

**Financial Guide**  
**(Call 74/2002-Festivals)**

**Introduction**

The purpose of this Financial Guide is to define clearly for the applicants the procedures to follow when completing the financial application form.

Its purpose is also to introduce the applicants to the new method of financial management that is now applicable to the methods of granting community subsidies to festival projects.

The deliberate choice of this new method, called “targeted management”, is to make this financial management simple and efficient. It has no effect on the assessment of the project’s operations.

More precisely, only certain categories of total costs will be considered as eligible and taken into account in the calculation of the community subsidy (see part 2 of Financial Application Form in Annex III).

However, the total funding and costs of the projects will be taken into account within the overall assessment of the proposals submitted in the frame of the call for proposals (see part 1 of the Financial Application Form).

**Financial Application Form**

The forms for total forecast budget (part 1) and for forecast budget related to the various categories of costs taken into account for the “targeted management” must be both duly filled in.

The following specifications must be used by the applicants when they complete their **forecast and final** budgets.

**1. Eligible costs:**

1.1. Duration of eligible costs:

Only those costs incurred by the applicant for the execution of the project within the period:-

- starting at the earliest 10 months before the 1st day of the festival,
- ending at the latest 2 months after the 1st day of the festival

shall be eligible.

## 1.2. Categories of eligible costs:

The four categories of costs are:

- a) Hire of Equipment:

This category includes costs related to the rental of equipment, projection, sound, computers etc. The purchase of equipment is excluded.

- b) Promotion and advertising: (trophies and awards are excluded)

This category includes costs related to the design, drafting and printing of catalogues, editorial publications, programmes and flyers, the design and printing of posters, the fees of a publicity agency, the purchase of advertising spaces in the press, etc...

- c) Transport of prints:

This category includes costs related to the shipping of prints by external suppliers (only for films that form part of the festival's programme) and costs related to customs clearance.

Expenses related to the shipping of VHS tapes (sending or receiving) for pre-selection are excluded.

- d) Sub-titling and translation

This category includes costs related to the subtitling of the films programmed by the festival, the translation of the catalogue etc.

The applicants can select from one to four of these categories of costs. The category(ies) of costs must be detailed when the projects are submitted; this(these) category(ies) will be clearly defined and set out in the contract between the European Commission and the beneficiaries. The applicants must absolutely make this selection at the submission stage.

**NB:** In the context of the payment of the balance of the support, the beneficiaries must declare those costs effectively incurred and actually paid.

The beneficiaries of a community support are obliged to maintain a clear analytical accounting of the costs for each supported 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 an eventual financial contribution.

The amount of the Community contribution can in no case be superior to 50% (or 60%) of the expenses actually incurred and paid under the categories of eligible expenses specified.

### 1.3. Definition of the eligible costs:

Costs which are considered as eligible are those that are:-

- directly linked to the project concerned
- actually incurred by the applicant (contributions in kind are excluded)
- actually paid by the applicant
- identifiable and controllable on the basis of justifying documents
- registered in the accountancy or financial records of the beneficiary
- net of all credit notes, rebates whether per invoice or annual....

### **2. Categories of ineligible costs:**

Costs incurred by the beneficiary which are the subject of re-invoicing to third parties are not eligible.

The following costs are not eligible:

- costs which are not directly linked to the project,
- 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
- contributions in kind.

### **3. Exchange Rates.**

Applicants from member states of the Euro zone must present the provisional and final budgets in Euro (€).

Applicants from those states that are not members of the Euro zone, whether they are from member states or from states participating in the MEDIA Programme, must present the provisional and final budgets in Euro (€) and national currency.

If the beneficiary is established in a state that has not adopted the Euro, the conversion rate applied in your provisional budget is the official rate published in the Official Journal of the month you date your application. This exchange rate is available from the MEDIA Desks and Antennae and from the web site of the Commission at <http://www.europa.eu.int/comm/budget/inforeuro/files.htm>

The exchange rate to be used for the final budget is the exchange rate used by the bank for the payment of the advance of the support. If more than one advance is paid, the exchange rate used should be the average of the exchange rate used by the bank for the payment of these advances.