

Preparation of the Final Production Costs

The final production costs must be established and certified according to international accounting standards by an auditor or chartered accountant. The document certifying the final production costs should:

- be presented on the professional letter-head of the company or person providing certification;
- indicate the professional body with which they are registered (or failing this provide a separate certificate);
- include a statement signed by the company or person providing the certification specifying the final production costs per country;
- confirm that:
 - (i) the examination was carried out according to the principles of generally accepted international standards and specifying the standards used;
 - (ii) the examination was carried out in such a way as to ensure that the financial records did not include financial errors;
 - (iii) the financial records give an accurate and fair view of the financial status of the project.
 - (iv) the company or person providing the certification is independent from the production companies involved in the project and has not been involved itself in the development, production or exploitation of the project;
 - (v) the certification was established in conformity with the applicable laws and rules applicable to the co-producers involved in the project.

The final production costs should:

- show for each budget sub-head and per country the variation between the cost shown in the production budget annexed to the Eurimages Support Agreement and the audited costs;
- be prepared in local currency and in euros, using the same exchange rate as that used in the production budget annexed to the Eurimages Support Agreement;
- be prepared in English or in French (including the statement of the company or person providing the certification) or be accompanied by a translation into one of these language;
- stipulate that they are exclusive of VAT;

and must respect the following general principles (non-exhaustive list):

- all items included in the final production costs should be justified by official documents (invoices, receipts or contracts) and be recorded in the company accounts under the title of the supported project;
- similarly, expenses relating to “barter” agreements, deferrals, in-kind contributions, etc. should be documented, correspond to the actual services rendered, and be recorded in the company accounts at a realistic market value;
- by definition, the amount shown under the heading ‘Contingency’ in the production budget has either been spent during the production of the film (and thus figures under other budgetary sub-heads) or has not been spent and is thus not a production cost. As a result, no contingencies should appear in the final costs;
- in order to be included in the final costs, expenses not yet paid (accruals) must be subject to an accounting entry. By their nature provisions should not figure in the final costs. Eurimages reserves the right to request complimentary explanations if unpaid expenses represent a significant proportion of the final costs;
- overheads are accepted in the final costs, including where they are calculated as a percentage of the total cost, in so far as they are in line with industry standards in the country in question. Nonetheless, clarifications should be provided where overheads are particularly high (number of projects undertaken by the company, number of permanent employees, expenses relating to such overheads, etc.);
- where certification is carried out on behalf of several co-producers from different countries, the company or the person establishing the certification should include in annexe the audit reports carried out in the respective countries.

Eurimages reserves the right to request a more detailed breakdown of production costs and to undertake audits of production accounts (either directly or through a third party).

Where appropriate, Eurimages may request the use of a standard form for certification of final production costs.