

Centtrip Guide

How to better manage your production budget



Centtrip

If you can keep your head...

Managing the finances for a film or television production can be a high-octane, action movie all of its own.

The decisions you make at the outset can affect an entire production.

There's a constant, creative tension between delivering the best production possible and staying within budget to ensure the project gets completed.

In development and pre-production, everything's up in the air until the last minute – is the funding secured? If so, how much?

Production is full-on. People are spending money all over the place. Sometimes you don't see the costs until it's too late.

Post-production polishes everything up and brings the final reckoning while distribution can involve managing international cashflows from distribution rights and streaming income.

Throughout, effective payment tools, controls and systems can keep your finger on the pulse and support more efficient and health-aware cashless and paperless productions.

Overseas financing and international production add the complication of managing exchange rate differences. And, it's not just on-location shoots where foreign exchange adds to project risk.

Where production funding crosses borders – for example, with backing in euros or dollars, but production costs in sterling – an adverse shift in rates can break your budget. If you have a completion bond, then you risk being in breach and facing either a panic round of last-minute fund-raising or the project being shelved.

In this Centtrip Guide to Film and Television Production, we look at the different stages of production and explore approaches that could help you stay in control whether your production is domestic or international.

Development and pre-production

Start as you mean to go on.

It pays to start as you mean to continue. Early in the development stage, everything can be a bit vague but, little by little, a shape appears. An outline budget gets created, people start, tentatively, to spend a little money.

Funding is sought, locations get scouted, talent gets talked about. It's the time when bank accounts, fuel cards, VAT, PAYE and other taxes all get set up. The decisions you take now will affect the whole of the project's lifetime.

Pre-production is also the point when controls, systems and principles are established. For example, can you save time and money by using cards and going completely cashless, and even paperless, for the production?

Look for flexible real-time, anytime reporting

Whatever payment and card system you choose, look for real-time, anytime reporting so that both the individual and the organisation can always see what's been spent. A detailed credit card report is useless if

it arrives two weeks after the project's finished. Real-time reporting lets you account for expenditure as it happens. It also means the crew can do their admin at their convenience, whether that's between scenes

or in the hotel at the end of the day. Don't be limited by restrictive, pre-determined reporting formats and schedules. A good reporting system should enable you to tailor reports to your specific needs and routines.

"I like to be involved in a production as much as possible, as early as possible. I wouldn't do a job where I didn't have complete control over which accounting system I used and the processes I put in place."

Gareth Jones
Financial Controller and Production Accountant (Little Birds, Lords of Chaos, This is England)



Define and manage your internal controls

Every production company is different. Each has its own quirks and nuances. You don't want to compromise established structures by bending to a generic, out-of-the-box system, so look for card and payment management solutions that let you define reporting and authorisation hierarchies that suit your needs.

For example, you may want to cascade the entire costume budget to the wardrobe department from the beginning, giving them full control. For a large production, the head of wardrobe might want to allocate portions of budget to different members of the team, each with his or her own card. Whatever the case, the production accountant will

want to retain real-time visibility and control. User-defined, real-time reporting will enable you to accurately and instantly account for every transaction.

At a studio level, look for a solution that can handle your unique complexity, allowing you to see and manage separate productions or cost centres from a single interface.

Use a single, multi-currency account for cards and payments

For many production accountants, having everything in one place simplifies tracking. If your production is international, a multi-currency

account can help you manage expenditure and financing inflows from a single place, transferring money to and from individuals' cards, making

international payments and seeing all of your currency exchange.

Hold currency for future expenses

Avoid paying two sets of bank fees and adverse exchange rates by holding foreign currency in a multi-currency account until it's needed.

Many productions use a single, UK (or other domestic currency) bank account rather than incurring

the cost of running several foreign currency accounts. If they receive funding in, say, US dollars, they let it convert to sterling at the bank's rate. If they need to make a dollar payment a month later, they let the payment convert at the bank's selling rate with

the result that they pay twice the costs.

A different approach is to deposit the US dollars in a multi-currency account, remaining in dollars, until required. Payments are then made from the US dollar balance.

Plan ahead for international spending

Consider using multi-currency cards for international expenditure. Whether it's for international location scouting

or a full-crew, on-location shoot, a multi-currency card can help you avoid the foreign currency transaction fees and

poor exchange rates levied by domestic cards (or, worse, airport bureaux de change).

Tax incentives for location shoots ... and a card that copes

According to creative industries strategy consultancy Olsberg SPI, around 100 countries, states and provinces now offer incentives for film production.¹

If the tax breaks make sense for your production, make sure you choose a card that can cope. Centtrip's prepaid multi-currency Mastercard has the highest balances and transaction limits

on the market, and it's accepted in more than 210 countries and territories. Ideal for locations less travelled, or for last minute location changes.

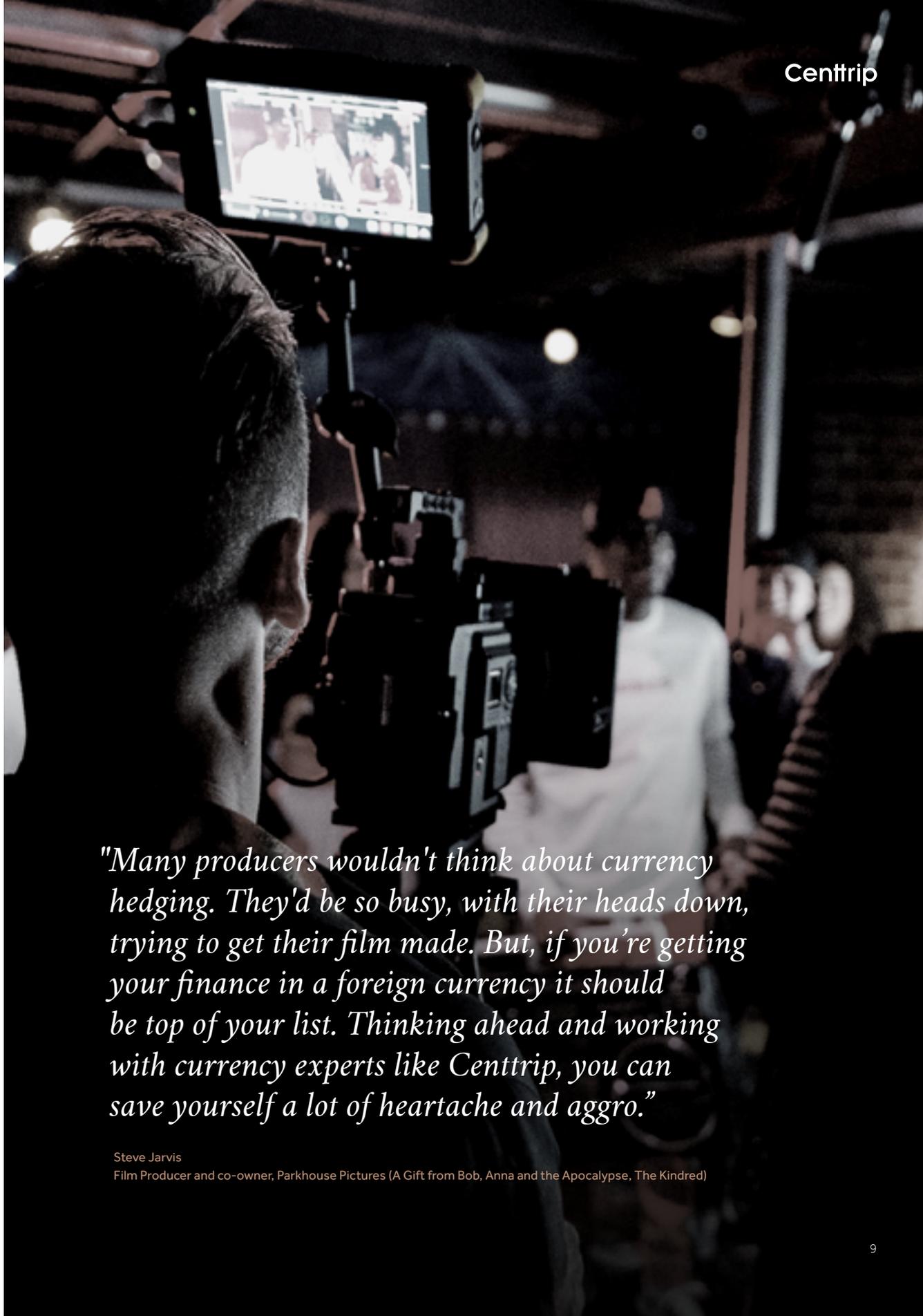
Budgeting for exchange rate movements

Exchange rates have swung so wildly in recent, turbulent, times that currency movements need serious consideration. If a production has any sort of mismatch between funding and expenditure, then there's the risk of a shortfall.

Make sure your budget includes an adequate buffer against adverse exchange movements for your expected funding or on-location expenses.

If you need help, consult a foreign exchange expert. No-one can predict the future, but an expert can sometimes share valuable insights to help you anticipate what might happen.

1. Olsberg SPI (2020), June 2020 update of Olsberg SPI's Global Incentives Index published, www.o-spi.co.uk/june-2020-update-of-olsberg%E2%80%A2s-global-incentives-index-published/



"Many producers wouldn't think about currency hedging. They'd be so busy, with their heads down, trying to get their film made. But, if you're getting your finance in a foreign currency it should be top of your list. Thinking ahead and working with currency experts like Centtrip, you can save yourself a lot of heartache and aggro."

Steve Jarvis
Film Producer and co-owner, Parkhouse Pictures (A Gift from Bob, Anna and the Apocalypse, The Kindred)



Completion bonds and international finance

As UK film producer Steve Jarvis of Parkhouse Pictures, says, “The bigger you get, the bigger films you make, the greater the likelihood you’ll get foreign finance.”

For a recent project, the production house was receiving its finance in euros, but had a production budget wholly in pounds sterling. Recognising the risk of an adverse shift in rates, Steve locked the exchange rate using a forward contract.

“A shortfall would have caused us a serious issue,” he explains. “It would mean that we were no longer fully funded and potentially in breach of our completion bond. A sudden fluctuation in currency could have meant looking for big budget cuts or a dash for additional funding.”

In the event, he says, “We locked our rate at 1.125 and the actual rate ended up being 1.17, a movement of 4 or 5%. Without hedging, we would have had a shortfall of £130,000 to £140,000.”

As the industry becomes increasingly international, currency management is an ever more critical aspect of film finance.

Nor is implementing a currency strategy as expensive as some imagine. A small percentage cost can bring a large increase in certainty on currency movements, keeping bond holders and producers happy.

Cascade and control budgets internationally

Large studios typically cascade production budgets down to the independent production houses that develop projects on the studios’ behalf.

The loss of visibility and control is a common problem. The money flows out of the studio, and perhaps out of the country, and is lost from sight. One solution is to use a multi-currency treasury platform like Centtrip. With Centtrip, you can open accounts for every production partner, transfer budget into the account (in whatever currency required) and continue to monitor your investment.

Each account can have its own hierarchy of sub-controllers and card holders enabling them to act independently, while you retain oversight and ultimate control.

Using a single platform can also be cost-effective. On-platform payments or transfers are often both instant and free.

Production

When everything gets underway, make sure you stay in control with the systems and support you need.

Consider a cashless production

As production accountant Gareth Jones says, "Cash is the bane of any accountant's life, just in terms of the risk involved and the ease with which mistakes are made."

But, historically, the industry has used large amounts of cash to pay per diems to cast and crew and for sizeable sums of ad hoc purchasing.

For a typical television production, Gareth says, "total cash purchases can easily reach £250,000. The two biggest spenders would be the art and costume departments."

Penny Robinson, another production accountant agrees. "Having cash all over the place is just a nightmare," she says. "We haven't used cash in our accounts department for years."

The everyday world is increasingly cash-free, so consider saving the time, cost and hassle of handling cash for your production project, too.

The core benefit is accountability. If you switch everything to card, you have a record of everything that gets spent.

However, it has to be the right card solution. A credit card with no ability to track spending in real time can be even worse than cash.

"Before we switched to Centtrip," Penny says, "we often used credit cards, but it was such a mess. People just spend, spend, spend and often they don't think about getting receipts."

When considering a cashless production, consider using a prepaid card. This allows you to load the card or cards (for say the costume department) with the whole or part of the budget and let the department manage their own spending.

For that to work, you should also look for an app that gives you and cardholders real-time, anytime reporting and user-defined reporting hierarchies

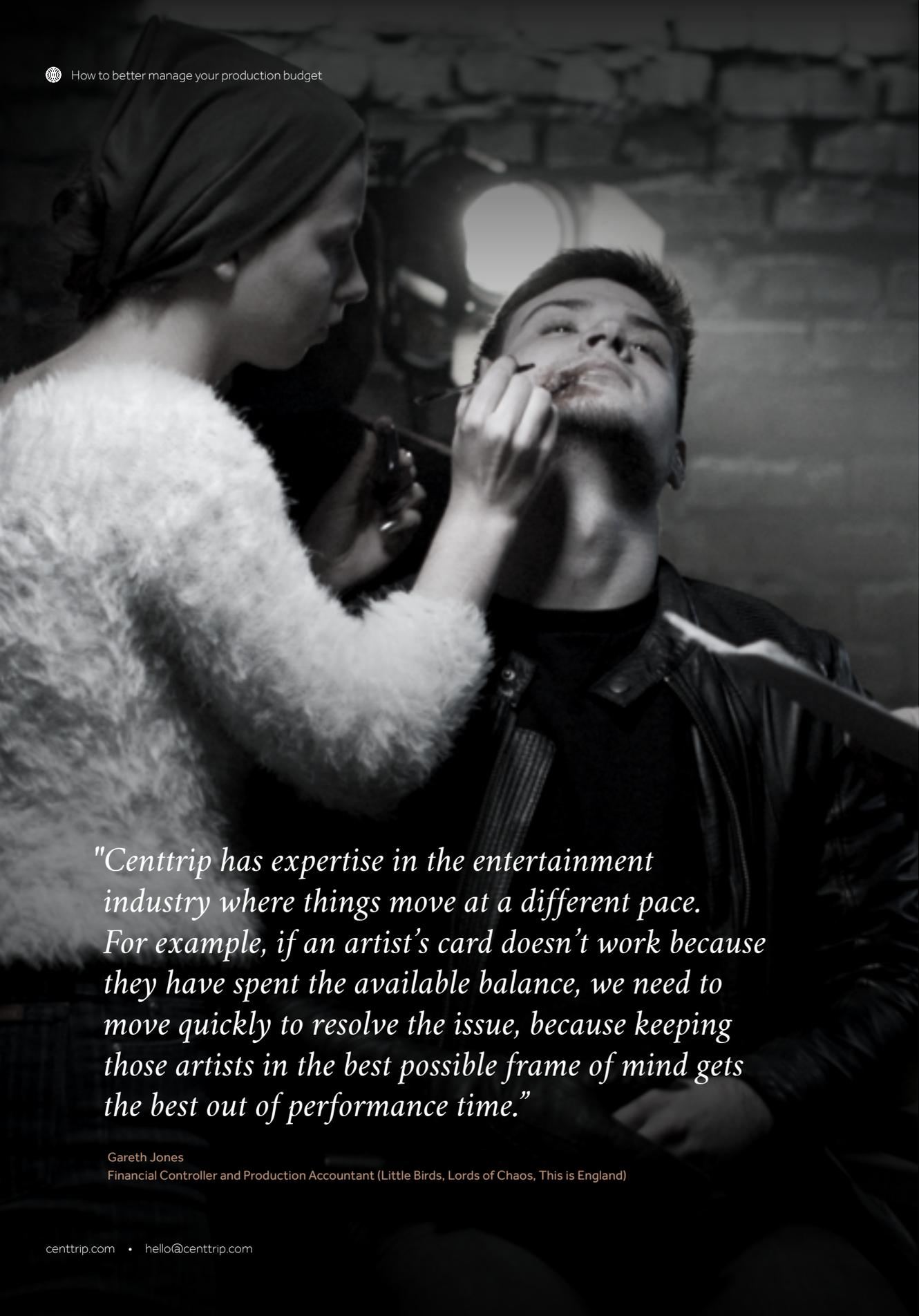
– so people can see what they're spending – and the ability to quickly photograph receipts for coding and upload. That way, expenditure doesn't get missed and department heads are always on top of their budgets.

Make sure you can have as many cards as you require for each production project. Some providers will limit the number of cards you can have, others (like Centtrip) will provide the number of cards you need to empower and control your whole production.

Also, look for solutions that provide integration with leading finance packages. Easily importing transaction records rather than manually rekeying them saves time and eliminates the chance of human error.

"You can use Centtrip cards to control the budget. For example, if the costume person's got €4,000 to spend, you just put the whole budget on their card and once it's gone, it's gone! They can then control their spending and see where they're spending, because it's on the real-time report."

Penny Robinson
Production Accountant (Patrick Melrose, The Winter Lake, The Man in the Hat)



"Centtrip has expertise in the entertainment industry where things move at a different pace. For example, if an artist's card doesn't work because they have spent the available balance, we need to move quickly to resolve the issue, because keeping those artists in the best possible frame of mind gets the best out of performance time."

Gareth Jones
Financial Controller and Production Accountant (Little Birds, Lords of Chaos, This is England)

Per diems

Paying per diems is another area that has long been a cash-heavy task. But, when everyday life is increasingly contactless, why would we consider paying daily allowances in cash? Tales of suitcases full of cash are still surprisingly common, but consider the risk, the hassle and the time involved in counting out and distributing cash ... when the crew would largely prefer something else. "For per diems, it would take half a day per week just for

the cashier to go to set, find every member of cast and crew, and hand them a little brown envelope of cash," Gareth Jones says. That can be onerous enough around a sound stage, but for crews on location internationally, the challenges grow: "The physical side gets difficult," he says. "Finding and getting to a local bank, withdrawing as much as £20,000 per week in local currency, storing it securely, then counting and distributing it."

Gareth, like many accountants, switched to using prepaid cards for per diems. Every member of crew and cast was issued a Centtrip, prepaid, multi-currency Mastercard and per diem allowances were loaded to the cards every week. "Before, it took half a day per week, now I just create a batch upload file, click the button and cast and crew have instant access to their balances."

Plan your currency needs

If your shooting schedule takes you overseas, consider planning ahead for your currency needs. A currency expert can advise on when and whether it's worth either buying currency in advance or securing a rate with a forward contract.

If you have repeated need for any currency, holding it in a multi-currency account can avoid the cost of regularly changing money back and forth.

24/7 support

One of the best ways to improve your own production is to ensure the partners you rely on provide the expert service you need, when you need it.

Film production is no nine-to-five endeavour, so the support you need is 24/7.

However, a call-centre half a world away doesn't really help either.

For every service on which you rely, look for round-the-clock support from people who understand the unique challenges of your sector, whether you're shooting in Ipswich or Iceland.

Other features to improve day-to-day production accounting

When researching and selecting payment and card systems, look for the following time-saving features:

- **Batch payments and uploads**
Make it simple to send international and domestic payments for suppliers or to upload money onto cards.
- **Transaction import/export**
Avoid the need to manually re-key transactions between systems. Look for systems that either integrate directly with your chosen accounting package or provide simple import/export options.
- **Tailored, real-time reporting**
Ensure you can create the reports you need: by period, by location, by department, whatever meets your unique needs.

"Centtrip has changed the game in the music industry and is doing the same in film. The financial savings and expert insight helped us achieve significant savings that we put back into our production budgets."

Bill Curbishley
Trinifold Management (The Who, Access All Areas, Quadrophenia: Live in London)



Supporting safe practices during Covid-19

How can the controls and payment processes you choose contribute to a healthy working environment? Here are a few considerations.

1. **Go cashless.**
No-one wants cash anymore. Switching to card payments reduces the risk of transmission from notes and coins.
2. **Encourage contactless payments.**
Using cards for petty cash expenses enables the use of contactless, tap-and-go payments.
3. **Real-time, anytime reporting**
on PC or mobile phone supports paperless and remote working for accounts and production office staff.
4. **Reduce unnecessary interactions.**
Using prepaid cards for per diems means fewer non-essential interactions. It removes the need for a cashier on set once a week and removes the cash queue, too.
5. **Go paperless.**
Using a smartphone app to capture images of receipts reduces paper handling.

Post-production and distribution

Outsourcing, audit and managing international cash inflows.

With elements of (and sometimes all) post-production being outsourced, post-production can be a period of large, international payments. It's also the time to wrap up the books ready for audit.



Paying for post-production talent

Talent doesn't always recognise borders. Your production house might be in Pinewood, but your composer's in Milan. It's easy to miss the impact of foreign exchange and payment fees when you're paying international talent, but banks often levy hefty charges and

can add a margin of between 2% and 5% over live-market exchange rates.

A specialist in international payments can often offer more competitive rates and ensure your international payments go by the fastest and most cost-efficient route.

If you can forecast international payment requirements, consider the value of hedging against exchange rate movements with a forward trade.

Preparing for audit

Getting ready for audit is the stage where your earlier planning pays off. User-defined, real-time reporting, tailored to your specific needs, helps simplify and speed preparation of the final cost report. If, from the

beginning, the production has used cards over cash, and cost-labelled receipt capture, then "petty cash" is more easily auditable. Similarly, detailed reporting on all payments makes reconciliation simpler.

If something is missing, then the facility to create historic transaction reports for exactly the period you require is a useful function.

Managing international distribution

After cost comes income. If you are responsible for managing international cashflows, from distribution rights, streaming, royalties etc, consider the timing and predictability of income alongside any future expenses.

If you're receiving income in US dollars and have a US-based production coming up in six months, it may be in your interest to hold the income in a US dollar or multi-currency account rather than face two sets of exchange rates.

You may be able to reduce risk by offsetting cash inflows with a forward trade. Speak to a currency expert for advice on how best to manage international income flows.

"For me it was about dealing with somebody that had been recommended. It was a case of feeling comfortable and working with a company that's doing well. I'd only heard good reports about Centtrip."

Steve Jarvis
Film Producer and co-owner, Parkhouse Pictures

Centtrip, Always on the money.

Centtrip is an award-winning provider of multi-currency payment, exchange and treasury solutions for an increasingly borderless age.

We make life simpler, safer and more rewarding for organisations – like film studios, production houses, touring arts companies and bands – that manage multiple, internationally -mobile teams and assets.

Our award-winning solution gives you real-time, anytime visibility and control over multi-currency deposits, international payments, foreign exchange and multi-currency cards. We help you streamline payments, reduce currency and cash-carrying risk, and optimise international income flows.

With Centtrip, you can deposit and manage 15 different currencies, in unlimited value, in a single account. You can manage foreign exchange in 140 currencies at live-market rates and you can make international payments across the banking network using SWIFT, SEPA, Faster Payments and other local networks. Centtrip customers can also make instant, fee-free, transfers and payments across the Centtrip network.

The Centtrip multi-currency, prepaid Mastercard is one of the most flexible cards on the market. Designed specifically for the needs of highly mobile organisations, the card offers the highest

balance and transaction limits in the industry allowing you to hold up to £350,000 in 15 different currencies on a single card, spend up to £150,000 in a single transaction and withdraw up to £4,000 from ATMs. And, you can have as many cards as your production requires. It's not unusual for us to issue several hundred cards for a single, relatively short-term project.

Because we're designed for the needs of international business, you can control multiple, separate cost centres from a single, multi-platform interface – desktop or mobile – wherever you are.

We give you real-time reporting, reconciliation, insight and analytics, along with responsive, 24/7 support from experts who understand your world.

Recently ranked in the Sunday Times Sage Tech Track 100 list of Britain's fastest growing technology companies, Centtrip is trusted by demanding clients around the globe, film and TV production houses of course, but also music's biggest, global touring acts, the world's largest superyachts, private aviation fleets and more.

With Centtrip, you're always on the money.

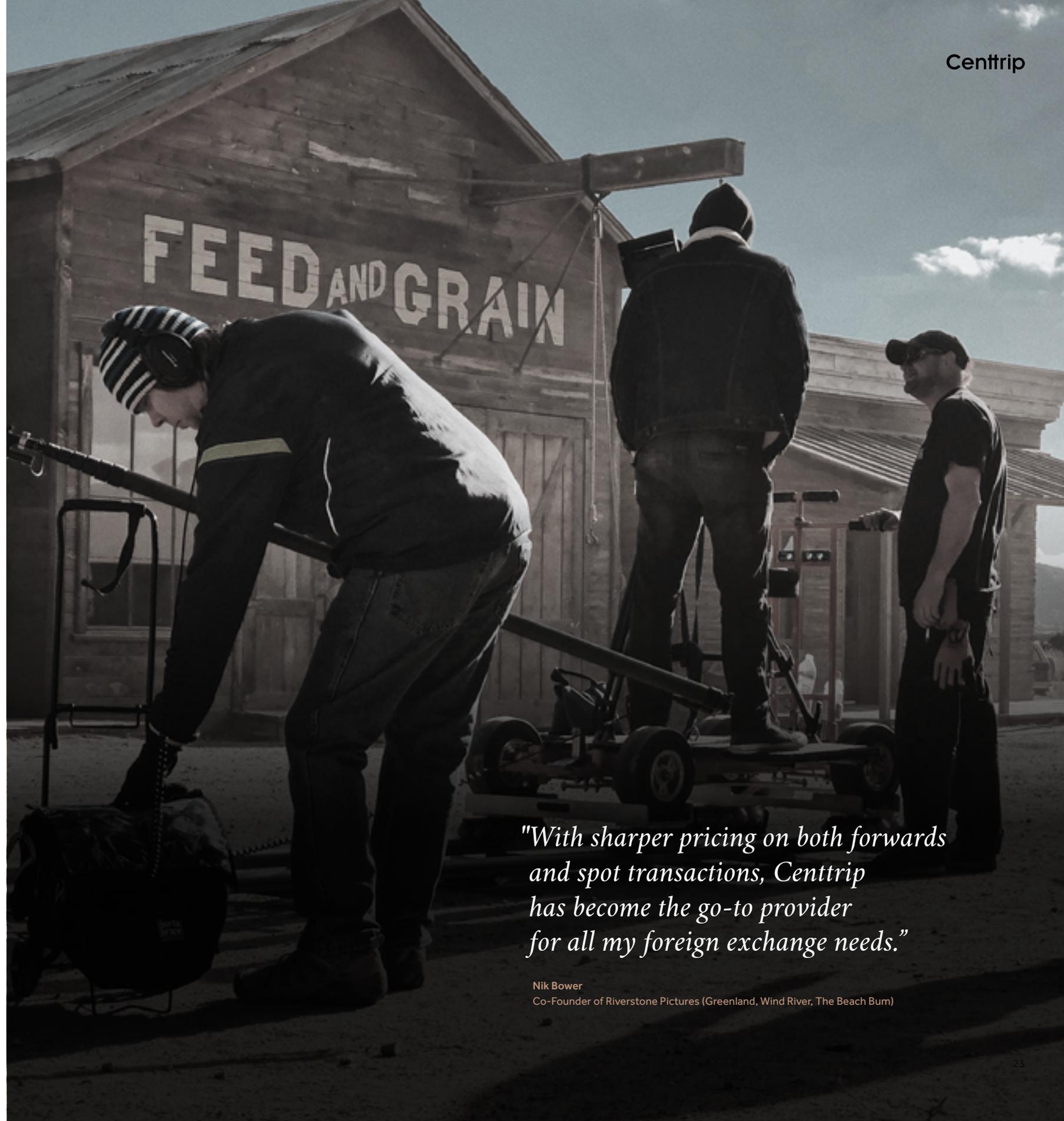
Pre- to post-production control of your payments and expenses

Managing expenses, international payments and foreign exchange shouldn't be a burden on your production. The right solutions can give you end-to-end control, across currencies and borders, anytime, anyplace.

In this guide, we've suggested ways in which payment, expense and foreign exchange systems can help film and TV productions to keep control of their budgets.

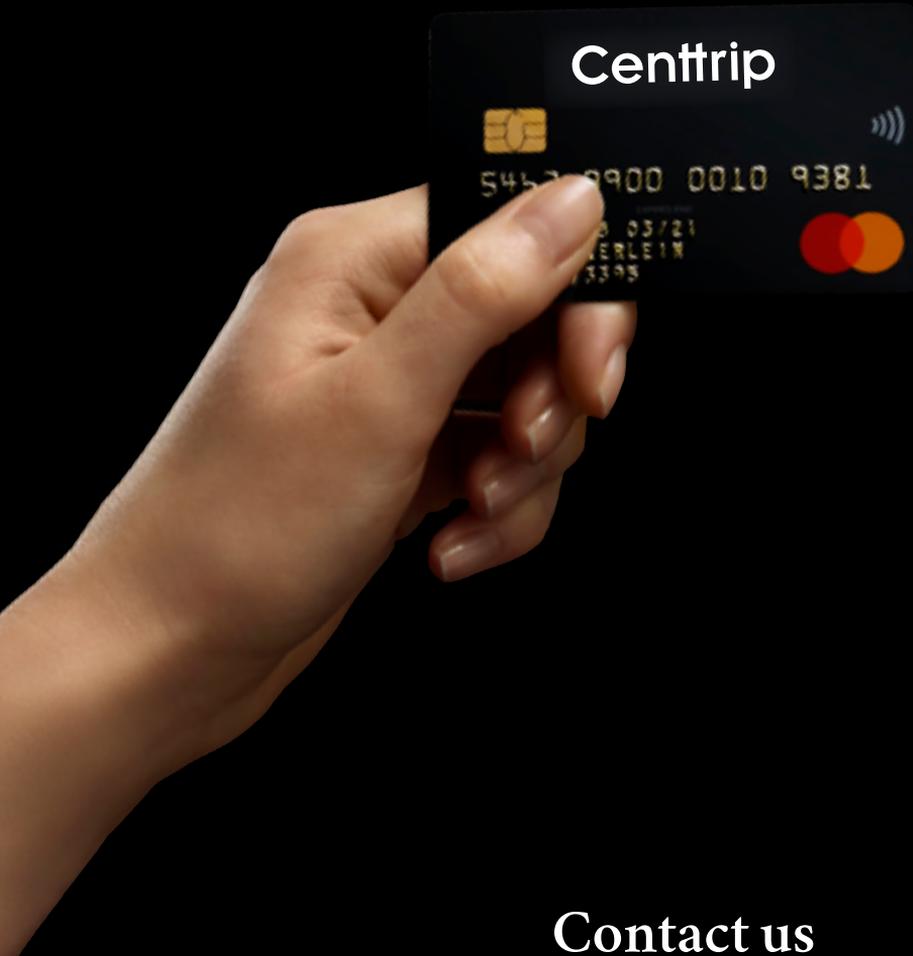
Centtrip supports studios, production houses and others. We specialise in multi-currency management solutions for this increasingly borderless and dynamic age.

Contact us today to discuss how Centtrip can support your film or television production project.



"With sharper pricing on both forwards and spot transactions, Centtrip has become the go-to provider for all my foreign exchange needs."

Nik Bower
Co-Founder of Riverstone Pictures (Greenland, Wind River, The Beach Bum)



Contact us

Get in touch today to find out how Centtrip can help you better manage your production budget.

✉ hello@centtrip.com 📞 UK +44 (0)20 3735 1735 📞 NL +31 (0)20 240 0886

Centtrip Limited is an Electronic Money Institution authorised and regulated by the Financial Conduct Authority (FCA; FRN 900717). For more information on EMIs please visit the FCA's website: <https://www.fca.org.uk/firms/electronic-money-payment-institutions>. The Centtrip Prepaid Mastercard is issued by PFS Card Services (Ireland) Limited (PCSIL) pursuant to a licence from Mastercard International Incorporated. Centtrip Limited is an Authorised Distributor of PCSIL which is regulated and authorised by the Central Bank of Ireland, registration number C175999 for the issuing of electronic money. The PCSIL registered address is Front Office, Scurlockstown Business Park, Trim, Co. Meath, C15 K2R9. Centtrip Limited is based in the United Kingdom and registered at 1 Mark Square, London EC2A 4EG. Company number 08651138.