

## **INTRODUCTION**

The purpose of this section is to define clearly for the applicants the procedures to follow when setting out the action and the budget to be applied for, as well as the financial principles which will be applied in the framework of the execution of the agreement for financial support signed by the Executive Agency in the event that the presented application is selected.

In the course of the operation of the MEDIA Programme and the audits carried out of a certain number of selected actions, a series of errors and omissions have been identified. These errors prolong and needlessly complicate the process of selection, as well as the treatment of payments, for both the beneficiaries and the Executive Agency.

The remarks below will thus be useful for applicants and beneficiaries in reducing the number of queries and requests for additional information that are often required for the finalising of an application dossier or the execution of the supported contracts.

## **1. APPLICATION FORM / PRODUCTION BUDGET / FINANCING PLAN**

### **1.1. Application Form**

All requests for financial support must be made using the application form.

The Application Form must be filled in completely. This counts for all headings including the Marketing Strategy. Otherwise the application runs the risk of being rejected because of missing information.

The information about the sales of the works produced over the last 5 years by the company has to be correct. Only the territories where the works have been sold and broadcasted should be mentioned. Exploitation rights taken by distributors should not be indicated if the work has not been sold to a broadcaster. Only net revenues that have been effectively paid to the producer have to be indicated.

### **1.2. Estimated Budget**

The Budget must be presented using the form "Estimated Budget" set out in the Budget Form "Support for TV Broadcasting".

Applicants must pay particular attention to the estimation of all budget items. Costs which are overestimated or manifestly superior to known market prices will not be accepted.

Equally, applicants must indicate the quantities (nr. of staff and days) in the "quantity" columns of the Estimated Budget. Overheads as specified in the Estimated Budget may in no case exceed the relevant specified maximum percentages.

Where the Estimated Budget indicates "item to be specified in detail" such specifications have to be made, otherwise the budget item will not be approved and/or the application will be regarded as incomplete.

The Estimated Budget included in the application form consists of two columns, one for the eligible costs and one for the total production costs. The applicant has to verify the correctness of the declared amounts.

All costs indicated in point 9.6 have to be excluded from the eligible costs column. Particular attention will have to be given to ineligible costs incurred before the start of the period of eligibility indicated in point 9.5.1, as well as costs already co-financed by the MEDIA Development funding, incurred by a co-producer which will not be co-beneficiary of the agreement or eventual producer's fees or contingencies.

### **1.3. Financing Plan**

The financing plan must be presented using the form "Financing Plan" set out in the Budget Form "Support for TV Broadcasting".

All financial sources of the proposed action must be named and specified in the Financing Plan quoting the detailed amount of financing. Minimum 50% of the financing must be confirmed by binding letters of commitment. For the participation of a broadcaster, the letter of commitment must clearly specify the licence price and the licence term.

Financing which is raised by private individuals is not considered as eligible.

For the avoidance of any doubt, the percentages used to verify the eligibility criteria and to assess the award criteria will be calculated from the total costs budget.

Financial contributions from Public funds consist of reimbursable advances on receipts, loans, subsidies or automatic support funds. Such financing may be European, national, regional or local.

## **2. ELIGIBLE COSTS**

The details regarding the eligible costs are indicated in point 9.5 of the Guidelines.

Applicants have to verify the correctness of the eligible costs declared as the amount awarded will be calculated on the basis of the total of the eligible costs.

By derogation of the Implementation Rules of the Financial Regulations and according to the specificity of the actions to be financed, the period of eligibility of costs can start 6 months before the date of submission of the application. In order to justify this retroactivity, the applicant has to add to the estimated budget submitted with the application a list of invoices and costs presented in the budget and incurred within the period of 6 months before the date of application. This list will have to mention the heading to which the costs refer and will have to be signed by the accountant of the company.

### **Financing costs**

Only financing costs which are directly linked to bank financing for the submitted project are considered eligible. The applicant must therefore have a credit agreement in order to finance the project. "Credit agreement" is defined as any financing agreement concluded with a credit or financial institution (for example discounting, gap financing, etc).

In order to include financing costs in the eligible budget, the applicant company must provide an estimation of the financing costs related to the project delivered by a credit or financial institution.

## **3. CALCULATION OF THE FINAL FINANCIAL CONTRIBUTION**

Should the action be selected, the following principles will be applied in the framework of the performance of the agreement for financial support signed between the Agency and the beneficiary's production company.

### **3.1. Transfers between budget headings**

The beneficiary may, when carrying out the action, adjust the estimated budget by transfers between headings of eligible costs, provided that this adjustment of expenditure does not affect the implementation of the action and each transfer between headings does not exceed 10% of the total eligible costs. It shall inform the Agency in writing in the technical implementation report and financial statement foreseen in the agreement.

### **3.2. Report of final expenditure and financing of the production**

The report of total final expenditure and financing of the production must be presented using the "Financial Report" form prescribed by the Agency, which will be annexed to the agreement to be signed between the Agency and each beneficiary. The report must be certified by an external approved auditor.

#### **3.2.1. Expenditure**

The "expenditure" part of the Financial Report shall contain the final statement of eligible costs incurred for the action. It shall also indicate the total costs of the production.

Only costs included in the estimated budget will be considered as eligible in the Financial Report. If additional costs incur in budget items where no costs were foreseen, the beneficiary shall seek the prior written approval of the Agency.

In addition to the Financial Report, and for the purposes of verification of the final costs of the production, the Agency may ask for copies of invoices of some of the eligible costs.

The Financial Report will form the basis for calculation of the final amount of the financial contribution. The financial contribution shall not exceed EUR 500.000 or max. 12.50% of the total eligible costs, whichever is the lower, for drama and animated films and EUR 300.000 or max. 20% of the total eligible costs whichever is the lower, for documentary films. At the same time the final financial contribution cannot exceed the maximum amount awarded according to the agreement signed with the Agency.

#### **3.2.2. Financing sources**

All financing sources of the action (including Public funds) must be included in the "financing plan" part of the Financial Report. These financing sources must be named and specified, quoting the detailed amount of financing for each source.

The MEDIA financial contribution shall be limited to the amount required to balance financial contributions and the total costs of the production.

### **3.3. Financial control and audit**

Should the proposal be selected, an agreement shall be signed between the Agency and the beneficiary, by which the beneficiary shall undertake to allow the Agency staff, staff from the Court of Auditors and persons authorised by them, appropriate access to the sites or premises where the action is being carried out and to all documents relating to the technical and financial management of the operation. Access by persons authorised by the Agency may be subject to confidentiality arrangements to be agreed between the Agency and the beneficiary.

The beneficiary shall also agree that the Agency and the Court of Auditors can verify the use to which the financial contribution is put in accordance with the Financial Regulation, applicable to the general budget of the European Union, as throughout the duration of the agreement and for five years after its end date.

The beneficiary shall also undertake to ensure that any subcontractors accept the same obligation. By entering in a multi-beneficiary agreement, the co-beneficiaries commit themselves to respect these obligations.

Controls by the Agency or the Court of Auditors may be carried out on the basis of documents or on the spot.