

Course outline: Production Accounting for Film and Television Diploma

The course consists of 6 modules, taught over a combination of 26 Virtual Workshops. It will be taught by the 2 tutors, with individual sessions by various industry professionals, and cover budgeting, cost reporting, financing a film, cash flowing and running film-specific payrolls.

By the end of the course you will have evidence of work and skills in:

- Good working knowledge of Movie Magic Budgeting;
- Knowledge of cast and crew payrolls;
- Ability to create and interpret Cost Reports;
- Understanding of the UK Tax Credit and at least one foreign film subsidy;
- Knowledge of how the accounts team interacts with the other departments on a film;
- Ability to create accurate expenditure cashflows.

Course Elements

The course consists of a logical progression of classes, practical workshops and modules, taught and overseen by industry professionals run over 26 Virtual Workshops.

Knowledge is imparted and experience gained through workshops and production experience. You will compile a personal folder (part of your Graduation Portfolio) of written work submitted during the course and your final assessment will be based on this as well as your performance in your Progress Reviews. Please see the sections on Assessment Criteria and Assessment and Final Classification below for more information on how you will be assessed throughout the course.

Induction and Introduction to Production Accounting

Modules

Module 1 – BTL Budget

Module 2 – ATL & Post Budget

Module 3 – Tax Credits, Finance Plan and Cash Flow

Module 4 – Accounting Software (PSL +)

Module 5 – Payroll

Module 6 – Costing Tools & Cost Reports

Module Summary

Module 1 – BTL Budget

Sample budgets to input: Locations, construction (using BECTU rate card), extras, crew hotel and per diems, facilities vehicles. How to input cast and crew salaries into MMB.

Module 2 – ATL & Post Budget

Legal, Writing Purchase Price, post production comparison budgets, PACT Equity agreement minimum fees. Create locked budget after input of these. Calculate Equity escrow.

Module 3 – Tax Credits, Finance Plan and Cash Flow

Cashflow notes and sample tax credit calculation. Students look at different scenarios during prep and manage cashflow before closing finance on a very limited budget. Create expenditure cashflow, then financier's cashflow based on industry standards, and finally merge the two to create cashflow for use in financing documents. Create 1-day cost and 1-week cost budget in MMB.

Module 4 – Accounting Software (PSL +)

Using the agreed locked budget, input budget into PSL. Exercises in inputting POs and invoices, then journals. Use sample FDPP schedule to create journal for inputting these.

Module 5 – Payroll

Various payroll journals to be coded, and information from them used to inform cost report 1 and changes to each individual MMB. Examination of HMRC regulations for the film industry.

Module 6 – Costing Tools & Cost Reports

Updated departmental budgets, input of a costs to date budget. Students work in groups to produce separate costs reports on PSL, with matching MMB and variance explanations. Create a tax credit essay, comparing the UK tax credit to one in a foreign jurisdiction.

Placement

All students will have a two-week placement in the accounting department of a Disney show prior to the end of the course.

Equipment requirements

All Students will require for all sessions, including the first session, a current working laptop with a version of Excel installed. You will be provided with budgeting and accounting software; you must be happy to have these loaded onto your computer.

Module 1: The Below the Line Budget

Where do you start when looking at how much a project will cost?

We will begin the process in the same way all shows start – with a script and a schedule. From these initial documents we will pull out the key costing elements that they provide and we will begin to format the main section of the production budget; The ‘Below The Line’ costs. These costs relate to the main shooting schedule of the budget including crew and departmental purchases and rentals.

This module will feature contributions from key Heads of Departments who control the spending for the majority of budgets with the production; Producer, Production Manager, Location Manager, Production Designer. Each of these HOD’s are experts in their fields and can give a much more detailed account of what their department will require in order to fulfil their individual remit for the production. They will explain their spending patterns and the support that they require from an accounting team; using the information provided we will start to build the detail into the BTL budget.

Students will be given instruction on how to use Movie Magic Budgeting – the standard industry software for film & television budgets. An ability to use MMB confidently is a fundamental requirement for every Production Accountant. The accountant must be able to track changes as they occur and predict the effect this will have on the final cost of the film. MMB allows the accountant to update daily costs over a period of time and to show how these changes between one cost report and the next.

At the end of this module students should have a greater understanding of the key cost elements forming the BTL budget and the important roles that each of these elements fulfil, and what changes during the course of production.

Ultimately the students will have produced a BTL budget of their own which will be used throughout the rest of the course for processing and costing.

Module 2: The Above the Line and Post Production Budgets

The Above the Line budget is the section that features the Writing, Producing, Directing and Casting cost elements. The Post Production costs relate to the process of taking the film from the set to the cinema.

These two elements fall either side of BTL costs and for the most part fall outside of the control of the Production Manager and the Production Accountant. It is extremely important to budget these areas correctly in order to meet the previously agreed total budget amount. Sometimes there are development repayments to account for, producer/director/lead cast deferrals. Frequently these have been paid through different bank accounts and on occasion are not readily identifiable.

We will learn about the UK trade union, Equity, which governs and protects all UK performing artists.

Equity has separate contracts with BBC, ITV, PACT and Netflix, amongst others, with different rules and payments for the use of the artists' performances. For this course we'll study the PACT/Equity Cinema Films Agreement 2021, which regulates feature films, but other agreements cover television and streaming services and production accountants will become familiar with those as required.

How do their rules and regulations fit in with the normal shooting day? What are the minimum fees that must be paid to all Cast and Stunt Performers? Are there any working restrictions that the accounting team should be monitoring?

The post production process is exceptionally technical and complicated. All production accounting teams have to take guidance from a Post-Production Supervisor who is a specialist in this area. We will meet with and learn from a Post-Production Supervisor and using the information that they provide the students will add the cost requirements into their budgets.

At the end of this module, once all the elements above have been added into the student's budgets, they will have completed their 'work in progress' production budget. This will form the starting point for the rest of the modules in the course.

The budget will change almost daily on a production so this document will be updated each week by the students as they react to the new information and material provided to them.

Module 3: Tax Credits and Cash Flow

In this module we begin to look at the tax incentives that are available to productions.

The UK tax incentive has been in operation for more than 15 years and now covers both film and television. More foreign productions are coming to the UK to take advantage of this opportunity due to the stability and predictability of the tax credit. Large US productions typically look at a “net” budget, after deduction of tax credit, whereas independent films will incorporate the tax credit into their Finance Plan. In each case accurate calculation of the tax credit is vital. We will meet an expert in the UK tax incentive; someone who may one day be auditing one of your shows to confirm that you have a successful claim for the incentive! What are the qualifying criteria, how much can you claim, how do you effectively track spend in the accounting software? The UK tax incentive can form a large part (maximum 20%) of the financing plan for many productions so an accurate up-front calculation is imperative. Students will be required to calculate the UK tax incentive amount that could be claimed on their own budgets.

We will also look at how the accounting team can manage the production funds once the financing plan has been agreed. Students will create a cash flow based on their own budgets for the period of the production. This is a vital document which is included within the closing financial documents and signed off by the lawyers for each of the parties, and is the basis on which the production accountant invoices for funding. We will discuss how the funds can be managed in cases where the cash flow may be very restricted. Which payments are essential to keeping the wheels turning on the production and which payments can be delayed until funding is more stable?

Throughout this module, students will be expected to research another European tax incentive that is currently available to productions. An essay will need to be submitted explaining the qualification requirements for this tax incentive, any restrictions that it may have and if, in the student’s opinion, it is more or less favourable than the UK tax credit and why.

Module 4: Production Accounting Software and Documents

In this module, we input the budget into the film specific accounting software PSL+ and begin to work with it as a normal accounting team.

We will discuss the working week for a successful accounting department. How does the work load get distributed and which elements are the most important ones to process into the cost report first? The Producer will require almost daily updates so that any new requests from the Director and/or Heads of Department can be approved or denied immediately. Timing is everything when it comes to film making and it cannot be the accounting department who hold up the decision-making process.

Test data, which is representative of the industry, will be provided for the students to work from. This test data will come in the format of purchase orders, invoices and petty cash. Students will be expected to notate the paperwork: Are there any additional costs included that may not be allowed for in the budget, are there additional costs over and above those approved by the Head of Department and the Producer, are there any savings that can be taken? Each week the test data will need to be input into the accounting software and posted down into the cost report.

Once the data has been posted down we will have our first cost report meeting to look at the effect that these costs have had on the budget. The budget will need updating to reflect any necessary changes and monies will be moved to keep the overall variance for the production at zero. We will also look at use of contingency to cover agreed budget overspends.

Module 5: Payrolls

Payrolls are one of the largest elements of an accounting department's workload. They can form the largest weekly cost and they require the fastest turnaround time.

Freelance film crews, which can range from 100 people up to 1,000 people, are paid weekly and their payroll can and will change from one week to the next. Often the crew can be in a different place to the accounting office so organisation, accuracy and speed are key.

We will look at how HMRC regulates our industry. We'll look at the document which allows us to decide if someone is an employee or a contractor considering the whole industry is freelance.

What are the rules surrounding other crew payments, including per diems, fuel and accommodation?

Test data will be provided for the students to process their own payrolls. Each of these payrolls will need to be calculated correctly, delivered in the payroll company specific format and then posted into the accounting software.

On top of being responsible for the crew getting paid on time there is the added task of making sure that each crew member is being taxed correctly. All liability for unpaid taxes lies with the production so it is down to the accounting team to ensure this liability is negligible.

Once all the payrolls have been posted down correctly we will have our second cost report meeting to look at the effects that these costs have had on the budget. Again, the forecasts will need updating to reflect any necessary changes and monies will need to be moved to keep the overall variance for the production at zero, or where agreed to take any overages from the contingency.

Module 6: Costing Tools & Documents & Final Cost Report for Producer

This final module looks at the alternative places and documents that the accounting team can look to in order to make sure their costing and forecasting is as up to date as possible.

Call sheets, progress reports, AD's reports, wrap reports. These are all reports that are issued on a daily basis throughout the shooting period. Students will need to decipher the additional cost items showing in these reports and enter them into the accounting software.

Once this final cost element has been added we will have our third cost report meeting. In the same way as the other cost report meetings we will look at the effects that new costs presented have had on the budget. For one final time the budget will need updating to reflect any necessary changes and monies will need to be moved to keep the overall variance for the production at zero, whether by using contingency or savings identified within the budget.

For the final module course work the students will be required to prepare a cost report in the same way a Production Accountant issues a cost report to the financiers, the bond and the producers. Explanations for all the variances from the original budget will need to be given and reasons behind why they were necessary will need to be included.

Other Components of the Diploma

Meet the Industry

You will meet professionals from a wide range of industry backgrounds throughout the course during workshops, seminars, and on productions/work experience.