

## ADDITION

# 2010 Annual Accounts of the Max Planck Society for the Advancement of Science

ANNUAL ACCOUNTS 2010

## GENERAL

As an appendix to the 2010 Annual Report, the audited 2010 Annual Accounts<sup>1</sup> are presented to the General Meeting of the Members of the Max Planck Society for the Advancement of Science (Max Planck Society) for examination and approval at its meeting on June 9, 2011, subject to their statutory treatment by the Executive Committee at its meeting on June 8, 2011, and by the Senate at its meeting on June 9, 2011.

The 2010 Annual Accounts consist of a statement of income and expenditure as well as an overview of assets:

- of the General Budget, and
- of the Max Planck Institute for Plasma Physics (Budget B).

The statement of income and expenditure for the General Budget aggregates the Max Planck Institutes (MPIs), Research Units and other legally independent institutions that are jointly financed by the federal government and the federal states. These are supplemented in the assets overview by managed or active units, such as operations according to § 26 of the Federal Budget Ordinance (BHO).

The legally independent Max Planck Institutes (Max Planck Institute for Iron Research GmbH and the Max Planck Institute of Coal Research (legal foundation)) each present a separate set of annual financial statements that are not included in the Annual Accounts of the Max Planck Society.<sup>2</sup>

The structure of the income and expenditure statement is in line with the budget plan of the Max Planck Society.

The assets overview was based on German commercial law principles, and prepared in accordance with administration and accounting regulations applying to the Society. The breakdown takes into account the particular requirements of a registered association.

<sup>1</sup> In line with the audit mandate issued to it by the 2010 General Meeting of the Members, the Audit Department of the Administrative Headquarters of the Max Planck Society audited the 2010 Annual Accounts, and awarded them an unqualified audit opinion. The auditing company Ernst & Young GmbH, Munich, audited the annual financial statements of the Max Planck Institute for Plasma Physics (Budget B), and Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers AG, Munich, audited the annual financial statements of the Private Assets of the Max Planck Society - in line with the audit mandates issued by the 2010 General Meeting of members. Both sets of annual financial statements were awarded unqualified audit opinions.

<sup>2</sup> The Max Planck Society, the Max Planck Institute for Iron Research, and the Max Planck Institute of Coal Research (legal foundation) comprise an association that submits joint applications for grants. The grants are awarded to the corporations represented in this association. With respect to invoicing, the companies present their own evidence of expenditure, which the Max Planck Society integrates into the overall evidence of expenditure for the grant providers (Budget A). They did not, however, form part of the Annual Accounts of the Max Planck Society for the Advancement of Science.

## I. Notes to the statement of income and expenditure

The 2010 accounting year closed for the Max Planck Society with income and expenditure of € 1,691.6 million (2009: € 1,693.2 million), and a decrease of € 1.6 million (-0.1 %) compared with the previous year.

This was particularly due to special factors:

In 2010, the decline (€ 14.1 million) in the economic programs of the federal government and federal states exerted a particular impact on the Special Financing. A portion of the Special Financing was compensated by the increase in the Special Financing granted for other reasons. Project grant subsidies also fell.

The following overview presents the income and expenditure for the accounting year compared with the previous year. The change compared with the previous year is presented in both absolute and percentage terms for each item.

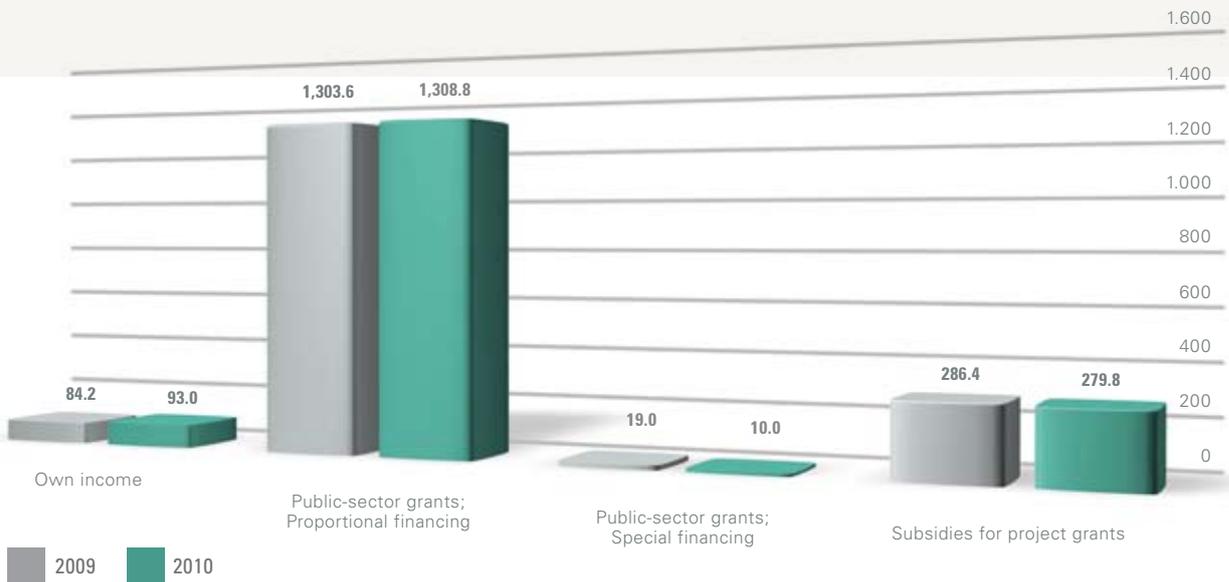
Income (EUR mill.)	2010		2009		Change	
Own income	93.0	(5.5 %)	84.2	(5.0 %)	8.8	(10.5 %)
Public-sector subsidies for institutional funding						
• Proportional financing	1,308.8	(77.4 %)	1,303.6	(77.0 %)	5.2	(0.4 %)
• Special financing	10.0	(0.6 %)	19.0	(1.1 %)	-9.0	(-47.4 %)
Project grant subsidies	279.8	(16.5 %)	286.4	(16.9 %)	-6.6	(-2.3 %)
<b>AMOUNT INCOME</b>	<b>1,691.6</b>	<b>(100.0 %)</b>	<b>1,693.2</b>	<b>(100.0 %)</b>	<b>-1.6</b>	<b>(-0.1 %)</b>
<b>Expenditure (EUR mill.)</b>						
Personnel expenses	685.8	(40.5 %)	658.7	(38.8 %)	27.1	(4.1 %)
Expenditure on tangible items	498.1	(29.5 %)	531.2	(31.4 %)	-33.1	(-6.2 %)
Grants (excluding investments)	159.0	(9.4 %)	145.5	(8.6 %)	13.5	(9.3 %)
Expenditure on construction projects and other investments	303.0	(17.9 %)	307.5	(18.2 %)	-4.5	(-1.5 %)
<b>AMOUNT EXPENDITURE</b>	<b>1,645.9</b>	<b>(97.3 %)</b>	<b>1,642.9</b>	<b>(97.0 %)</b>	<b>3.0</b>	<b>(0.2 %)</b>
<b>Additions to as yet invoiced subsidies</b>	<b>45.7</b>	<b>(2.7 %)</b>	<b>50.3</b>	<b>(3.0 %)</b>	<b>-4.6</b>	<b>(-9.1 %)</b>
<b>TOTAL</b>	<b>1,691.6</b>	<b>(100.0 %)</b>	<b>1,693.2</b>	<b>(100.0 %)</b>	<b>-1.6</b>	<b>(-0.1 %)</b>

# Income

The **income** of the Max Planck Society declined by € 1.6 million (-0.1 %) in 2010 to € 1,691.6 million.

As a basic research institution, the Max Planck Society is supported by public-sector subsidies from the federal government and federal states. The following diagram shows the significance of the Society's institutional funding compared to other financing and funding:

**BREAKDOWN OF INCOME 2009 / 2010 (EUR mill.)**



**Own income** increased by € 8.8 million (10.5 %) to € 93.0 million. This item includes income from research and other scientific activities, as well as other administrative and operating income.

The **subsidy for proportional financing** registered an increase of € 5.2 million (0.4 %) to € 1,308.8 million. The following overview shows the way the subsidy is split between the General Budget and the Max Planck Institute for Plasma Physics:

Proportional financing (EUR mill.)	2010	2009	Change
<b>General Budget</b>			
Current subsidies	1,205.1	1,173.3	31.8 (2.7 %)
plus transfers from 2009 und 2010 in the special societ			34.4 (2.9 %)
Transferable funding from previous years	4.8	31.8	-27.0
<b>MPI for Plasma Physics</b>			
Current subsidies	98.0	98.3	-0.3
Transferable funding from previous years	0.9	0.2	0.7
<b>TOTAL</b>	<b>1,308.8</b>	<b>1,303.6</b>	<b>5.2</b>

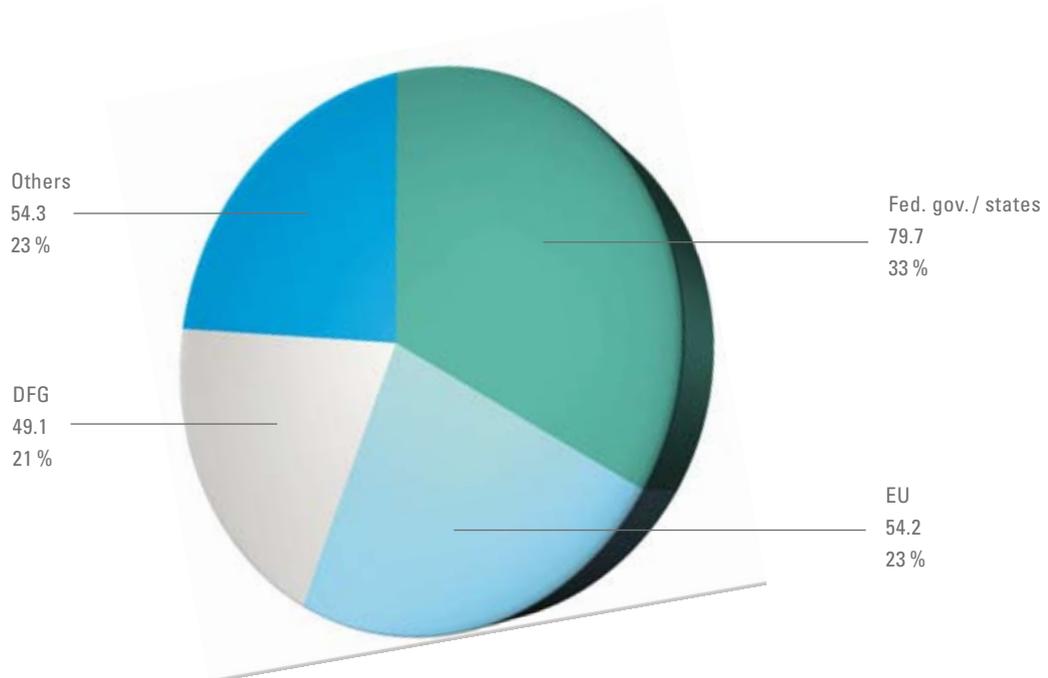
The current subsidies of the General Budget increased by € 31.8 million (2.7 %) to reach € 1,205.1 million. The subsidies exclude subsidies for the legally independent Max Planck Institute for Iron Research, and the Max Planck Institute of Coal Research (legal foundation), as part of the association that submits joint applications for grants. In the budget execution, subsidies from the years 2009 and 2010 totaling € 2.6 million were implemented on a growth-reducing basis between the partial budgets within the General Budget. This results in a change of € 34.4 million, which includes a 3.0 % growth within operations, and 2.7 % growth within investments.

The **subsidy for special financing** (please refer to Table on page 137) relates solely to the General Budget. The expiry and decline of economic programs compared with 2009 reduced the subsidy further. This results in a year-on-year decline of € 9 million (-47.4 %) to € 10.0 million.

The subsidies for project grants (please refer to page 137) amount to 16.5 % of total income. At € 279.8 million, they were € 6.6 million (-2.3 %) under the previous year's level.

The current subsidies of € 237.3 million (excluding a residual transfer of € 42.5 million) break down as follows (in millions of Euros):

**BREAKDOWN OF SUBSIDY PROVIDERS (EUR mill.)**



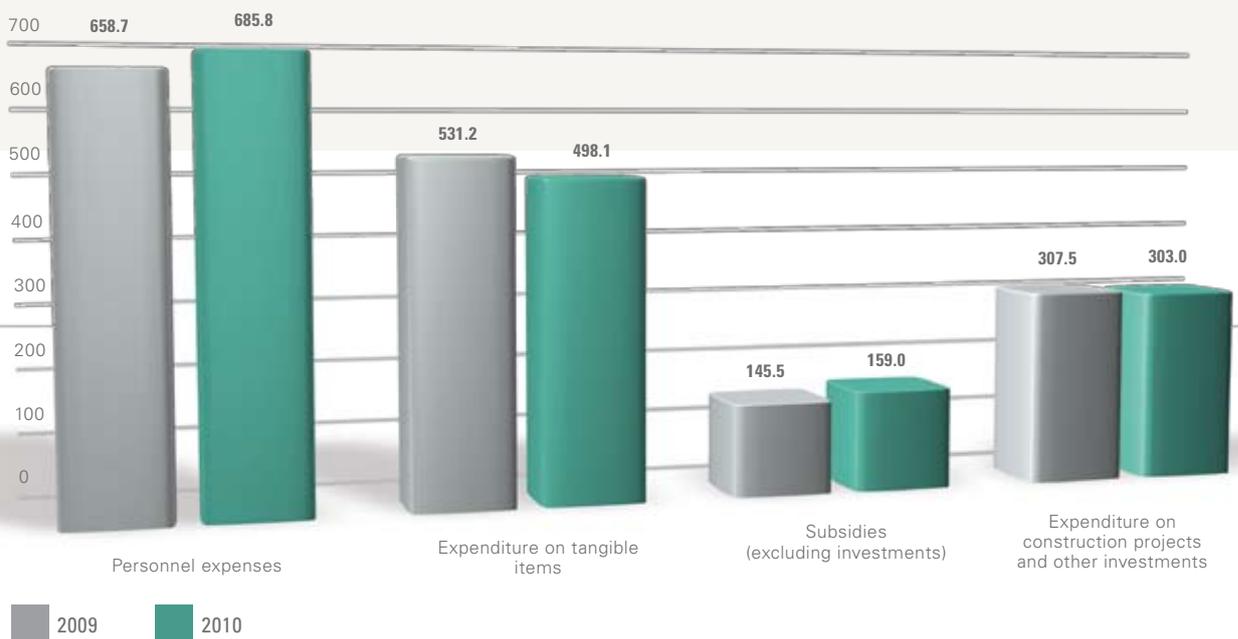
**Facts from 2009 (EUR mill.)**

Federal governm. / states	89.9	(37%)
EU	57.6	(24%)
DFG	45.7	(19%)
Others	49.8	(20%)

## Expenditure

**Expenditures** in 2010 increase by € 3.0 million (0.2 %) to € 1,645.9 million. The following diagrams present the expenditures in graphical form:

### BREAKDOWN OF EXPENDITURE 2009 / 2010 (EUR mill.)



The individual items as well as their changes compared with the previous year are explained in greater detail below.

**Personnel expenses** rose again, by € 27.1 million (4.1 %), to total € 685.8 million. Besides the change in salaries for the Collective Wage Agreement for Government Service Workers (TVöD), and a special payment connected with the implementation of performance-based payment (Leistungsorientierte Bezahlung - LoB), this increase is also attributable to the rise in the number of staff. Detailed information can be found in the 2010 Annual Report (chapter: „Central matters, Staff“).

**Expenditure on tangible items** fell by € 33.1 million (-6.2 %) to € 498.1 million. This decline is attributable to a lower level of awards to external project orders (€ -20.1 million), and fewer expenditures on specialist information centers (€ -14.2 million).

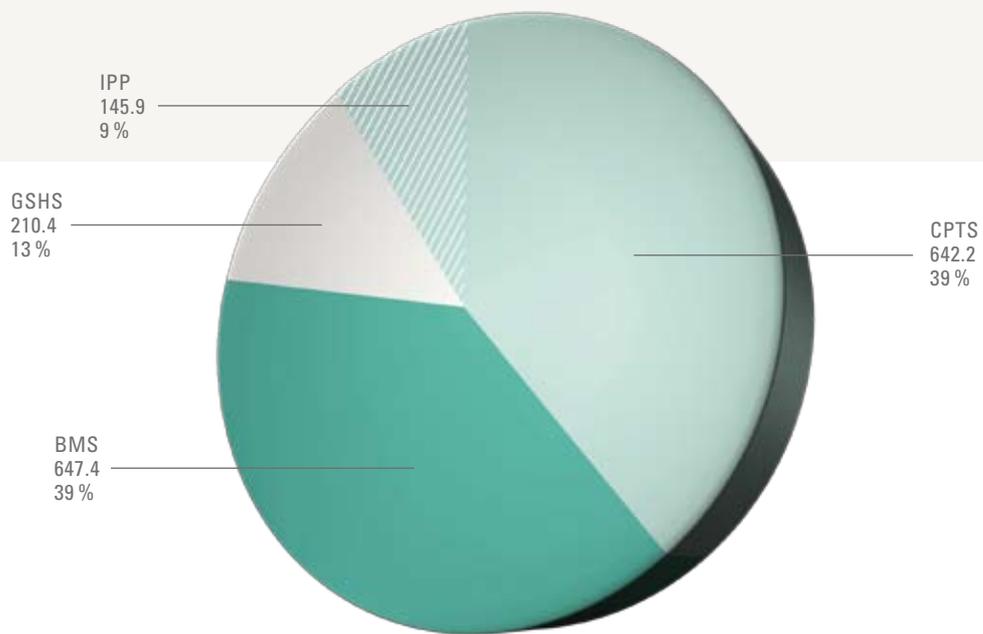
**Subsidies (excluding investments)** rose by € 13.5 million (9.3 %) to € 159.0 million. This item mainly contains expenses of € 119.4 million for the support of junior scientists. Detailed information can be found in the Annual Report (chapter: „Support of Junior Scientists“).

**Expenditure for construction projects and other investments** fell by € 4.5 million (-1.5 %) to € 303.0 million. This item contains expenditure for construction projects (€ 133.3 million), the initial equipping of buildings and facilities (€ 2.2 million), and other investments including appointment funds (€ 167.8 million).

In 2010, most of the expenditure for construction projects was invested in new institute for the MPI for Chemistry (Otto Hahn Institute) in Mainz (€ 16.7 million), and for the MPI for Brain Research in Frankfurt am Main (€ 12.9 million).

The following presents a breakdown according to research focus, the so-called sections of the Max Planck Society:

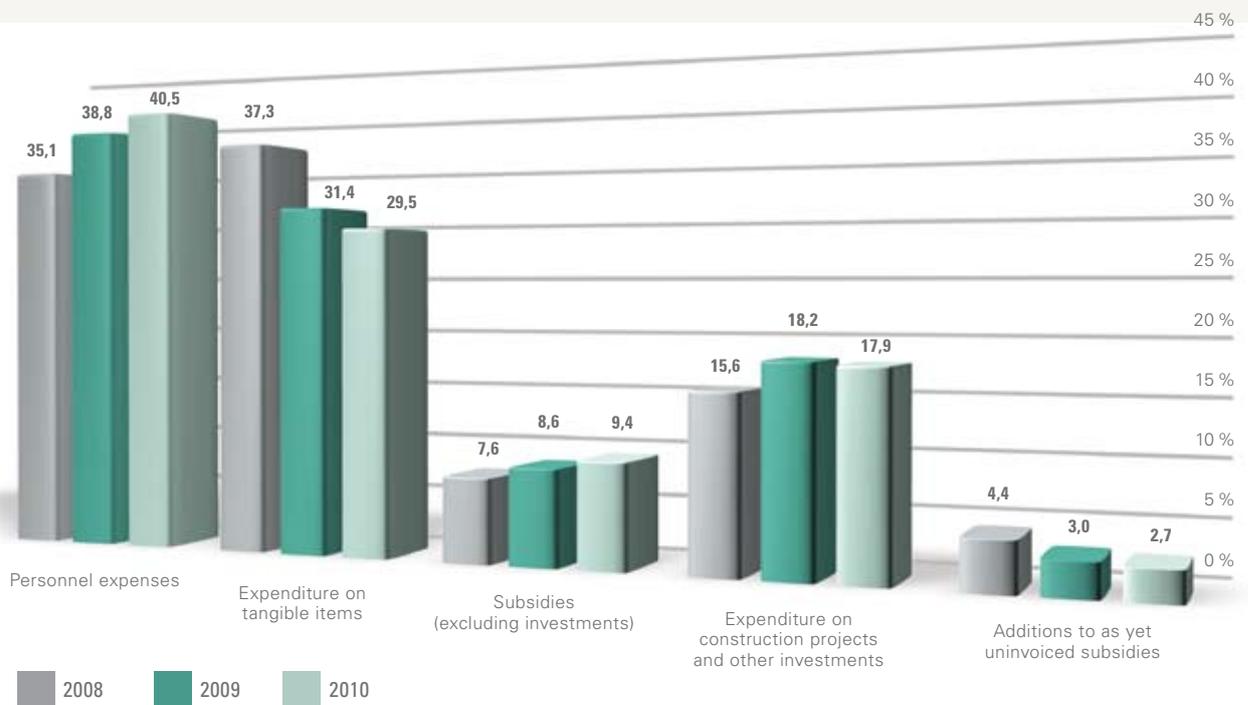
**EXPENDITURE BREAKDOWN BY SECTION (EUR mill.)**



- BMS:** Biology and Medicine Section (previous year: € 645.0 million; 39 %)
- CPTS:** Chemistry, Physics and Technology Section (previous year: € 621.1 million; 38 %)
- GSHS:** Human Sciences Section (previous year: € 231.4 million; 14 %)
- IPP:** MPI for Plasma Physics (Budget B) (previous year: € 145.4 million; 9 %)

The changes relating to available resources can also be seen in summary form in the modified structure of expenditure, and the additions to as yet un-invoiced subsidies:

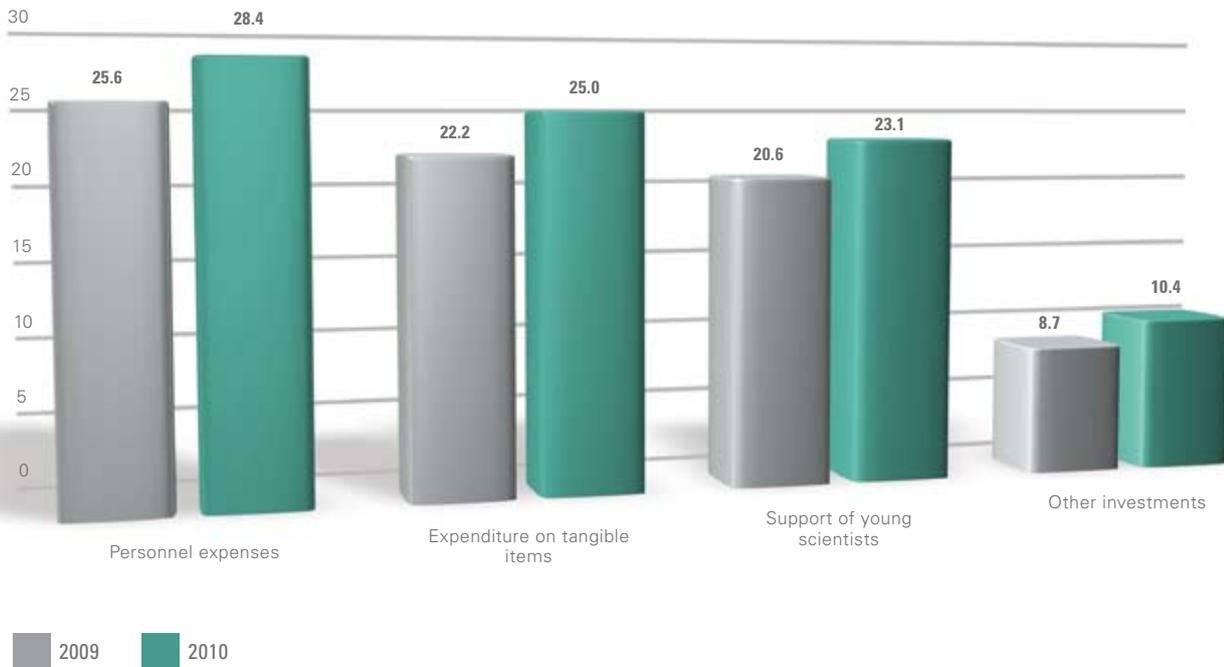
**APPLICATION OF FUNDS 2008 – 2010 (as % of total expenditure)**



The special effects arising from the VAT arrears payment in 2009 fed through to a disproportionately high percentage increase in expenditure on tangible items, with a corresponding percentage decline in the other items. The expenditure trend in 2010 shows an increase of personnel expenditure to 40.5 % and subsidies (excluding investments) to 9.4 %. The share of expenditure on tangible items fell to 29.5% in 2010, and share of investments fell to 17.9 % of total expenditure. Additions to as yet un-invoiced subsidies reduced to 2.7 %.

One of the focal points of the budget execution is the continuation of all projects that have been started as part of the Strategic Innovation Fund, which was set up in line with the recommendation of the international system evaluation commission in 2002. Expenditure volumes amounted to approximately €86.9 million in 2010, and € 77.1 million in the previous year. The financial funding from the Strategic Innovation Fund are targeted at realizing particularly original and innovative institute projects, as well as at initiating fundamentally new research activities that include science policy and research strategy aspects.

### STRATEGIC INNOVATION FUND EXPENDITURE



Projects and programs are supported, including, in the area of affirmative action, the Minerva Program, in the area of support of junior scientists, the Max Planck Research Groups and in the area of the cooperation with the universities, the Max Planck Fellowprogram. Detailed information about these projects can be found in the Annual Report (chapter: „Support of Junior Scientists“ and „Cooperation Programs“).

## Additions to as yet uninvoiced subsidies

**Additions to as yet uninvoiced subsidies** fell by € 4.6 million (-9.1 %) to a total of € 45.7 million. The transferable project grant funds (already reduced by additional expenditures of € 29.2 million) are in the General Budget € 49.2 million.

## II. Notes to the overview of assets

The overview of assets reports total assets of € 2,612.2 million as of December 31, 2010 (2009: € 2,609.5 million).<sup>3</sup> Total assets rose by € 2.7 million year-on-year (0.1 %).

The following table shows the change in the individual asset items of the balance sheet as of December 31, 2010, compared with the previous year. The change compared with the previous year is presented in both absolute and percentage terms:

Assets (EUR mill.)	2010		2009		Change	
<b>Fixed assets</b>						
Intangible assets	15.9	(0.6 %)	18.6	(0.7 %)	-2.7	(-14.5 %)
Tangible assets	2,287.1	(87.6 %)	2,280.2	(87.4 %)	6.9	(0.3 %)
Financial assets	136.3	(5.2 %)	136.3	(5.2 %)	0.0	(0.0 %)
<b>Amount Assets</b>	<b>2,439.3</b>	<b>(93.4 %)</b>	<b>2,435.1</b>	<b>(93.3 %)</b>	<b>4.2</b>	<b>(0.2 %)</b>
<b>Current Assets</b>						
Inventories	9.2	(0.4 %)	8.9	(0.3 %)	0.3	(3.4 %)
Receivables	86.8	(3.3 %)	65.7	(2.6 %)	21.1	(32.1 %)
Securities	1.2	(0.0 %)	1.0	(0.0 %)	0.2	(20.0 %)
Cash, balance in bank, postal giro credits	68.1	(2.6 %)	90.6	(3.5 %)	-22.5	(-24.8 %)
<b>Amount Current assets</b>	<b>165.3</b>	<b>(6.3 %)</b>	<b>166.2</b>	<b>(6.4 %)</b>	<b>-0.9</b>	<b>(-0.5 %)</b>
<b>Deferred expenses and accrued income</b>	<b>7.6</b>	<b>(0.3 %)</b>	<b>8.2</b>	<b>(0.3 %)</b>	<b>-0.6</b>	<b>(-7.3 %)</b>
<b>TOTAL</b>	<b>2,612.2</b>	<b>(100.0 %)</b>	<b>2,609.5</b>	<b>(100.0 %)</b>	<b>2.7</b>	<b>(0.1 %)</b>

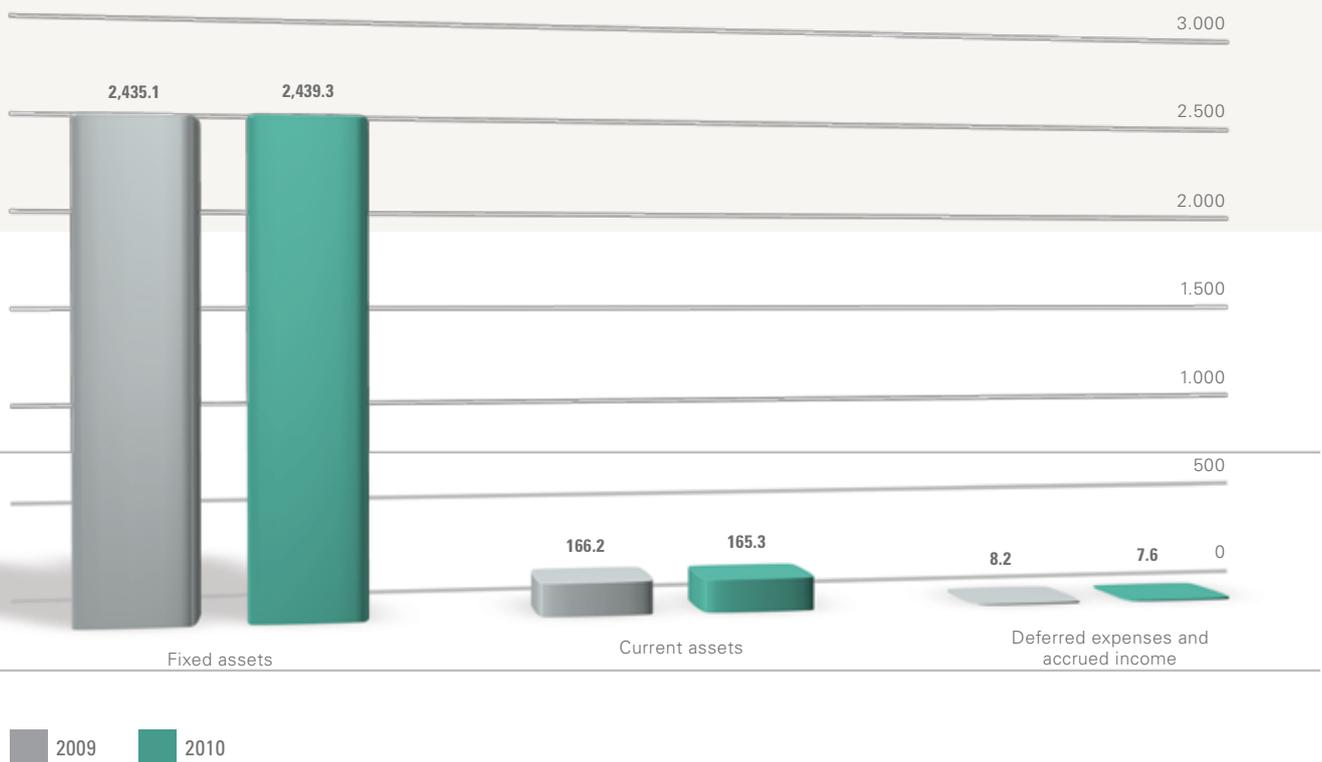
The following table shows the change in the individual equity and liabilities of the balance sheet as of December 31, 2010, compared with the previous year. The change compared with the previous year is presented in both absolute and percentage terms:

Equity and liabilities (EUR mill.)	2010		2009		Change	
<b>Net assets</b>	<b>2,211.8</b>	<b>(84.6 %)</b>	<b>2,252.5</b>	<b>(86.3 %)</b>	<b>-40.7</b>	<b>(-1.8 %)</b>
<b>Provisions</b>	<b>271.2</b>	<b>(10.4 %)</b>	<b>223.1</b>	<b>(8.5 %)</b>	<b>48.1</b>	<b>(21.6 %)</b>
<b>Liabilities</b>						
• Bank borrowings	1.3	(0.0 %)	1.4	(0.1 %)	-0.1	(-7.1 %)
• Trade payables	27.8	(1.1 %)	35.3	(1.4 %)	-7.5	(-21.2 %)
• Liabilities due to associated companies and companies in which an equity stake is held	6.2	(0.2 %)	0.0	(0.0 %)	6.2	(0.0 %)
• Other liabilities	13.8	(0.5 %)	14.4	(0.6 %)	-0.6	(-4.2 %)
<b>Amount Liabilities</b>	<b>49.1</b>	<b>(1.9 %)</b>	<b>51.1</b>	<b>(2.0 %)</b>	<b>-2.0</b>	<b>(-3.9 %)</b>
<b>Deferred income and accrued expenses</b>	<b>80.1</b>	<b>(3.1 %)</b>	<b>82.8</b>	<b>(3.2 %)</b>	<b>-2.7</b>	<b>(-3.3 %)</b>
<b>TOTAL</b>	<b>2,612.2</b>	<b>(100.0 %)</b>	<b>2,609.5</b>	<b>(100.0 %)</b>	<b>2.7</b>	<b>(0.1 %)</b>

<sup>3</sup> The breakdown for the assets overview for the MPI for Plasma Physics was adjusted to reflect the breakdown for the Max Planck Society's General Budget.

# Assets

## ASSETS 2009 / 2010 (in Mio. Euro)



**Fixed assets** increased by € 4.2 million (0.2 %) to € 2,439.3 million.

The statements of changes in assets included on page 150 shows the changes in book values of **intangible assets** and **tangible assets** in 2010. Total additions of € 428.2 million were capitalized. The inventory of assets fell by € 91.8 million as the result of disposals. Depreciation and amortization amounted to € 332.2 million. This amount includes an extraordinary write-down of € 53.1 million applied to the libraries.

The amount of **Financial assets** were almost unchanged.

**Current assets** fell by € 0.9 million (-0.5 %) to € 165.3 million.

**Inventories** increased by € 0.3 million (3.4 %) to € 9.2 million. This item primarily includes the institutes' inventories of materials.

**Receivables** increased by € 21.1 million (32.1 %) year-on-year to € 86.8 million. This item primarily reflects receivables due from grant providers, which increased by € 13.8 million.

**Securities held as current assets** rose by € 0.2 million (20.0 %) to € 1.2 million.

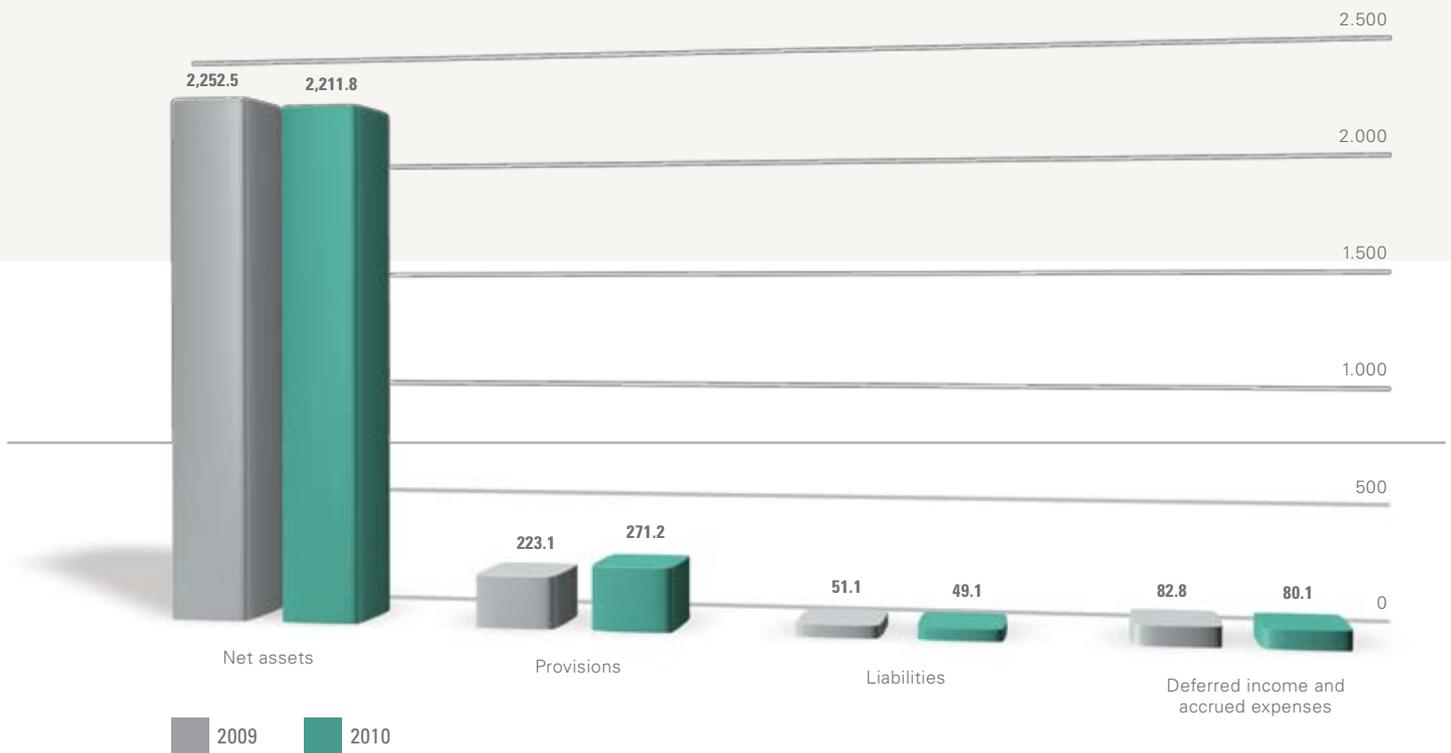
**Liquid funds** fell by € 22.5 million (-24.8 %) to € 68.1 million. This item includes cash holdings, current balance in bank, and fixed-term deposits. The change in funds held at banks correlates with the rise in receivables.

**Deferred expenses and accrued income** decreased by € 0.6 million (-7.3 %) compared with the previous year, to € 7.6 million.

**Trust assets** increased by € 7.1 million to € 31.4 million, which mainly contains the trust administration of EU project funds of € 29.3 million.

## Equity and liabilities

EQUITY AND LIABILITIES 2009 / 2010 (EUR mill.)



The Society's **net assets** fell by € 40.7 million (-1.8 %) compared with the previous year, to € 2,211.8 million. The key factor in this context was an extraordinary write-down applied to the libraries area.

**Provisions** increased by € 48.1 million (21.6 %) to € 271.2 million. Of this amount, pension provisions totaled € 263.9 million.

**Liabilities** fell by € 2.0 million (-3.9 %) compared with the previous year, to € 49.1 million.

**Deferred income and accrued expenses** decreased by € 2.7 million (-3.3 %) to € 80.1 million.

MAX-PLANCK-GESELLSCHAFT ZUR FÖRDERUNG DER WISSENSCHAFTEN E.V.

### III. Statement of income and expenditure for 2010



	Actual 2010	Actual 2009
<b>Income (EUR mill.)</b>		
Own income	93,097,134.20	84,171,276.22
Public-sector subsidies for institutional funding		
• Proportional financing	1,308,767,652.57	1,303,558,652.03
• Special financing	9,953,837.87	19,027,666.59
Project grant subsidies	279,778,181.57	286,434,883.30
<b>AMOUNT INCOME</b>	<b>1,691,596,806.21</b>	<b>1,693,192,478.14</b>
<b>Expenditure (EUR mill.)</b>		
Personnel expenses	685,823,448.95	658,738,595.13
Expenditure on tangible items	498,089,734.25	531,172,935.97
Subsidies (excluding investments)	158,969,596.96	145,493,210.14
Expenditure on construction projects and other investments	303,025,757.17	307,518,227.65
<b>AMOUNT EXPENDITURE</b>	<b>1,645,908,537.33</b>	<b>1,642,922,968.89</b>
Additions to as yet invoiced subsidies	45,688,268.88	50,269,509.25

MAX-PLANCK-GESELLSCHAFT ZUR FÖRDERUNG DER WISSENSCHAFTEN E.V.

## IV. Overview of assets as of December 31, 2010

Assets	31.12.2010 (EUR)	31.12.2009 (TEUR)
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Concessions, industrial property rights and equivalent rights as well as licenses to such rights	15,871,772.32	18,564.5
<b>II. Tangible assets</b>		
1. Land, rights equivalent to land, and buildings including buildings on third-party land	1,224,240,773.48	1,180,002.2
2. Technical plant and machinery	486,117,208.75	517,173.4
3. Other plant, operating and office equipment	186,102,332.12	234,087.6
4. Plant under construction	390,665,548.60	2,287,125,862.95
<b>III. Financial assets</b>		
1. Equity stakes	1,137,960.63	1,209.0
2. Securities	129,959,430.46	129,511.5
3. Other loans	5,214,620.86	136,312,011.95
<b>B. Current assets</b>		
<b>I. Inventories</b>	9,237,727.30	8,888.3
<b>II. Receivables and other assets</b>		
1. Trade receivables	3,757,980.81	3,196.2
2. Receivables due from associated companies and companies in which an equity stake is held	71,235.33	25.1
3. Other assets	82,929,705.96	86,758,922.10
<b>III. Securities</b>	1,201,542.79	1,039.4
<b>IV. Cash, balance in bank, postal giro credits</b>	68,097,292.74	90,641.4
<b>C. Deferred expenses and accrued income</b>	7,566,423.13	8,192.3
<b>TOTAL</b>	<b>2,612,171,555.28</b>	<b>2,609,479.8</b>
Memorandum item: <b>Trust assets</b>	31,416,452.02	24,349.0

<b>Equity and liabilities</b>	31.12.2010 (EUR)	31.12.2009 (TEUR)
<b>A. Net assets</b>	2,211,729,651.54	2,252,465.2
<b>B. Provisions</b>		
1. Pension provisions and similar commitments	263,905,163.00	214,833.1
2. Other provisions	7,337,513.56	271,242,676.56
<b>C. Liabilities</b>		
1. Bank borrowings	1,300,240.08	1,382.6
2. Trade payables	27,766,487.30	35,317.9
3. Liabilities due to associated companies and companies in which an equity stake is held	6,203,903.10	2.6
4. Other liabilities	13,798,095.16	49,068,725.64
<b>D. Deferred income and accrued expenses</b>	80,130,501.54	82,823.1
<b>TOTAL</b>	<b>2,612,171,555.28</b>	<b>2,609,479.8</b>
Memorandum item: <b>Trust assets</b>	31,416,452.02	24,349.0

MAX-PLANCK-GESELLSCHAFT ZUR FÖRDERUNG DER WISSENSCHAFTEN E.V.

## Statement of changes in fixed assets as of December 31, 2010

EUR	Book value 01.01.2010	Addition/ write-up	Disposal	Reclassification	Depreciation/ amortization	Book value 31.12.2010
<b>I. Intangible assets</b>						
1. Concessions, industrial property rights and equivalent rights as well as licenses to such rights	18,564,474.67	3,547,669.79	-164,840.22	8,921.33	-6,084,453.25	15,871,772.32
<b>II. Tangible assets</b>						
1. Land, rights equivalent to land, and buildings including buildings on third-party land	1,180,002,162.42	99,043,128.88	-1,629,808.45	13,548,650.02	-66,723,359.39	1,224,240,773.48
2. Technical plant and machinery, scientific inventories and workshop inventories	517,173,418.39	148,652,292.65	-4,317,014.39	3,467,741.38	-178,858,073.64	486,117,208.75
3. Other plant, operating and office equipment	234,087,567.43	32,248,001.29	-561,765.39	846,559.73	-80,517,515.63	186,102,332.12
4. Plant under construction	348,940,799.85	144,690,809.34	-85,094,188.13	-17,871,872.46	0.00	390,665,548.60
<b>Amount tangible assets</b>	<b>2,280,203,948,09</b>	<b>424,634,232,16</b>	<b>-91,602,776,36</b>	<b>-8,921,33</b>	<b>-326,098,948,66</b>	<b>2,287,125,862,95</b>
<b>TOTAL</b>	<b>2,298,768,422.76</b>	<b>428,181,901.95</b>	<b>-91,767,616.58</b>	<b>0.00</b>	<b>-332,183,401.91</b>	<b>2,302,997,635.27</b>