457	-	-	341	498	116
Article 317 Awards	479	400	10	410	-	-	271	187	139
<b>Chapter 31 Staff Expenditure</b>	<b>85,521</b>	<b>84,805</b>	<b>6,932</b>	<b>91,737</b>	<b>(0)</b>	<b>666</b>	<b>87,540</b>	<b>79,830</b>	<b>4,864</b>
Article 321 General services	6,790	9,321	194	9,514	(6)	698	8,838	9,824	1,368
Article 322 Administrative services	7,569	7,466	473	7,939	(133)	900	7,233	9,685	1,472
Article 323 Equipment	2,623	2,741	466	3,207	(12)	68	3,163	3,115	100
Article 324 External specialized services	22,656	19,457	5,411	24,868	(101)	4,046	28,701	36,328	113
Article 325 IO Reserve	4,072	(5,559)	5,559	-	-	-	-	-	-
<b>Chapter 32 Organizational Expenditure</b>	<b>43,710</b>	<b>33,425</b>	<b>12,103</b>	<b>45,528</b>	<b>(252)</b>	<b>5,712</b>	<b>47,935</b>	<b>58,952</b>	<b>3,053</b>
<b>Title III Direct Expenditure</b>	<b>129,231</b>	<b>118,231</b>	<b>19,035</b>	<b>137,266</b>	<b>(252)</b>	<b>6,378</b>	<b>135,475</b>	<b>138,782</b>	<b>7,917</b>
<b>Total Expenditure</b>	<b>195,900</b>	<b>203,559</b>	<b>43,707</b>	<b>247,266</b>	<b>(2,862)</b>	<b>13,877</b>	<b>204,465</b>	<b>201,466</b>	<b>53,816</b>
<b>Total Expenditure (without reserves)</b>	<b>189,070</b>	<b>184,289</b>	<b>30,610</b>	<b>214,899</b>	<b>(2,862)</b>	<b>13,877</b>	<b>204,465</b>	<b>201,466</b>	<b>21,449</b>

## Notes to the 2015 Budget Execution Statements

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### Note B1 - Budget Execution

The Project Resource Management Regulations of the ITER Organization (PRMR) and its Implementing Measures require the preparation of certain schedules and notes for inclusion in the Financial Statements.

The primary budgetary schedules following the requirements from the PRMR are shown from pages 42 to 45, reflecting the Budget Out-turn, Income, Payments and Commitments Executions against their respective budgets. Supplementary information required under the PRMR is provided in Notes B1 to B5.

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

At its fifteenth meeting in November 2014, the ITER Council adopted Commitments, Income and Payments Budgets for 2015, at the level of EUR 195.90 million for Commitments and EUR 194.46 million for Payments and Income. The Commitments, Payments and Income Budgets and the financial schedules are subdivided into Titles, Chapters and Articles.

Throughout 2015, the Director-General approved several budgetary transfers within the limits of his mandate. The other budgetary transfers were approved by the ITER Council in June and November 2015.

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



*The first pancakes for ITER's correction coils have been wound in China from niobium-titanium (NbTi) conductor (sample, pictured). The bottom correction coils will be among the first components to be installed during assembly.  
Photo: ITER China*

**a) Income**

The Cash Contributions from the Members and assigned revenue from Arrangements are considered as Income in the year for which they are called regardless of their date of receipt by the IO, as has been done in previous years. Other sources of income are registered in the year in which they are realized or received.

Up to 2015, the difference between the Actuals and the Income Budget was carried forward and incorporated in the execution through the Budget Article A744 'Excess income from Previous Years' of the following year leading to a reduced budget out-turn.

In 2015, the Income Budget Execution table has been harmonized with the Commitments and Payments Budget Execution tables by incorporating the balance of income from previous years in the Income Appropriations by Budget Article.

Considering a final Income Budget in 2015 of EUR 194.46 million and Unrealized Income Appropriations of EUR 7.82 million brought forward from 2014, the total Income Appropriations for 2015 were EUR 202.28 million. The 2015 Total Income being equal to EUR 200.10 million, there is a negative result of EUR 2.18 million to carry forward to 2016. This negative balance corresponds to a negative result of EUR 2.61 million for the Short-Term In-Kind together with a positive result of EUR 0.43 million for the Cash Income.

**b) Payments**

Considering a final Payments Budget in 2015 of EUR 194.46 million and Unused Payment Appropriations brought forward from 2014 of EUR 83.20 million, the available Payment Appropriations for 2015 were EUR 277.66 million. This included EUR 47.25 million in the Reserve Fund that was set aside to address IO or DA risks that could materialize during construction.

The 2015 Payments Execution shows a total payments execution of EUR 197.98 million which includes Cash Payments of EUR 192.34 million and Short-Term In-Kind Payments, via credit notifications, of EUR 5.64 million.

Excluding the Reserve Fund, which is not part of the planned budgets, the underrun in Payments for 2015 was EUR 32.42 million or 14.07% of the related Payments Appropriations. This was due to overall project delays that impacted individual contracts such as the Vacuum Vessel Field Joint Welding contract, In-vessel Handling and Positioning Tools, the Construction and Erection All-Risk (CEAR) Insurance contract, and the Cryostat Radial Bearing Procurement. In addition, a small variance occurred in staffing due to staff turnover, unfilled staff positions, and lower-than expected travel expenditures.



*The ITER Itinerary hosts its first Highly Exceptional Loads in 2015: electrical transformers (pictured) and cooling water tanks procured by the US; water detritiation tanks procured by Europe; and the first cryostat components from India.*

**c) Commitments**

Considering a final Commitments Budget in 2015 of EUR 203.56 million and Unused Commitment Appropriations brought forward from 2014 of EUR 43.71 million, the available Commitment Appropriations for 2015 were EUR 247.27 million. This included EUR 32.37 million of remaining funds in the Reserve Fund that was earmarked for addressing project risks within the IO or DAs that could arise during construction.

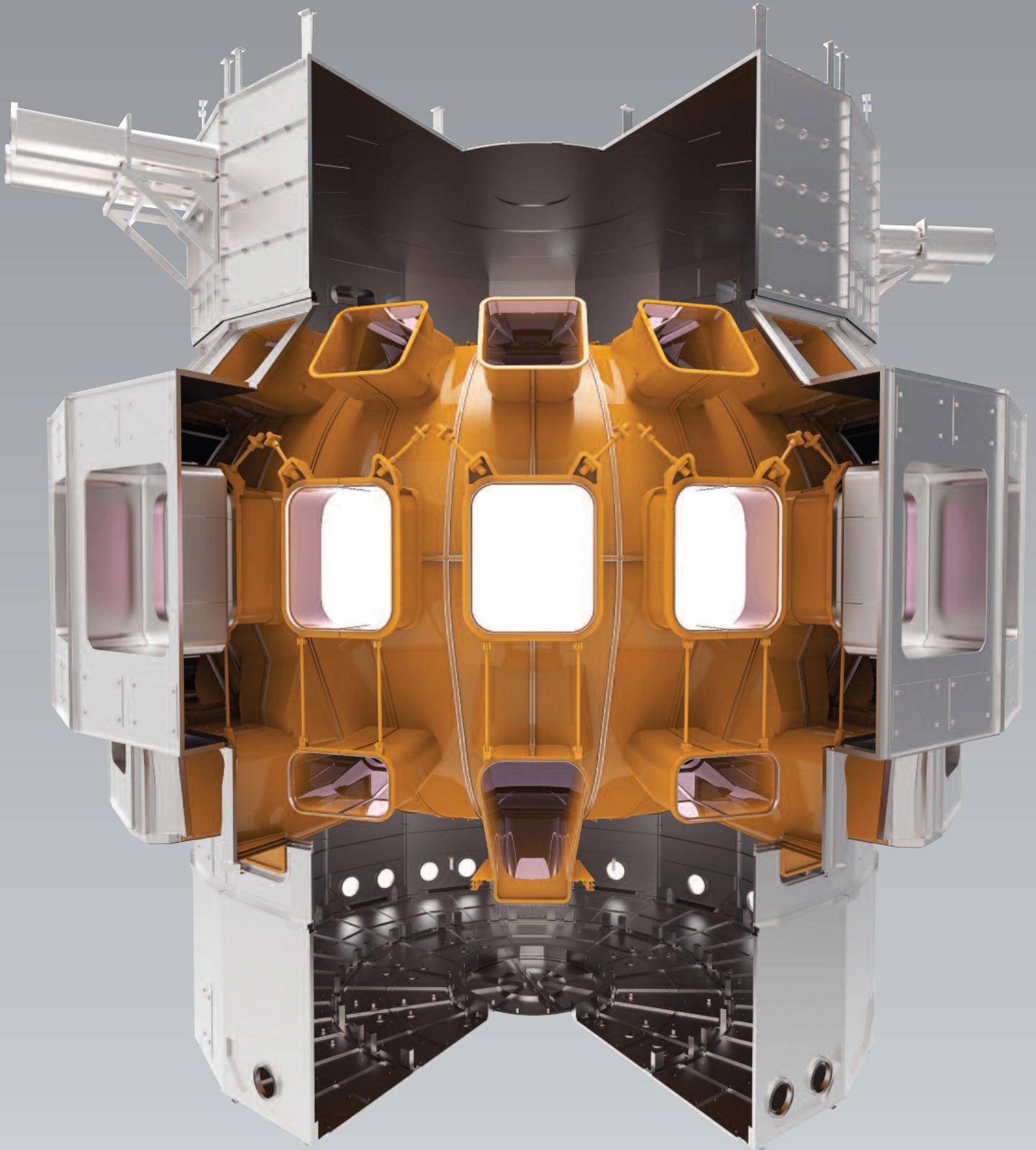
In 2015, the net amount of the decommitments, transfers and adjustments of previous years' commitments equals EUR 11.02 million.

In provision of Article 78b B. – Title IX of the Implementing Measures of the PRMR it is confirmed that no other liabilities existed to pay the open commitments as at the end of the financial years 2010 to 2014.

When combined with decommitments, transfers and adjustment, the total commitments execution for 2015 comes to EUR 193.45 million.

Excluding the Reserve Fund, which is not part of the planned budgets, an uncommitted balance of EUR 21.45 million or 9.98% of the related Commitment Appropriation resulted from postponement of Task Orders for CAD and Engineering Support, and delays in placing Research & Development contracts. In addition, a small variance occurred in staffing expenditures due to staff turnover, unfilled staff positions, and lower travel expenditures than planned.

*Inserted between the vacuum vessel and toroidal field magnets, the vacuum vessel thermal shield will minimize the thermal radiation from the warm components to those operating at 4.5 K such as the magnets.*



## Note B2 - Members' Contributions

### Cash Contributions

Amounts in thousands of Euro

Members	Brought forward from 2014 1	Requested for 2015 2	Received in 2015 3	Carry forward to 2016 4 = 1 - 2 + 3
Euratom	42,733	80,174	66,767	29,325
People's Republic of China	9,185	15,995	21,835	15,024
Republic of India	(12,517)	16,733	22,320	(6,929)
Japan	2,132	16,161	14,029	-
Republic of Korea	2,069	14,433	12,342	(23)
Russian Federation	17,464	16,854	18,561	19,171
United States of America	1,767	15,945	13,755	(423)
<b>Total</b>	<b>62,832</b>	<b>176,295</b>	<b>169,608</b>	<b>56,145</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 Income Budget Execution 2015. Consequently, over and underpayments have been carried forward as cash liabilities to/from these Members in the above statement.

### Short-Term In-Kind Contributions

Amounts in thousands of Euro

Members	Brought forward from 2014 1	Requested for 2015 2	Received in 2015 3	Carry forward to 2016 4 = 1 - 2 + 3
Euratom	(4,465)	649	3,192	(1,922)
People's Republic of China	166	166	-	0
Republic of India	(620)	(571)	19	(29)
Japan	-	-	-	-
Republic of Korea	1,493	1,728	233	(2)
Russian Federation	(692)	(692)	-	(0)
United States of America	(2,095)	216	2,196	(116)
<b>Total</b>	<b>(6,215)</b>	<b>1,495</b>	<b>5,640</b>	<b>(2,069)</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

Amounts in thousands of Euro

Members	Brought forward from 2014 1	Requested for 2015 2	Received in 2015 3	Carry forward to 2016 4 = 1 - 2 + 3
Euratom	38,267	80,823	69,959	27,403
People's Republic of China	9,351	16,161	21,835	15,024
Republic of India	(13,137)	16,161	22,340	(6,959)
Japan	2,132	16,161	14,029	-
Republic of Korea	3,561	16,161	12,574	(25)
Russian Federation	16,772	16,161	18,561	19,171
United States of America	(328)	16,161	15,951	(539)
<b>Total</b>	<b>56,617</b>	<b>177,790</b>	<b>175,248</b>	<b>54,075</b>



**Note B3 – Suspense Accounts***Amounts in thousands of Euro*

<b>Third Party</b>	<b>Situation at 1 January 2015</b>	<b>Movements in 2015</b>	<b>Situation at 31 December 2015</b>
EU Domestic Agency	(463)	281	(182)
IN Domestic Agency	(136)	(153)	(289)
RF Domestic Agency	-	-	-
JA Domestic Agency	-	(0)	(0)
KO Domestic Agency	-	-	-
CN Domestic Agency	-	-	-
US Domestic Agency	(578)	(64)	(642)
<b>Total Domestic Agencies</b>	<b>(1,176)</b>	<b>64</b>	<b>(1,112)</b>
Administrative fees	110	27	137
VAT to be reimbursed	(11,624)	2,268	(9,356)
ITER Organization Staff	-	-	-
Sickness Insurances and Pension Funds	869	(6)	863
Other	269	(277)	(9)
<b>Total Other</b>	<b>(10,376)</b>	<b>2,011</b>	<b>(8,364)</b>
<b>Total</b>	<b>(11,552)</b>	<b>2,075</b>	<b>(9,477)</b>

The EU-DA suspense account shows a final balance of EUR 182 thousand from which the main part corresponds to the amounts paid by the IO and not yet recovered at the end of 2015 further to the 'Agreement on site cooperation' and the 'Agreement to make available offices for Fusion for Energy staff and its contractors'.

The IN-DA suspense account shows a final balance of EUR 289 thousand corresponding to the amounts paid by the IO and not yet recovered at the end of 2015 further to the 'Agreement on the Health, Safety and Environmental Coordination of the IN-DA Worksite Area', the 'Agreement on the provision of areas of the ITER Site to ITER-India' and the management costs related to the 'Global Transport, Logistics and Insurance Services' Framework Contract.

The US-DA suspense account shows a final balance of EUR 642 thousand of US tax paid in advance by the IO on behalf of the US staff.

'Sickness Insurances and Pension Funds' shows a final balance of EUR 863 thousand still to be disbursed representing EUR 816 thousand for the IO staff and EUR 47 thousand for the IO seconded staff.

**Note B4 - Statement of Unpaid Commitments**

Amounts in thousands of Euro

Budget Headings	Unpaid Total Commitments 1 January 2015	Total Commitments 2015	Decommitments, Transfers and Adjustments - previous years' Total Commitments	Total Payments and Credit Notifications 2015	Unpaid Total Commitments 31 December 2015
	1	2	3	4	5 = 1 + 2 - 3 - 4
Article 111 Direct Investment	153,174	62,262	4,079	57,659	153,698
Article 112 Test Blanket Module	636	4,637	99	405	4,769
Article 113 Reserve Fund	-	-	-	-	-
<b>Title I Direct Investment (Fund)</b>	<b>153,810</b>	<b>66,898</b>	<b>4,177</b>	<b>58,064</b>	<b>158,466</b>
Article 211 Research & Development	14,464	2,092	712	5,875	9,969
<b>Title II R&amp;D Expenditure</b>	<b>14,464</b>	<b>2,092</b>	<b>712</b>	<b>5,875</b>	<b>9,969</b>
Article 311 Professional staff salary costs	-	61,186	-	61,186	-
Article 312 Technical Support staff salary costs	-	22,476	-	22,476	-
Article 313 Travel and subsistence	924	2,735	656	2,004	999
Article 314 Secondment allowances	-	-	-	-	-
Article 315 Removal expenses	127	532	10	392	258
Article 316 Promotions	-	341	-	341	-
Article 317 Awards	-	271	-	271	-
<b>Chapter 31 Staff Expenditure</b>	<b>1,051</b>	<b>87,540</b>	<b>666</b>	<b>86,668</b>	<b>1,256</b>
Article 321 General services	7,142	8,838	692	7,829	7,460
Article 322 Administrative services	5,094	7,233	766	6,201	5,360
Article 323 Equipment	19,496	3,163	56	6,761	15,842
Article 324 External specialized services	39,532	28,701	3,946	26,585	37,703
Article 325 IO Reserve	-	-	-	-	-
<b>Chapter 32 Organizational Expenditure</b>	<b>71,265</b>	<b>47,935</b>	<b>5,460</b>	<b>47,376</b>	<b>66,364</b>
<b>Title III Direct Expenditure</b>	<b>72,316</b>	<b>135,475</b>	<b>6,126</b>	<b>134,045</b>	<b>67,620</b>
<b>Total Expenditure</b>	<b>240,590</b>	<b>204,465</b>	<b>11,016</b>	<b>197,984</b>	<b>236,056</b>

**Note B5 – Earmarked Funds****Earmarked Funds Out-turn**

Amounts in thousands of Euro

	2015	2014
Total Income Execution	1,664	22,187
Total Payments Execution	3,824	2,175
<b>Total Earmarked Funds Out-Turn</b>	<b>(2,160)</b>	<b>20,012</b>

'Earmarked Funds' is dedicated to the realization of specific signed Arrangements/MoU between the ITER Organization and the Domestic Agencies as well as the donations received by the IO.

These Arrangements/MoU are not part of the ITER Council-approved IO budget.

Cover image – The frame of the Assembly Building is erected in 2015 from 6,000 tonnes of steel and 85,000 bolts.

In ITER, pellets of frozen gas will be shot at over one thousand kilometres per hour into the plasma to keep it fuelled, to manage plasma activity, and to extinguish the plasma as necessary. Three types of pellet are currently being tested in prototype systems (pictured). Photo: US ITER

### Abbreviations and Acronyms

<b>CAD</b>	Computer Aided Design
<b>CFS</b>	Cash Flow Statement
<b>CEA</b>	Commissariat à l'Énergie Atomique (France)
<b>CEAR</b>	Construction and Erection All-Risk
<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>DG</b>	Director-General
<b>DDG</b>	Deputy 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>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>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<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>MAC</b>	Management Advisory Committee
<b>MCP</b>	Monaco Partnership Arrangement
<b>MoU</b>	Memorandum of Understanding
<b>MQP</b>	Management Quality programme
<b>PA</b>	Procurement Arrangements
<b>PPE</b>	Property, plant and equipment
<b>PRMR</b>	Project Resource Management Regulations
<b>RF-DA</b>	Russian Federation Domestic Agency
<b>SSEN</b>	Steady-State Electrical Network
<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



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