

Film Accounting 101

Managing Film Production Series

Like it or not, your performance is measured to some degree by how well you control the money. It's like "Directing", only you're "Directing" the money.

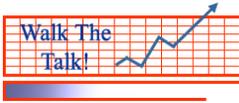


Managing Film Production Series:

Managing Film Budgets, Managing Weekly Cost Reports, Managing \$ Controls

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Film/TV Production Accounting Course **3rd Assistant Accountant**

INTRODUCTION:

This course is designed to train Assistant Accountants in the fundamentals of film accounting at an introductory level. It is a very practical hands-on approach. This course introduces you to the fundamental film accounting practices, systems and forms used throughout the North American film industry, and indeed throughout the world.

What is the “Product” of a Film Accountant? A baker produces a loaf of bread. A Film Accountant produces a Cost Report (see glossary). Perhaps a better way to say it, is that a Production Accountant produces all cost explanations for over and under budget costs, for all of the production’s past, present and future costs. They want swift answers and fine detailed cost analysis WHEN THEY WANT THEM (capitals are mine).

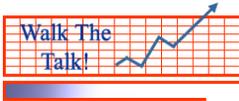
On an introductory accounting level that means that all costs must be:

1. smoothly organized into agreed upon flow lines for coding and approvals, all the while keeping everyone honest, but without halting the flow of production.
2. accurately entered to accounting software so that the costs are reflected in summary cost reports, and
3. finally, all of those documents must be neatly filed in an organized manner for future reference.

The levels of accounting skill, going from the File Clerk to the Production Auditor, are:

- 3rd Assistant Accountant (sometimes referred to as “File Clerk”)
- 2nd Assistant Accountant (usually the primary person in charge of all input to the accounting software)
- Payroll Accountant (usually paid at a level between the 1st and 2nd Asst).
- 1st Assistant Accountant (like the Sergeant Major of the Accounting Dept)
- Production Auditor (also called, Production Accountant – the full responsibility of all reports, errors, as well as the glory, falls here.)

This course gives the graduate the knowledge and practical drills to be at least a 3rd Assistant Accountant, and very likely ready to be promoted to a 2nd Assistant Accountant.



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Overall Functions of Film Accounting:

The functions of film accounting are the same as any accounting system, but slanted towards speed and practicality. Film/TV production is a whirlwind environment full of challenges, fast reaction time and tons of job satisfaction. The functions can be categorized as:

1. Bookkeeping – account for the approved costs incurred and committed rapidly and in a readable, standard form.
2. Reporting – prepare accounting reports for both the financiers and the producers in a format that they are familiar with and from which they can draw conclusions related to their progress in producing the film/TV project.
3. Auditing - ensure that all the funds provided for the project are spent as intended by the financiers. This function extends to ensuring that the film project is complying with government taxation law and is practicing standard business ethics.

More specifically, this will give you a better understanding of what you should be capable of at the end of this course:

Functions of the 3rd Assistant Accountant:

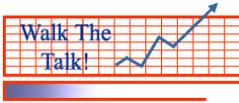
The 3rd Assistant Accountant:

- distributes the in-coming documents,
- contributes to the routing of accounting documents for approvals before payment,
- assists in the logging of key information, and
- files all processed accounting documents in a standard manner that is easily referenced and ready for external/tax audit.

Functions of the 2nd Assistant Accountant:

The 2nd Assistant Accountant:

- organizes the cost documents in file folders for approval by the Line producer/producer, Accountant – oversees the 3rd Asst Acct.
- Assists the 1st Asst Acct with Petty Cash, Purchase Orders, Ck Requisitions, etc. as required.
- Does the bulk of the entering to the accounting software system, preparing batches for approval by the 1st Asst Acct, processing cheques, etc.



Film/TV Production Accounting Course 3rd Assistant Accountant

Scope of this Introductory Film Accounting Course:

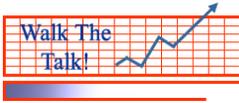
This introductory course does not assume that you know the fundamentals of bookkeeping. If you don't, or never have, seen basic bookkeeping terminology before then refer to Appendix I – it introduces some basic bookkeeping techniques. A Glossary of Terms is also included at the back of this pack. The scope of this introductory course encompasses:

1. The 7 film accounting systems (see the list on the next page), including examples and drills of each major form
2. The document flow from origination through to the final filing of those forms, including the necessary approvals required, and
3. The generally practiced methods of filing in Film/TV production.

The course is organized by the 6 basic Film Accounting systems, as listed below. In each case the Accounting Document forms used, Document Flows and Document Approvals will be taught, and drilled:

1. **Check Requisitions:** a simple request for a check, or wire transfer, to purchase or rent something for the production.
2. **Purchase Orders:** A multiple form document used to approve a cost in advance of actual payment.
3. **Vendor Invoices/Cheque Printing & Cheque Copies:** Invoices either received in the mail, or hand delivered are matched to previously approved PO's, paid by cheque, have a cheque copy attached to it and are filed for easy reference.
4. **Petty Cash:** Petty Cash Advance requests and Petty Cash Reimbursement.
5. **Payroll:** Crew and Cast 'Deal Memos' and Timecards
6. **Journal Entries:** A procedure to record funding, re-code expenses, etc.

Several examples have been prepared for all the above. Also provided are real-life examples of the approvals required for each form, the filing systems and any tracking systems utilized. All examples are based on actual Film/TV productions.



Film/TV Production Accounting Course **3rd Assistant Accountant**

END RESULT OF THE COURSE:

The course graduate of the Introductory Film Accounting Course will understand the six cost systems within the Film Accounting System – and will know the approval, filing and tracking systems. The graduate will be able to apply this knowledge in a working environment for any film/TV production as a

3rd Assistant Production Accountant (aka File Clerk).

Film/TV Production Accounting Course 3rd Assistant Accountant

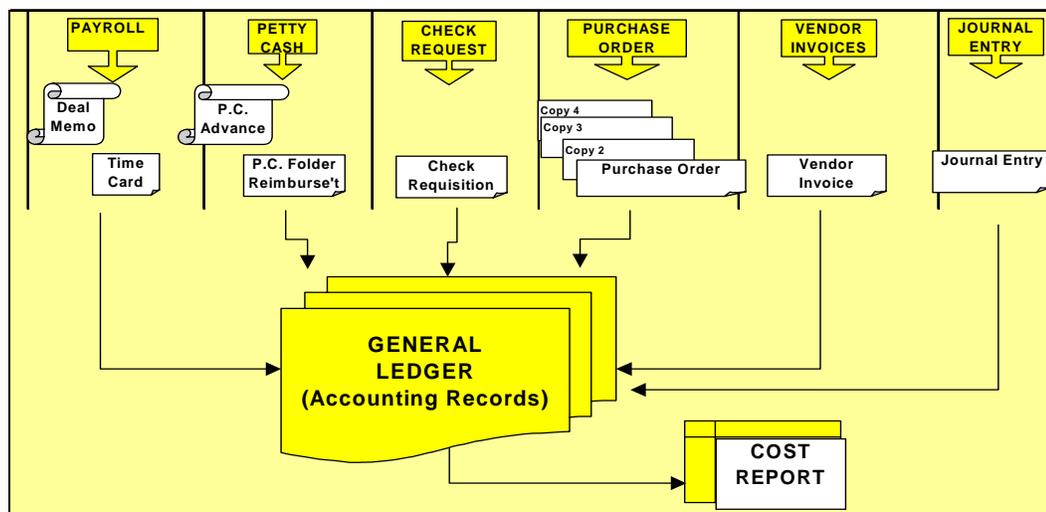
Chapter 1 - The 6 Basic Film Accounting Systems:

The Film Accounting System on any film production has only 6 different categories. The sheer volume of paperwork makes the overall system of things look unbelievably confused; not to mention the “Hot Seat” nature of reporting on Money.

However, what looks like chaos is only 6 systems in operation—that is, there are only six ways of recording the costs of the film production. Only six. No more. They are:

1. Check Requisitions From Crew
2. Purchase Orders From Crew
3. Invoices Payable From Outside Vendors.
4. Petty Cash From Crew and Cast
5. Payroll From Crew and Cast
6. Journal Entries (not addressed in this course – see your acct’t).

You can rest assured that this covers **EVERYTHING!** See the figure below (from [Pg. 114](#) of *Walk The Talk*).



The costs incurred plus the estimated costs to complete the shoot are compared to the Approved Budget. Any variances, over or under, are shown line-by-line, on the Cost Report.

