

January 2021

EXPLANATORY NOTE ON THE USE OF FORMS FOR THE AUDIT OF FINAL PRODUCTION COSTS AND FINANCING

1. Audited final production costs must be provided to the Eurimages Secretariat within 6 months of the first commercial release of the film as a condition of payment of the last instalment of Eurimages support.
2. From 1 January 2021, audited final production costs and financing plans must be submitted to Eurimages using a standard form. For films supported prior to that date, Eurimages may request the use of the standard form, on a case-by-case basis. The form may also be used on a voluntary basis.
3. **Article 5.2.2** of the Co-production Support Regulations, applicable from 1 January 2021, states that:

The second instalment of 30% of the total amount awarded is payable:

- a) *in the case of support in the form of a non-refundable subsidy, following [...] receipt and approval by Eurimages of a statement of the total final costs and financing for each co-producer, and a statement of the overall final costs and financing of the film, presented using standard forms provided by Eurimages and certified by a chartered accountant, an auditor or a statutory auditor independent from the production companies involved; [...]*
 - b) *in the case of support in the form of advance on receipts, following [...] receipt and approval by Eurimages of a statement of total final costs and financing for each co-producer, and a statement of the overall final costs and financing of the film, presented using standard forms provided by Eurimages and certified by a chartered accountant, an auditor or a statutory auditor independent from the production companies involved. For the purposes of Article 7.1, the final statements shall contain precise references to the distribution guarantees, pre-sales and advances concluded via binding agreements before the completion of the digital master copy and to the payment thereof [...].*
4. This standard form consists of two parts:
 - a) **Part A: Audited cost report by co-producing country**

Part A is an audit report **on the final production costs and financing plan for a single co-producing country**. A completed Part A should therefore be submitted for each co-producing country, prepared by an auditor from the country in question.

b) Part B: Overall financial situation of the film

Part B sets out the overall final production cost and financing plan for the film. It should preferably be completed by the auditor engaged by the delegate producer. This auditor is not required to certify the expenditure and financing for all co-producing countries but should **compile the audits** made in each country as set out in the completed parts A.

The standard form should be sent as early as possible to the auditor who will be responsible for auditing production costs. It can be downloaded from the Eurimages website in the 'Download / Documents' section.

5. The term "auditor" used by Eurimages in the standard form covers different concepts depending on the country concerned. The financial situation of the film must be certified by a professional accountant **who is approved by and registered with a professional organisation and who is authorised and qualified to certify accounts in the country of registration.**

Auditors or professional accountants approved to certify accounts are normally affiliated to national professional organisations (see www.ifac.org/what-we-do/global-impact-map). The name of the professional organisation of affiliation and the registration number or reference of that organisation should be shown on the form to ensure clear identification of the auditor performing the audit.

6. In line with the International Standards of Auditing (ISA), Eurimages interprets auditor independence to mean that the auditor may not be involved in any activity related to the project and/or the companies involved in the development, production and distribution of the film audited. Nevertheless, the regulations applied by national public film funds in terms of auditor independence may prevail, but such a case should be mentioned as a comment in the form.
7. The Eurimages Co-production Support Regulations do not define an **end of production date** beyond which expenses can no longer be considered as related to the production of the film. It is up to the auditor to indicate the date used in §4.1 of Part A according to the regulations or legislation applicable to the film in the countries concerned. Otherwise, the date of the cinema premiere will be used. It should be noted that the costs of distribution and promotion of the film are not considered as production costs by Eurimages.
8. Eurimages recommends the use of the summary production budget template available on its website ("Download / Documents" section). The use of the same budget template in §4.3 of Part A for all co-producing countries will facilitate the compilation of data in Part B of the form.
9. The tables in §4.4 and §4.5 of Part A allow for the inclusion in the production cost of non-monetary contributions as well as expenditure incurred but not yet paid at the production end date indicated in §4.1 of Part A. This information should be analysed in relation to the corresponding items mentioned in the final financing plan of the film.

10. The financing items referred to in §5.1 of Part A are those paid or provisioned in the accounts of the company whose production costs are being audited.
11. §5.2 of Part A applies only to projects supported with a repayable advance on receipts. This table will allow the Eurimages Secretariat to establish the list of distribution guarantees and pre-sales accepted as financing and thus excluded from revenue for the purposes of repayment of the Fund's support.
12. The auditor can include comments in §6.
13. Part B of the form is a compilation of the audits by co-producing country. The auditor preparing Part B does not take responsibility for the audits in other countries.
14. The Eurimages Secretariat is available to answer questions from producers and auditors regarding this form and the auditing of costs and financing. For this purpose, please contact the project manager in charge of the film.
