



**SUPPORT FOR TELEVISION BROADCASTING OF EUROPEAN AUDIOVISUAL WORKS**

**CALL FOR PROPOSALS 95/2003**

<p><b>GUIDELINES FOR THE SUBMISSION OF PROPOSALS TO OBTAIN FINANCIAL SUPPORT</b></p>
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<b>1. INTRODUCTION.</b>
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This call for proposals is based on Council Decision on the implementation of a programme encouraging the development, distribution and promotion of European audiovisual works (Media Plus – Development, Distribution and Promotion 2001 - 2005), of the 20<sup>th</sup>. of December 2000 and published in the Official Journal of the European Communities on the 17<sup>th</sup>. of January 2001 (OJ L13, pp 34-43).

Objectives of the programme.

The objectives of the programme in the distribution sector include the following:

- to promote the movement, in the Community and outside it, of European television programmes produced by independent companies by encouraging cooperation between broadcasters, on one hand, and independent European distributors and producers, on the other hand.

Particular attention will be paid to the development of potential in countries or regions with a low audiovisual production capacity and/or a restricted linguistic or geographical area.

Actions to be implemented.

This call for proposals is aimed at European companies whose activities contribute to the realisation of the above objectives, and in particular independent European TV production companies. It explains how to submit a proposal with a view to obtaining a financial contribution from the Community.

The support scheme's aim is to encourage independent production companies to produce works (fiction, documentary and animated films) involving no less than two broadcasters, and preferably more, in several member states participating or co-operating in the programme, belonging to different language zones.

Special attention will be given to audio-visual works that contribute to the enhancement of European heritage and linguistic and cultural diversity.

Support granted must contribute to speeding up the financing of productions selected by broadcasters and to strengthening independent production companies' rights over such works, thereby encouraging their subsequent exploitation.

## **2. ELIGIBILITY CRITERIA.**

Applications submitted in writing before the relevant deadlines, using the official application forms duly signed, shall be eligible.

Applications which do not meet these criteria and the following criteria will be excluded.

### **2.1. Definitions**

For the purposes of this call for proposals, the following definitions shall apply.

#### Participating countries.

This call for proposals is open to companies registered in and owned in majority by nationals from the Member States of the European Union, countries of the European Economic Agreement participating in the MEDIA Plus Programme (Iceland, Liechtenstein and Norway), as well as those other countries that satisfy the conditions laid down in Article 11 of Decision N° 2000/821/EC (Bulgaria, Cyprus, Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia).

In particular, applications from companies registered in and/or owned in majority by nationals of countries which are candidates to join the European Union<sup>1</sup> will be eligible for this Call for Proposals subject to the coming into force of their country's participation in the MEDIA Plus Programme in 2004. The signature of agreements with successful applicants from these countries shall be subject to the coming into force of their country's participation in the MEDIA Programme by this date, and the fact that the proposed action is not completed at that date.

#### Countries with a low audiovisual production capacity

For the purposes of this Call for Proposals, the following countries will be considered as countries with a low audiovisual production capacity: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Ireland, Iceland, Latvia, Liechtenstein, Lithuania, Luxembourg, Norway, Netherlands, Poland, Portugal, Slovakia, Slovenia and Sweden, as well as those countries which are candidates to join the European Union which fulfil the conditions defined in the above paragraph ("participating countries").

#### European production company

A company whose main activity is audiovisual production and which is registered in one of the Member States of the European Union or of the countries participating in the MEDIA Plus Programme as defined in this Call for Proposals, and which is owned and continues to be owned, whether directly or by majority participation, by nationals from these countries.

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<sup>1</sup> Hungary, Malta

European audiovisual programme

Any work of fiction (including animated films) or documentary, complying with the following conditions:

- the work to be produced will be majority produced by companies established in one or more countries participating in the MEDIA Programme ;
- and
- it has a significant participation by professionals who are citizens / residents of the countries participating in the MEDIA Programme. Significant participation is defined as 10 or more points under the following scheme :

+	Points
Director	3
Scriptwriter	3
Composer	1
Actor 1	2
Actor 2	2
Actor 3	2
Artistic Director	1
Director of Photography	1
Editor	1
Sound	1
Shooting location	1
Laboratory	1
<b>Total</b>	<b>19</b>

Audiovisual programmes consisting of advertising, pornographic or racist material or advocating violence, as well as programmes intended to promote an institution or its activities are not eligible for support.

Audiovisual programmes for children and young people in general will be given special consideration.

Independent production company

An independent production company is an audiovisual production company which does not have majority control by a television broadcaster, either in shareholding or commercial terms. Majority control is considered to occur when more than 25% of the share capital of a production company is held by a single broadcaster (50% when several broadcasters are involved) or when, over a three-year period, more than 90% of a production company's revenue is generated in co-operation with a single broadcaster.

The Commission reserves the right to apply these criteria, taking into account the specific characteristics of the television industry of the individual countries participating in the MEDIA Plus Programme.

### Categories of Projects

Production projects belonging to the following categories are eligible:

- Television fiction projects (individual projects or series) of a minimum duration of 50 minutes. In order to be eligible, fiction projects must be made primarily for the purposes of television exploitation. The Commission reserves the right to apply this definition taking into account the specific characteristics of the television industry of the individual countries participating in the MEDIA Plus Programme.
- Creative Documentaries (individual projects and series) of a minimum duration of 25 minutes). Creative documentaries are productions based on real subject matter but which require substantial original writing, in particular those setting out the point of view of a writer and/or a filmmaker. Creative documentaries based on archive footage are eligible. News programmes, magazines, talk-shows, reality-shows, docu-soaps, school and “how to” programmes are not considered eligible for support.
- Animation (individual projects or series) of a minimum duration of 25 minutes.

Projects from smaller territories (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Ireland, Iceland, Latvia, Liechtenstein, Lithuania, Luxembourg, Norway, Netherlands, Poland, Portugal, Slovakia, Slovenia, and Sweden) for which a national (and national only) theatrical release is forecast are eligible, however only after an initial TV transmission. An exception is made for documentaries for which a national (and national only) theatrical release is allowed also prior to an initial TV transmission. Projects originally forecast as cinema projects (e.g. several theatrical distributors or an international cinema sales agent attached to the project), are ineligible.

For production projects originating from UK, Germany, France, Italy and Spain, only clear television productions are eligible (i.e. no theatrical distributor attached, even if national distributor). An exception is made for documentaries for which a national (and national only) theatrical release is allowed, however only after an initial TV transmission.

Projects already financed by Eurimages are ineligible for support.

### Television broadcaster

Any European company which, holding the broadcasting rights (terrestrial, via satellite or cable) to a film or an audiovisual programme for a given territory, is directly or as parent company responsible for its broadcast by determining the terms on which it is shown.

Internet Services are not considered to be an eligible television broadcaster.

## 2.2. Other Eligibility Criteria

The following eligibility criteria shall apply:

- The applicant company must be an independent European production company. In the case of co-productions, the co-producers have to designate one of the partners as delegate producer to be the contractual partner with the European Commission. This delegate producer must be the major co-production partner.
- The application must be submitted within the following time period; at the earliest 6 months before the first day of principal photography and at the latest on the first day of principal photography.
- The audiovisual work proposed must be an independent European television production (fiction, animation or creative documentary) involving the participation of at least two broadcasting companies from at least two Member States, belonging to different language zones.
- In all cases, the broadcaster contribution must apply with the following thresholds in order to be eligible:

Broadcaster coming from:	% of total budget	
	Fiction, Animation	Documentary
Big territories <sup>2</sup>	1%	0,5%
Countries with a limited production capacity <sup>3</sup>	0,5%	0,5%
New Member States countries	0,1%	0,1%

The Commission reserves the right to apply these criteria, taking into account the specific characteristics of the television industry of the individual countries participating in the MEDIA Plus Programme as well as taking into account the specific nature of the project and its financing structure.

- The exploitation rights licensed to the broadcasters participating in the production have to revert to the producer after a maximum license period of :
  - 7 years if the broadcaster's participation takes the form of a pre-purchase.
  - 10 years if the broadcaster's participation also takes the form of a co-production. In this case, the contract between the producer and the broadcaster must clearly specify the price and licence term for the pre-purchase of the exploitation rights and the conditions for the co-production. A co-production between a broadcaster and a TV-producer is accepted by the Commission only if the broadcaster takes a significant financial risk in the production and is involved in the total organisation and economic handling of the production. The Commission reserves the right to assess these circumstances on a case by case basis. In any case, the broadcaster must not be the majority co-producer of the work.
  - The broadcasters' involvement needs to be proved by contracts or binding letters of commitment. These contracts or letters of commitment must clearly specify the

<sup>2</sup> Covering the Big 5 + big countries outside Europe; like USA and Canada.

<sup>3</sup> Covering countries with a limited production capacity, also countries with a limited production capacity outside Europe.

licence price and the licence term. If the broadcaster's participation also takes the form of a co-production, the conditions of such co-producer's relationship must be specified.

- At time of application, minimum 50% of the financing of the budget of the project must be guaranteed from third party sources of finance (either through direct financing or by advance rights sales), proved by binding letters of commitment, including the project title and the exact amount of financial contribution. Projects that are fully financed will not be considered eligible for support. Financing which is raised from private individuals is not considered as eligible.
- The production budget must be minimum 50% financed by European sources.

### **2.3. Situations of exclusion**

1) Financial support may not be awarded to applicants who:

- (a) are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;
- (c) have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- (d) have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the project is to be performed;
- (e) have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests;
- (f) following another grant award procedure or procurement procedure financed by the Community budget, have been declared to be in serious breach of contract for failure to comply with their contractual obligations.

Applicants must declare that they are not in one of the situations listed above (by signing the application form page 1, cf. Annex 3).

The Commission may request other proofs to the applicants that they are not in a situation of exclusion referred to above.

2) Applicants shall be excluded from the participation at this call for proposals if:

- (a) they are subject to a conflict of interest;
- (b) they are guilty of misrepresentation in supplying the information required by the Commission as a condition of participation in the relevant call for proposals or fail to supply this information.

<b>3. SELECTION CRITERIA.</b>
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The selection criteria make it possible to assess the applicant's financial and operational capacity to complete the proposed project.

The applicants must provide evidence of:

**1) stable and sufficient sources of funding to maintain his activity throughout the period during which the project is being carried out.**

This criterion will be assessed on the basis of the following documents, which must obligatorily be included in the proposal submitted:

- the audited accounts for the last fiscal year;
- for new companies: a bank declaration (document delivered by the bank confirming that the applicant company is the holder of an account which is properly operated).
- For proposals where the costs to be financed exceeds Euro 300.000, the company will have to provide an external audit report produced by an approved auditor. That report shall certify the accounts for the last financial year available and give an assessment of the financial viability of the applicant, i.e. demonstrate that the applicant has stable and sufficient sources of funding to maintain her/his activity throughout the period during which the action is being carried out and to participate in its funding.

**2) competence, qualifications and professional experience required to complete the proposed project**

The proposal submitted must include:

- The Curriculum Vitae of the Managing Director of the company
- The Curriculum Vitae of the Director of the production
- The presentation of activities of the company over the last twelve months; productions (including co-productions) in pre-production, in production and productions completed as well as other activities of the company.

Derogation: In evaluating the prior activity of the applicant company, the background of the persons who make up the applicant company will be taken into account.

The Commission reserves the right not to select proposals submitted by producers who have not fulfilled their obligations in the framework of contracts signed with the European Commission, in particular in the framework of the MEDIA I, MEDIA II and MEDIA Plus Programme.



#### 4. AWARD CRITERIA.

The award criteria shall be such as to make it possible to assess the quality of the proposals submitted in the light of the objectives and priorities set.

Within the limits of the budgetary resources available, the European Commission will select the projects which score the highest number of points, based on the following criteria:

##### 1) "Automatic" criteria

	Points
N° of eligible broadcasters ( <b>home territory excluded</b> )	1 for each <b>territory*</b> **) **)
N° of non-EU broadcasters	1 for each <b>territory*</b> **) **)
N° of linguistic areas covered	1 for each
Production company from a country with a low production capacity	2
Production company from the New Member States and candidate countries	4
Work enhancing European audiovisual heritage (archives)	1
Children's programme	1
Minimum 20% Non-National financing (not including MEDIA)	1
Minimum 25% Non-National financing (not including MEDIA)	2
Minimum 30% Non-National financing (not including MEDIA)	3
Minimum 35% Non-National financing (not including MEDIA)	4

\*) Except for territories with several linguistic areas

\*\*) 1 extra point awarded if broadcaster participation is above 5% of the total production budget

Please bear in mind that in order to receive a point for broadcasting participation, the financial involvement by the broadcaster must apply with the thresholds mentioned under point 2.2, page 6.

##### 2) "Flexible" criteria

In addition to the "automatic" points awarded above, the panel of experts, who assist the Commission in selection of projects, will award the projects between 0-4 points on each of the following criteria:

- Track record of international sales (taken into account the producer's track record, director's track record and the company's track record) (0-4 points)
- International distributor's involvement (0-4 points)
- International Appeal/European and international marketing strategy (including planned dubbed/subtitled versions) (0-4 points)

## **5. FINANCIAL SUPPORT.**

The action proposed by the applicant may not receive double financing<sup>4</sup>. Applicants must indicate in their application for support what other applications for financial support they have submitted or will be submitting to the European institutions during that same year, indicating for each support the Community programme concerned and the amount of the support.

### **5.1. Amount of the financial contribution.**

The amount of the financial contribution awarded to each selected project by the Commission is determined with respect to the cost and nature of each project, in particular with regards to the following criteria:

- the production budget and financing plan of the work
- the performance of the producer in the execution of its previous contracts with the MEDIA II Programme and MEDIA Plus Programme (respect of the submitted production budget)

The Commission is not bound, by the sole act of selecting a given applicant, to agreeing to the level of funding requested. Under no circumstances may the amount granted be greater than that applied for.

The financial contribution will take the form of a subsidy.

The maximum financial contribution which may be awarded is € 500 000 per work.

The financial contribution awarded will in no event exceed 12.5% of the production budget submitted by the producer for fiction and animated films and 20% of the production budget for documentary films.

### **5.2 Payment of the financial contribution.**

For each project selected, the Commission will offer to the selected production company a contract stating, inter alia, the arrangements for payments.

The payment of the financial contribution will normally be made in three instalments:

- 30% upon written confirmation of the start of principal photography / production;
- 20% upon presentation to and approval by the Commission of the signed contract between the producer and the main broadcaster and a progress report on the production, and an Interim Financial Report.
- 50% upon presentation to and approval by the Commission of a written declaration by the first broadcaster proving its acceptance of the delivered

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<sup>4</sup> One action may give rise to the award of only one grant from the budget to any one beneficiary.

material as well as a Final Financial Report, certified by an independent chartered accountant. The Commission's final financial contribution may not exceed 12.5% of the final total expenditure for fiction and animated films and 20% of the final total expenditure for documentary films.

Upon a joint presentation to and approval by the Commission of the first and second instalment deliverables, the Commission may make a joint payment of the first and second instalment.

The beneficiaries will notify the Commission of major alterations of the financing plan and production budget during the entire contractual period with the Commission.

## **6. EVALUATION AND AWARD PROCEDURES FOR PROPOSALS.**

### *Duration and validity of the Call for Proposals*

The present guidelines are valid for the year 2004.

### *Timetable for selection – deadlines for submission of proposals.*

Applicants may present proposals to the Commission at any given date.

All complete proposals sent before the deadlines laid down below will be examined by the Commission. The outcome of the Commission's selection procedure may normally be expected 3 to 4 months after the relevant closing date.

### **Closing date for submission of proposals :**

**17 February 2004**

**16 June 2004**

**3 November 2004**

### *Budget*

The budget for 2004 will be minimum 12 M €.

### *Evaluation and award procedure.*

The Commission will be provided with assistance in assessing projects by a Technical Assistance Office. The Commission will make the final selection of the beneficiaries.

The Commission reserves the right not to process proposals which lack the required documentation or information (documents listed in the application form) at the deadline. The examination of dossiers rejected on this basis will be postponed to the following deadline, under the reserve that the eligibility requirements defined in section 2 above are respected.

The Commission reserves the right to request additional information from applicants before taking any final decision on granting a financial support.

Eligible proposals will be submitted to an evaluation process, including in particular, recourse to independent experts. The choice of these experts will be based upon competence, independence and a thorough knowledge of TV production and distribution and the European audiovisual market.

Applicants will be informed as soon as possible whether or not the Commission has decided to grant them a financial contribution. This decision will be final.

No file or document submitted will be returned to applicants at the end of the evaluation and award procedure.

The projects selected will be the subject of an agreement concluded between the Commission and each production company, specifying the amount of support and the payment arrangements.

In the absence of a specific written objection (duly justified), the name of the beneficiaries, the projects selected, the amounts awarded and the share of financing will be published on the Internet within 30 days of signature of the agreement.

<b>7. PRESENTATION AND SUBMISSION OF PROPOSALS.</b>
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The proposals and the annexes must be submitted in duplicate (unless otherwise stipulated). They must be sent by registered post (posted no later than the closing dates listed above (postmark)), by express courier or delivered by hand, to the following address:

European Commission	Office address (if delivered by hand):
DG EAC/C-3 Programme MEDIA	Rue Belliard 100, 4 <sup>th</sup> floor, Office 20
Mr Jacques Delmoly	B-1040 Brussels - Belgium.
Office: Belliard 100, 4/20	
B-1049 Brussels - Belgium.	

For proposals delivered by hand, thank you for delivering them before 17h00.

**ENVELOPES SHOULD BE CLEARLY MARKED :**

**“MEDIA Plus - DISTRIBUTION 95/2003 - TV BROADCASTING”**

Applicants submitting a proposal by courier are asked to send, before the deadline, a fax announcing their intention to apply :

Fax No (+32-2) 299 92 14

*Contacts at the European Commission*

The Commission service responsible for implementing the MEDIA Plus Programme is Unit C-3 of Directorate General EAC - Education and Culture.

Contact :

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Theatinerstrasse 11

D- 80333 München

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E-mail: [brigitte.link@dsmedia.de](mailto:brigitte.link@dsmedia.de)

*National contacts*

Additional information, as well as guidelines and applications forms in the Community's official languages other than French and English are available at MEDIA Desks and Antennae as per the list below.

## **Annex 1 FINANCIAL GUIDE.**

### **Introduction**

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

In the course of the operation of the MEDIA II Programme and the audits carried out by the Commission of a certain number of selected projects, 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 of the selected projects, for both the beneficiaries and the Commission.

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 support contracts.

### **1. Application Form/Production Budget/Financial Plan.**

#### **1.1 Application Form**

All requests for financial support within the current Call for Proposals must be made using the application form attached to the current Call for Proposals.

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

#### **1.2 Production Budget**

The budget must be presented using the form “Production Budget” set out in the Application Form “Support for TV Broadcasting”.

Applicants must pay particular attention to the calculation of all budget items. The services of the Commission have developed, during MEDIA II, a sound knowledge of the applicable prices for the differing European markets for the categories of items used in the budget: costs which are overestimated or manifestly superior to known market prices will not be accepted.

Equally, applicants must indicate the quantities (no. of staff and days) in the “quantity” columns of the Production Budget. Fees and Overheads as specified in point 8. of the Production Budget may in no case exceed the relevant specified maximum percentages. Contingencies are approved only in extraordinary cases and only if explained in detail. They may not exceed the percentage set out in point 8.3 of the budget form.

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

### 1.3. Financial Plan.

The financial plan must be presented using the form "Financial Plan" set out in the Application Form "Support for TV Broadcasting".

All financial sources of the Project must be named and specified in the Financial Plan quoting the detailed amount of financing. At the stage of application minimum 50% of the financing must be confirmed by binding letters of commitment. For the broadcasters' participation, the letter of commitment must clearly specify the licence price and the licence term.

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.

Funds from **European Community Programmes other than MEDIA PLUS** must be included in the financing plan. They will be included in the maximum percentage of the Community contribution.

## 2. Eligible Costs.

### 2.1. Duration of eligible costs

Only those costs incurred by the beneficiary for the execution of the project (television production) during a period starting 4 months before the first day of principal photography and ending 24 months after this date or 36 months after this date in the case of longer series, will be eligible.

If the first date of principal photography is postponed/modified by the beneficiary, the period of the eligible costs will be adapted according to the new date along the lines set out above (from 4 months before the first day of principal photography to 24/36 months afterwards).

The signature of the contract shall normally take place no later than 5 months after each application deadline.

### 2.2. Categories of eligible costs.

The categories of eligible costs are clearly identified in the form "Production Budget", which will form the basis for calculating the financial contribution awarded to the projects. The financial contribution awarded will in no event exceed 12.5% of the production budget submitted by the producer for fiction and animated films and 20% of the production budget for documentary films.

Moreover, the beneficiaries of a community support are obliged to maintain a clear analytical accounting of the costs for each supported production project. This

accounting and classification system will facilitate the verification and certification of the final costs by the independent chartered accountant necessary for the payment of final instalment.

*2.2.1. Eligible direct costs.*

The costs which are considered as direct eligible costs are those that are:-

- directly linked to the production of the work concerned ;
- actually incurred by the beneficiary or the coproducers of the work ;
- identifiable and controllable on the basis of justifying documents ;
- registered in the accountancy or financial records of the beneficiary or its coproducers.
- Incurred during the eligibility period as specified in point 2.1.

**If the development of the work applied for was supported within the framework of the MEDIA II or MEDIA Plus Programme (Single projects or slate funding), the costs which were co-financed at the development stage are not eligible.**

**Contributions in kind (such as professional credits / industry credits in kind and deferred salaries) are not eligible costs.** Production services offered by the broadcasters are not considered as being in kind<sup>5</sup>.

The categories of eligible costs are clearly identified in the form “Production Budget”, which will form the basis for calculating the financial contribution awarded to the projects (headings 1 to 7). Applicants should in particular pay attention to the following :

**Personnel and assistance (Budget heading 2)**

Salaries must be calculated on the basis of the real daily salaries/ wages of employees/ recipients, multiplied by the number of days necessary for the completion of their tasks on the project. Usual employer contributions, such as social security charges, must be included.

Are excluded : bonuses, incentive payments or benefit participation schemes.

The maximum number of days per year and per person is 220.

*2.2.1. Eligible indirect costs.*

Provision is made under heading 8 of the budget for certain indirect costs linked to the project.

**8.1. Producer’s fee.**

This fee shall in no event exceed 5 % of the total direct eligible costs (i.e. total of costs entered under headings 1 to 7).

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<sup>5</sup> The value of such contributions must not exceed (a) either the costs actually borne and duly supported by accounting documents; or (b) the costs generally accepted on the market in question.



## 8.2. General overheads.

This category may never exceed 7 % of the total direct eligible costs (i.e. total of costs entered under headings 1 to 7).

## 8.3. Contingencies.

At the time of application, a provision can be made for contingency costs related to the production. This provision may not exceed 5 % of the total direct eligible costs (i.e. total of costs entered under headings 1 to 7). Contingencies will not be accepted at the stage of final costs.

## 2.3. Categories of ineligible costs.

Certain costs will be considered as ineligible if they are not clearly identified in the Production Budget.

In all cases, the following costs are ineligible :

- unnecessarily high expenses which are unjustified;
- costs which are not identifiable or controllable on the basis of supporting documents;
- costs which are not registered in the accountancy or financial records of the beneficiary;
- capital investment costs;
- general provisions (for losses, future debts, etc);
- debts;
- loan interests;
- bad debts;
- exchange losses;
- contributions in kind (such as professional credits / industry credits in kind and deferred salaries). Production services offered by the broadcasters are not considered as being in kind;
- costs of the project that were already co-financed by the European Commission within the framework of the MEDIA Programme (single projects or slate funding).

## 3. **Calculation of the final financial contribution**

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

### 3.1. Transfers between budget headings.

The amounts indicated by the beneficiary under the different headings of the production budget are considered indicative. The beneficiary may therefore apply changes to the budget, as long as these transfers do not affect the basic purpose of the operation and the financial impact is limited to a transfer between headings of the budget involving an increase of less than 15% of the amount entered under a heading. If the financial impact foreseen involves an increase of more than 15% of the amount

entered under a heading, the producer may ask for such written permission after the re-allocation has taken place (and at the latest at the time of presentation of the Financial Report), providing justification for the changes. For reallocation between budget headings above 30% the beneficiary shall seek the prior written approval of the Commission before applying the amendment.

### 3.2. Report 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 Commission, which will be annexed to the agreement to be signed between the Commission and each beneficiary. It must be certified by an independent chartered accountant.

#### 3.2.1. *Expenditure.*

The “expenditure” part of the Financial Report shall contain the final statement of eligible costs incurred for the project.

Actual expenditures for Contingencies must be allocated to the relevant budget headings in the final expenditure report, i.e. no provisions for contingencies may be considered eligible at this stage.

In addition to the Financial Report, and for the purposes of verification of the final costs of the production, the beneficiary shall provide copies of invoices for a total amount at least equal to the financial contribution granted by the Commission. The copies of invoices provided will in particular cover the following categories of costs :

- Personnel and assistance (cf. production budget point 2)
- Dubbing and subtitling costs (cf. production budget point 5.1 and 5.2)
- M & E tracks (cf. production budget point 5.5)

The Financial Report will form the basis for calculation of the final amount of the financial contribution. The financial contribution shall not exceed 12.5% of the total final approved expenditure for fiction and animated films and 20% of the total final approved expenditure for documentary films. At the same time the final financial contribution cannot exceed the maximum amount awarded according to the agreement signed with the Commission.

#### 3.2.2. *Financing sources.*

All financing sources of the project (including public funds) must be included in the “financial plan” part of the Financial Report. These financial sources must be named and specified, quoting the detailed amount of financing for each source.

The Commission’s financial contribution shall be limited to the amount required to balance financial contributions by public sources other than the Commission and final approved expenditure for the project. At the same time the final financial contribution shall not exceed the maximum amount awarded according to the agreement signed with the Commission.

### 3.3. Financial control and audit.

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

The beneficiary shall also agree to the Commission and the Court of Auditors of the European Communities verifying the use to which the financial contribution is put in accordance with the Financial Regulation of 21 December 1977 applicable to the general budget of the Commission, as amended, 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.

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

### 4. Exchange Rates.

The forecast production budget and financial plan must be presented in Euro (€).

For the member states of the Euro zone, or for expenses invoiced in these currencies, the official exchange rate below must be used.

	<b>EURO (€)</b>	<b>EUR</b>	<b>1 € =</b>
Belgique / Belgie	Franc Belge	BEC	40,3399
Deutschland	Deutsche Mark	DM	1,9558
Ellas	Drachmi	GRD	340,7500
España	Peseta	PTA	166,3860
France	Franc français	FF	6,5596
Ireland	Irish Pound	IRL	0,7876
Italia	Lira italiana	LIT	1936,27
Luxembourg	Franc Luxembourgeois	LUF	40,3399
Nederland	Nederlandes gulden	HFL	2,2037
Österreich	Öster. Schilling	OS	13,7603
Portugal	Escudo	ESC	200,4820
Suomi	Markka	FMK	5,9457

For those countries who are not members of the Euro zone, or for expenses incurred in the currencies of countries which are not part of the Euro zone, the exchange rate to be used is the official exchange rate published at the beginning of each month for the month (available from the MEDIA Desks and Antennae and from the web site of the Commission at <http://europa.eu.int/comm/budget/infoeuro>).

Deadline for the submissions of Proposals	Average exchange rate (Infor Euro) of the month of
17 February 2004	February 2004
16 June 2004	June 2004
3 November 2004	November 2004

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*Updated: 25.11.2003*

## **Annex 3 – Application form**

### **Notes for Applicants**

The Application Form provided with this Call for Proposals must be completed in full. Additional information and annexes are welcome but they cannot be used to substitute for or replace the application form.

The high volume of applications, the complexity of the projects and the need to take decisions within a reasonable timeframe means that the Commission cannot guarantee that any additional information submitted after the deadline will be taken into account at the time of selection.

Your application form will be the basis of the assessment of your project and therefore your attention is drawn to the fact that failing to fully complete the form will reduce your chances of selection and may render your application ineligible.

Frequent mistakes in submitting projects include:

- Failing to complete the track record section, either for the company or talent.
- Failing to specify the first or forecast date for the beginning of principal photography (eligibility).
- Failing to complete the short synopsis.
- Failing to specify locations, shooting period and production period (the latter especially in relation to Animation).
- Failing to complete the marketing strategy.
- Failing to specify the detail of broadcaster commitments.
- Simple addition errors in the Budget and Financial Plan due to failure to check the accuracy of the figures and calculations.