CENTTRIP GUIDE

When Capital Contracts

Navigating the New Economics of Film Finance



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Foreword

Independent film finance is fragmented, stressful and just plain hard.

That is what I've heard from nearly every producer I've spoken with since Centtrip started to develop our bespoke solutions for the film sector: Film Finance Management, Centtrip CAM, Centtrip Residuals and our suite of escrow services.

It's also one of the findings of this report.

To build a better understanding of the dynamics and complexities of independent film finance in today's market, we spoke to experts from all sides of the indie film sector.

They generously contributed their time and expertise, confirming the challenges and helping to identify the causes of this finance complexity. Importantly, from our discussions we also distilled out nine ways to help alleviate the complexity and, hopefully, to make life just a little easier for independent film producers. Because, as one of our contributors, Film Soho's Kate Phibbs, says, "The risk has never been greater for producers."

Centtrip supports the film and television production industry. Our clients include independent producers, accountants, financiers, insurers and some of the world's largest studios. Many of our clients have been affected by the emerging complexities described in this report.

If you are one of those, or simply find the sector as fascinating as I do, I hope you find this report insightful and useful.



Jane Turner
CEO, Centtrip

The challenge of UK film production

UK film production is booming on the back of inbound investment but, beneath the big studio franchises, what about the UK's independent producers?

UK film production spend is at the highest level on record: £2.8 billion, up 31% on the previous year,[1] and reflecting the country's global reputation as a world-class production hub. £2.5 billion of this spend came from inward investment (up 35%); only £0.2 billion (up just 4%) was on domestic UK films. [2]

As BFI Chief Executive Ben Roberts says, "the UK's film and TV industries continue to drive a huge amount of investment into the UK economy and create jobs. We attract some of the most ambitious projects and leading international names to make work in the UK, while our creativity remains one of our greatest exports."[3]

But, he goes on to say, "our domestic industry remains under pressure... access to finance is an acute challenge."[4]

The UK's independent producers face a range of problems, from increasing production costs to skills shortages, but chief among them is the ability to piece together a finance package that enables them to get their film made.

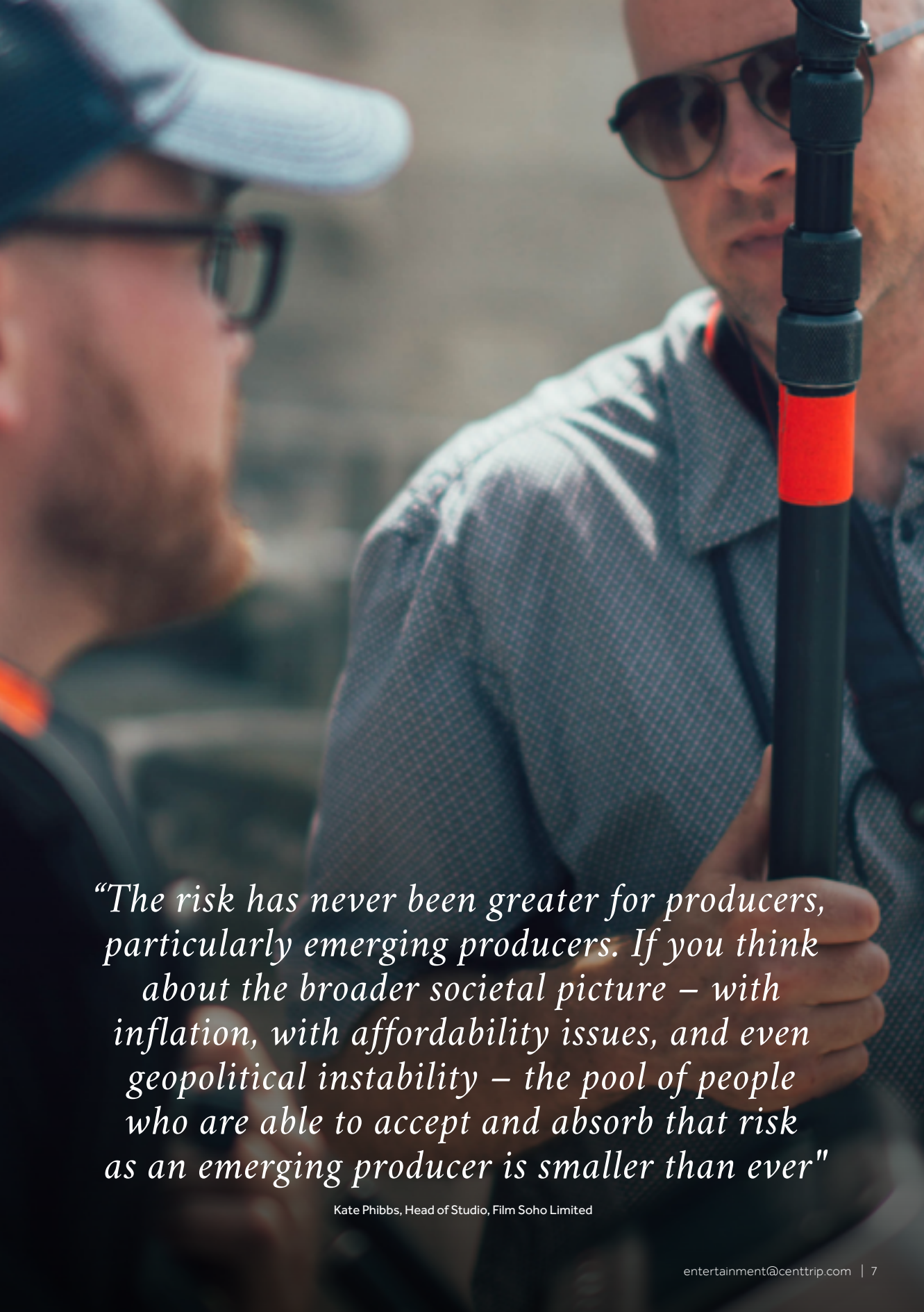
Pre-sales – previously a key component of the finance package – have fallen away and the balance of risk has shifted increasingly onto producers' shoulders.

As Kate Phibbs, Head of Studio at Film Soho, says, "The risk has never been greater for producers, particularly emerging producers."

Financing for independent film projects has become harder and, as Ampere Analysis's Guy Bisson recently said, financing deals are becoming more complex because of the need for more parties to be involved.[5]

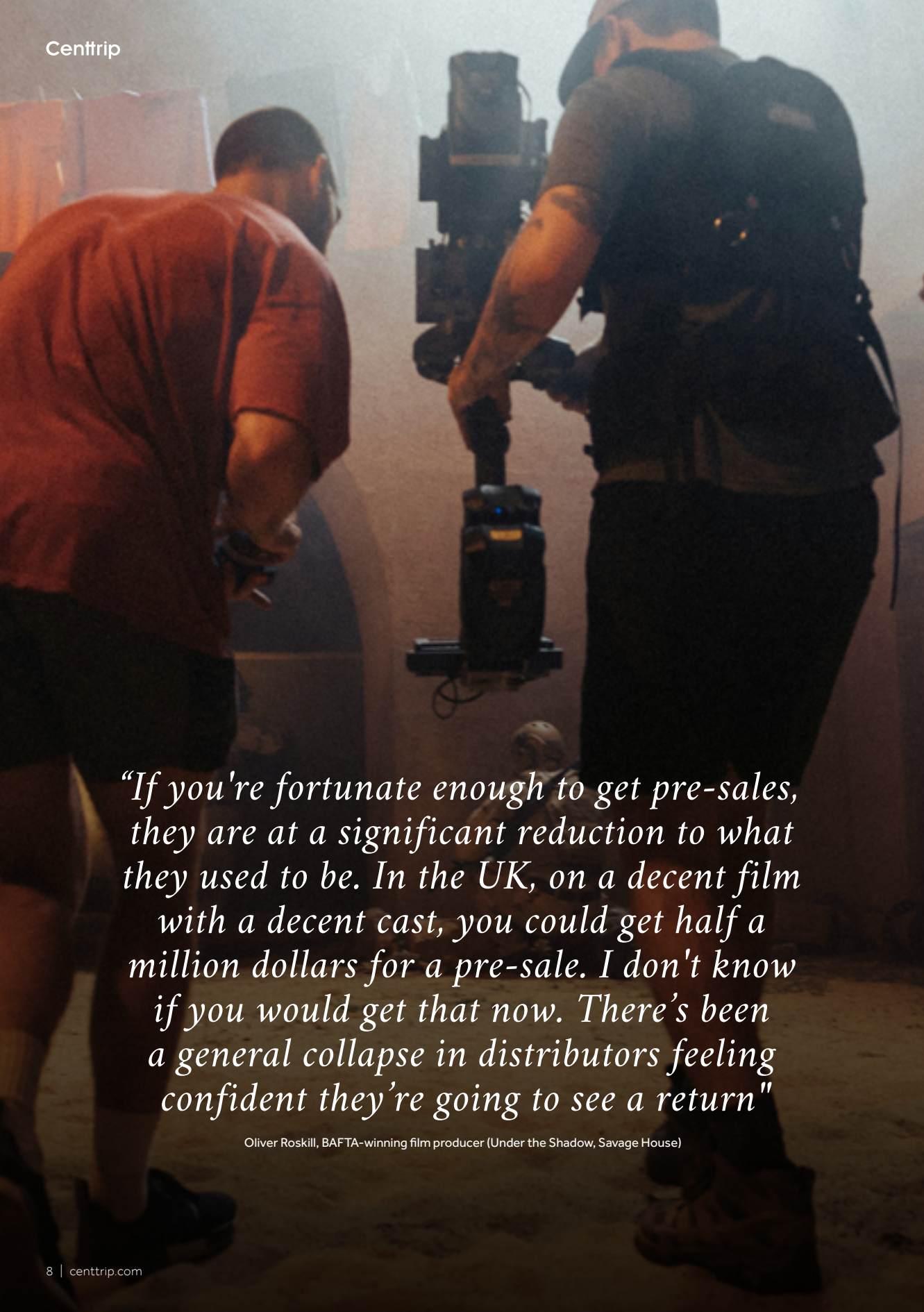
Financing is harder, but not impossible, says film finance professional and lender, Christelle Conan, "It is becoming more complex, but it's not necessarily a problem. If the producer is able to navigate this increasingly diverse and sophisticated funding landscape and assemble the right financing partners, it can be done."

This report explores the reasons for, and possible solutions to, the indie film industry's increasing finance complexity.



"The risk has never been greater for producers, particularly emerging producers. If you think about the broader societal picture – with inflation, with affordability issues, and even geopolitical instability – the pool of people who are able to accept and absorb that risk as an emerging producer is smaller than ever"

Kate Phibbs, Head of Studio, Film Soho Limited



“If you're fortunate enough to get pre-sales, they are at a significant reduction to what they used to be. In the UK, on a decent film with a decent cast, you could get half a million dollars for a pre-sale. I don't know if you would get that now. There’s been a general collapse in distributors feeling confident they’re going to see a return"

Oliver Roskill, BAFTA-winning film producer (Under the Shadow, Savage House)

The death of pre-sales

One of the root-causes of more complex film financing is the decline in pre-sales agreements.

In the past, a pre-sales agreement – advance payment for regional distribution rights – could represent a substantial part of a film project's budget. Not only that, but the presence of pre-sales helped to bring onboard the remaining required investment.

As Christelle Conan puts it, "Years ago, you could have pre-sales, domestic distributor, tax credit, single piece of equity – done. The film is made. Since Covid, you get fewer, smaller pre-sales because distributors can no longer afford to buy films at the level they used to, as they have to look after their balance sheets combined with their audience having shifted to streaming platforms."

"Pre-sales are now incredibly rare," Kate Phibbs confirms. "Distributors are taking less risk. MGs [minimum guarantees] in general seem to be on the lower side."

Cinema sales declined with Covid, retail DVD sales all but disappeared and the audience shifted to streaming platforms. At the same time, interest rates have increased making it more expensive to advance money against future revenue.

But, perhaps these factors are simply straws that broke the pre-Covid camel's back. A pre-pandemic study of a thousand movies over a three-year period found that achieved sales were only 26% of original estimates.[6] In the same Variety article, a global financier of indie content is quoted as saying, "Buyers have been trying to get out of paying the industry's long-standing minimum-guarantee precedent of a 20% deposit, offering 10% and, in some cases, even zero."

The bottom line is that distributors can no longer accurately forecast significant future sales and can't afford to finance large pre-sales agreements. In fact, the number of local UK films made with a sales company attached fell from 154 in 2015 to just 29 by 2022, an 81% drop.[7]

Where once a pre-sales agreement helped attract additional funding, distributors are now looking for significant equity funding before considering a pre-sales agreement[8]

An inversion of risk appetite

It is not only distributors who have reviewed their appetite for risk. Broadcasters too, like the BBC and Channel 4, who have long been key investors in British film, have reduced their commissioning. The British Screen Forum reports that the "total number of films funded by public service broadcasters has been declining since the peak year in 2017... In 2022, the number of productions with BBC or Channel 4 participation was less than half that 2017 figure."[9]

A more recent ScreenSkills report, Sizing Up the Future, confirms that UK film and TV projects fell by 13 per cent between 2022 and 2025.[10]

"It's funny, isn't it?" observes Nikki Parrott, MD and Executive Producer at Tigerlilly Productions. "You would have thought private individuals would be more risk averse, but actually it seems that the broadcasters are. ... the BBC are definitely tighter for funds. Channel 4 seems to have decided they didn't want to do feature docs anymore because of the audience figures. Channel 5 wants to make films that get audiences in, obviously, because of the advertising which means they want a certain type of documentary film so topics can become restrictive."

The next few chapters look at what the loss of traditional sources of finance means for independent producers; what are the challenges and complexities that other sources of funding bring?

The independent film finance stack

A quick-reference comparison of the finance sources discussed across this report, ordered from the least costly to the most demanding on a producer's finance plan.

Notes: Ratings are directional, drawn from the report's interview material rather than a formal survey. Crowdfunding is included as a supplementary source rather than a primary structural one.

FINANCE SOURCE	RECOUPABLE?	COST / RISK PROFILE	SPEED TO CLOSE
Non-recoupable grants awarded by regional bodies	NO	None. No repayment, interest or surrender of equity.	Slow to secure (application, certification and payment lead times) but no ongoing cost once in place.
UK & foreign tax credits	NO	No direct cost, but producers will need to finance the cash flow between production cost and receipt of tax credit.	Slow to secure (application, certification and payment lead times).
Streamer participation (single-source commission)	NO*	No cash cost, but producer forfeits IP and any back-end upside. * The real cost is opportunity, not interest.	Fast once greenlit – single decision-maker, no syndication of multiple financiers.
Broadcaster participation (co-production / pre-buy)	USUALLY NO	Low – usually a modest fixed fee, no interest.	Moderate – a single relationship, but tied to commissioning cycles.
Recoupable awards from regional bodies	YES	Low risk, but usually recoupable against revenue.	Slow to secure (application, certification and payment lead times).
Crowdfunding	NO	No financial cost, but a high cost in producer time and effort to run the campaign. Only practical for small amounts.	Slow – campaign-dependent, and typically fills a gap rather than anchoring the stack.
Pre-sales	NO	Low risk, but difficult to obtain. Minimum Guarantees (MGs) are smaller and rarer than in the past.	Moderate – depends on attaching a distributor or sales agent willing to commit early.
Senior debt (secured lending)	YES Repaid first	Moderate – a lower interest rate than gap finance, reflecting security against contracted pre-sales and tax credits.	Moderate to slow – due diligence required, but established lender relationships help.
Gap finance (secured against future sales)	YES	High. Borrowing against future sales when equity or other sources of funding are not sufficient to close. Higher cost because of risk that future sales may not materialise.	Moderate to slow - due diligence required, but established lender relationships help.
Equity (recoupable investment)	YES Last in the waterfall	Highest. Greatest risk to the investor, so the greatest expected return.	Slowest – individual negotiation with increasingly sophisticated, due-diligence-led investors.

ONE: MONEY VS 'MAGINATION?

The disconnect between investors and creatives

"You've got to treat an equity investor now as a sophisticated investor who is comparing [your film project] to putting their money into the stock market or a tech business. In my opinion, producers in the past have sold them magic beans. Equity investors need to be treated with respect and offered complete transparency on the finance and commercial plans."

Jasper Warry, award-winning filmmaker, Founder & CEO of Hello Deer Studios

It's an old, arts-world trope; the money doesn't understand me.

But, as recent research from the UK Government's Department for Culture, Media and Sport (DCMS) found, across the creative industries, there is a "fundamental disconnect between founders' and investors' needs, understanding and expectations creating a two-way barrier to investment." [11]

Those findings are echoed in Lights, Camera, Capital: Access to Finance for Screen-based Storytelling Businesses,[12] a research report from Creative UK and the BFI.

Among its key findings are:

- A "thirst for growth" and the perception of external finance as a "critical enabler"; but
- Widespread "negative perceptions of the finance market"; and
- "Especially concerning levels of investment readiness".

The research classified less than a quarter of creative businesses as having "high levels of readiness".

Where does the disconnect originate?

Another aspect of the old trope is the artist treating their backers with disdain. There is some historic truth in that.

"I think some producers saw investors as easy money - they didn't really nurture that relationship," Christelle recalls.

Poor investor relations were sometimes combined with poor controls, as production finance specialist and founder of Scripted Finance Ltd John Gillett says: "I've seen all sorts of horrendous accounting practices. Quite often I've taken on a post-production project, and the original accountant hasn't even reconciled the bank account from the start."

Even with controls in place, producers were sometimes left blind.

"Distributors don't often report to producers. That's what makes it difficult," notes Nikki "If you're not being reported to, it's hard to report to other people. You're stuck in the middle."

The result was that reasonable information requests from investors were often not handled correctly. Trust, on both sides, declined.

New expectations from a new investor base

"We're seeing new equity investors that would usually work in real estate, for example. They know about structuring finance arrangements, but they're interested in asset-backed security. They like to know what the risk is. They want to see a bond and they want to know what they're owning: what's this secured against?"

John Gillett, production finance specialist and founder of Scripted Finance Ltd

Investors are wary of film production's risk profile: a reliance on project-based work, IP-centred value generation, irregular cash flows and extended time to recoupment. Any apparent weakness in financial processes, planning or a lack of investment readiness only compounds that concern and widens the investor/creative disconnect.

As new investors enter the market – including seasoned ultra-high-net-worth individuals and investors from more "institutional" sectors like real estate – they bring more institutional expectations. As filmmaker and Founder/CEO of Hello Deer Studios Jasper Warry says, "producers in the past have sold equity investors magic beans".

Often completion bond* insurance is a basic requirement.

"Investors want this to be a proper investment," Jasper says, "but too often the industry forgets the business part of 'show business'. If you make the business case work, then investors will come back to you. If you create a financial product and can demonstrate how their investment is underwritten by the finance plan, and if you treat them well, they might roll into the next project and then you end up with a business that's more sustainable and much less stressful to run".

* A completion bond is a financial guarantee that a film project will be finished and delivered on time and within its approved budget.



"When equity investors come from a non-traditional film finance background, they will ask for a guarantee because it's not the form of investment they're used to. They want assurance that their money is safe."

Huw Penallt Jones, Founder/Director, South West Financial Management

Investment ready?

Investors increasingly require productions, and producers, to be investment ready. The concept was identified in both the DCMS and Creative UK reports and it centres on the business disciplines of having:

- **A robust business plan –** the waterfall,* realistic sales estimates and a sound cost plan.
- **Established managerial, financial and strategic capabilities**
- **A demonstrable understanding of the "business around the idea"**

"'Producers are no longer just managing creative talent - they're now managing international trade compliance as well. You can be spending in sterling in the UK, dependant on a 35% tax credit in a second country and funded in dollars from the US. The president sneezes, someone falls over and suddenly you have a hole in your budget."

Huw Penallt Jones, Founder/Director, South West Financial Management

Summary

- There is a "fundamental disconnect" between the expectations and understanding of financiers and producers.
- To break down the barrier producers should approach their film as an investment project and demonstrate how and when investors will get their return.
- This may mean developing or bringing on board deeper finance skills at an earlier stage of the film project.

* The waterfall is the legal and financial schedule that dictates the exact order in which a film's income is distributed to investors, producers, talent, and crew.

TWO: MORE PARTIES, MORE COST

The effect of multi-party finance structures

"You have fewer, smaller pre-sales, which means that producers now have to replace that missing bit with everything else: gap finance, senior debt, regional funding, soft subsidies, junior equity, senior equity, broadcaster or streamer participation."

Christelle Conan, Founder, Crystal Lake Media and adviser to Elevation Films

With the loss of pre-sales, and other sources of finance becoming tighter, producers must look further afield and build more complex financing structures to get their movies made.

It costs more to make a film. General inflation, increased energy and employment costs, skills shortages and health and safety compliance costs are all pushing up the cost of film production. That means bigger budgets and potentially lower returns for investors. In turn, that means a smaller pool of investors willing and able to finance films.

As a consequence, finance packages now involve a wider variety of financing types – gap finance, senior debt, regional (grant) funding, broadcaster participation, streamer participation, tax credits, equity – and a greater number of participants.

There is often an international dimension as well, as John Gillett observes, "I'm seeing more and more US-funded UK productions, and they usually have lots of stakeholders involved – a US version of an SPV,* a UK version of an SPV, a different rights holder. The amount of stakeholders can cause a bit of complexity." More parties with more requirements means more complexity, more time and, inevitably, more cost. As Nikki Parrott says, "The more components there are, the more legal fees."

There are legal fees, finance fees and the cost of the completion bond that ensures every party's interests are represented. Some financiers will require covenants or a charge over the bank account, others will require escrow. Everybody wants a degree of visibility and control over the money.

* A Special Purpose Vehicle (SPV) is a legal entity, usually a limited company (Ltd) or limited liability company (LLC), created solely to finance, produce and protect a single film project.



"If you have five, or sometimes ten, financiers, not one has the oversight of all the others financiers," completion guarantor and founder/director of South West Financial Services Huw Penallt Jones explains. "We [the completion guarantor] are the ones that have the absolute oversight of all the finances. The more difficult the finance structure, the greater the demand for a completion guarantor."

This is not necessarily a new challenge – the BFI's 2022 report, An Economic Review of UK Independent Film, called out the complexity[13] – but increasing risks and challenges, along with a shrinking pool of financiers continue to compound the problem.

"Centtrip's Film Finance Management solution – with its fast-onboarding, safeguarded multi-currency accounts, escrow services, secure multi-stakeholder visibility and control, and instant fee-free transfers between accounts on the platform – was designed in response to the challenges faced by producers and financiers when assembling a finance package. It's fast, secure and simple for producers and financier-friendly with easy escrow and the ability to attach legal charges or securities over production accounts, if required," explains Centtrip's Chief Product Officer Sarah Gooding.

Summary

- Higher costs and lower returns available to financiers mean a lower appetite to finance films.
- Producers need to combine a larger number of smaller sources to assemble a finance package.
- More stakeholders means higher costs.

THREE: CULTURE, CURRENCY AND COMPLEXITY

Avoiding crossed wires in cross-border co-productions

"We are involved in lots of co-productions but they can be complex especially when there is a regional or country spend that needs to be taken into account, a percentage of the budget."

Nikki Parrott, Managing Director and Executive Producer, Tigerlilly Films



International co-production is a source of funding that can bring additional benefits like access to an international audience, infrastructure and talent.

According to the BFI, the number of film co-productions increased from 29 in 2024 to 39 in 2025, a 34% increase (although UK spend on the projects was down by 14%). For high-end television (HETV), spend increased more than fourfold to £84 million (against £20 million in 2024).[14]

But international co-production brings its own complexities.

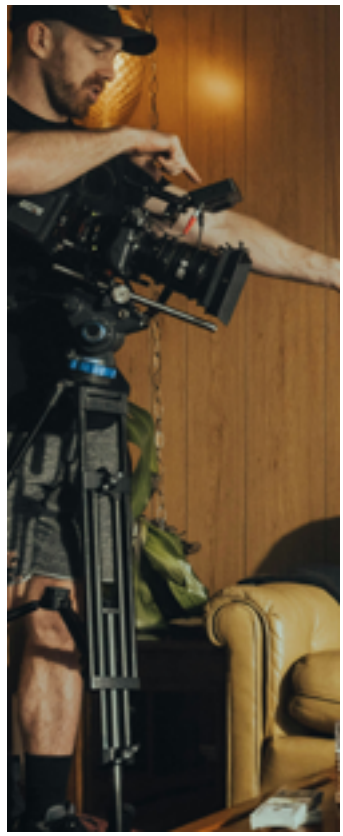
Navigating and negotiating cultural differences

Storytellers know that different cultures see things differently but that can have deep ramifications for producers. At the very least, it can require compromise like attaching cast that has foreign appeal or weaving in a story dynamic that appeals to a different culture.

"It seems to be an increasingly significant consideration, particularly with the Chinese market," Kate Phibbs says. "In recent years I've observed a shoehorning of somewhat culturally China-appropriate narrative into western films to optimise their access that market." And those differences can run quite deep.

"We in the English-speaking West, with our (generally speaking) Anglo-American dominant cultural values, can be somewhat myopic when it comes to the vast world of non-Anglo-American cultures. We don't always appreciate the breadth of the cultural chasm. In terms of what we take for granted as a slam-dunk audience pleaser (for example, the classic lone hero or strongman trope that has historically prevailed here), that doesn't necessarily resonate or find the same audience in other territories."

Even across Europe, co-productions can involve additional work. "Different countries have different humours, different ways of looking at things," Nikki Parrott says. "When we've made films for Arte and BBC, for example, they are completely different cuts: different starts, different middles, and that then becomes an expense for the producer because they have to a few different versions."



Bureaucracy, obligations and constraints

Structuring finance across jurisdictions inevitably increases bureaucratic requirements like needing audits in different formats.

Foreign co-production finance usually also comes with the requirement to spend production money in that country and allocating spend to each location also means taking account of any tax credit requirements in each country.

There is also the need to adhere to the European Convention on Cinematographic Co-production[15] (where applicable) and any bilateral co-production treaties the UK has in place. These include Australia, Brazil, Canada, China, France, India, Israel, Jamaica, Morocco, New Zealand, Palestine and South Africa – but not the United States.[16] US productions cannot access official co-production status and must instead use Production Service Agreements.

Cost, currency and geopolitics

All of the above increases cost: legal fees, finance fees, admin time and the cost of additional shooting, cuts and versioning.

Geopolitics and the time taken to close a deal can also have a big impact.

As Huw says, "You have to have a business contingency plan because you're reliant on geopolitical events that have an impact on your budget. You have multi-currency cash flows which are dependent on multi-currency sources. I've had experience recently of films in the Middle East which are in trouble because of what's happening there. Producers have to be more savvy because of the huge impact of tariffs, sanctions and currency volatility."

Exchange rates should be locked, with any currency requirements hedged up front, when the deal is closed so that the production has a known, fixed budget.

However, exchange rate shifts during negotiation can cause a headache.



Summary

- International co-productions are a trade-off. The benefits can be large, but producers need to plan for the potential costs.
- Producers need to keep up to date with changing tax credits around the world.
- Model exchange rates carefully, lock rates as soon as possible, and have a contingency plan.



"If you have an offer for, say, 110,000 EUR, and then the euro goes down because it's taken so long to raise the other money, that becomes a problem. You either make it for less or you have to fill the gap."

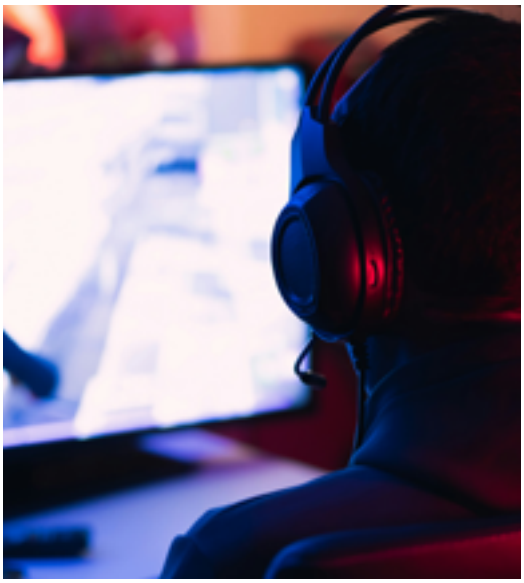
Nikki Parrott, Managing Director and Executive Producer, Tigerlilly Films

FOUR: BUY NOW, DON'T PAY LATER

Streamers have changed the game

"The streamers have changed everything. A lot of the upside for producers in the long term was owning the IP where they could have decades worth of income stream from a project. Streamers have now done away with that."

Kate Phibbs, Head of Studio, Film Soho Limited



Perhaps, in the short term, this is simplicity not complexity; deep-pocketed streamers like Netflix or Amazon provide all the money, but take all the intellectual property rights.

As production finance specialist John Gillett says, "You're obviously losing the back end and some of the ownership rights, but it's a very simple model to follow – you get paid for a product. For me, as an accountant, I like that because it's a lot less complicated."

Many, like BAFTA-winning producer Oliver Roskill, would, perhaps reluctantly, accept that deal because it enables them to get their movie made:

"If Netflix were offering to make a movie where I was going to get paid a decent fee that I knew could feed my family for the next year or two, and I had to sign away the rights, I probably would."

The complexity comes in the longer term

Kate explains, "A lot of the upside for producers in the long term was, owning the IP in a way where they could have decades worth of income stream from a project."

Although streamers might pay a larger fee up-front, there is no future stream of passive income that might help fund future projects. That is a serious consideration for a producer. The ability to exploit an IP for decades after release has been, for many indie producers, their retirement plan. The streaming model in particular further increases the risk to those producers who don't come from higher net worth backgrounds.

Also, an up-front fee may be certain but it removes the potential upside from producing a break-out hit: any upside flows to the streamer as rights-holder. As Kate says, "There's no transparency about how many eyes are watching. Your project may be single-handedly responsible for a 5% uptick in subscriptions or retention, but the producer and filmmaker see none of that benefit."

Of course, streamers also bear the downside of buying a flop.

The model gives a small number of streamers enormous market buying power, which can have consequences for smaller players like indie producers, as Oliver experienced:

"They spent millions of dollars prepping on a bunch of projects, including one of mine. And then someone at the top in America changed jobs and the whole thing shifted. They shuttered the division before they made anything."

In a 2024 report by the British Screen Forum, streamers' buying power, and their rights-acquisition model, was cited as a contributing factor for the decline in pre-sales.[17]

Fewer buyers, fewer voices?

Will fewer buyers mean a loss of creativity?

The amalgamation of large streamers and studios may lead to a small number of powerful buyers, each with a recognised house style.

"If that's where we end up in five to ten years, there will be fewer buyers and a reduced plurality of voices," Kate thinks. "We'll have less creativity because there will be fewer voices and all adhering to the house style of any given streamer. Creatively, there will be less space for exciting new voices. You wouldn't have Yorgos Lanthimos able to make The Lobster, for example."

Summary

- While a philosophical concern, in the here-and-now, surrendering IP rights is a trade-off.
- Plan ahead. If this is your model, plan to make the up-front fee last long enough to compensate the loss of IP.
- And negotiate with that in mind.

FIVE: THE COST OF CASH FLOW

Managing the IFTC and VAT

The UK's Independent Film Tax Credit (IFTC)[18] was announced in 2024 and widely welcomed as a significant boost to the UK's independent film sector.

The IFTC provides a credit of 53% on qualifying core expenditure (capped at 80% of total core expenditure) against corporation tax. That gives a net rate of 39.75% on qualifying expenditure after tax or, as Oliver says, a cash benefit of around 32% (31.8%, to be precise) against the total production budget.

"The government has done an amazing job of giving us a 32% net tax credit. That's one of the best in the world. And it comes back super fast compared to other countries."

Oliver Roskill, BAFTA-winning film producer (Under the Shadow, Savage House)

Mind the gap

The credit is generous and welcome, but timing is the challenge. As a credit against corporation tax, it can only be claimed through the production company's corporation tax return (CT600) for the relevant accounting period, accompanied by a BFI certificate proving eligibility.

That structural delay can be worsened by any delay in receiving the BFI certificate or in HMRC processing the IFTC claim.

BFI states a turnaround time of six to eight weeks [19] so production companies should file their application as early as possible in the production process.

HMRC has a target to turnaround claims within eight weeks.[20]

But, of course, "with tax credits, you have to pay all the invoices, before you can claim the tax credit — so that means the company is often cash flowing the tax credit ahead of final payments," as Nikki says.

In effect, production companies need to manage their cash flow between expenditure and, at best, eight weeks after filing their period-end accounts.

Delays caused by queries, compliance checks and resourcing challenges at HMRC can significantly increase the gap between paying money out and receiving the tax credit back.

VAT reclaims are also often faced with delays. During production, projects will typically be in a position of having more input VAT to reclaim than output VAT (due on sales) to pay, resulting in a net reclaim from HMRC.

This can be extended if the production company is invoicing overseas companies (where no output VAT is charged on sales of services). Each film project is usually held within its own SPV (a limited company created for the purpose) which, as a new business needs to register for VAT.

Taken all together, in reality, film productions can face significant delays between incurring costs and receiving the related tax rebates.

"The turnaround is longer than you think," says accountant John Gillett. "It could be 14 to 16 weeks just for certification, another eight weeks for HMRC. It's a big gap before people can make a claim, sometimes five to six months. And that can be even worse if you're invoicing a US entity (with no sales VAT on it), then you're claiming VAT, and HMRC want to do a VAT compliance check, which can take, with delays, three or four months." The result is that many productions don't receive their first VAT refund until after filming has finished.

"One of the biggest headaches, I've had to be honest, is VAT bills being delayed," Jasper agrees.



The cost of cash flow financing

Delays in receiving tax credits and VAT rebates are a headache for independent producers, but the greater pain is often the cost of financing the cash flow gap. It's a highly emotive subject.

Many on the production side see finance companies charging over-high interest rates on an extremely low-risk loan.

"A big problem with the industry is lenders treating the tax credit like an opportunity to make 12, 20 per cent... it's infinitesimally low risk, but they're taking interest proportionate to a much higher risk."

"It's a bit of a racket that it's even like legal, quite honestly, to finance tax credits. I mean, it should be something that only a high street bank can do for a set rate with government backing. It shouldn't be something that you can profiteer from."

Some argue it should be government-funded as it's simply a timing issue. Others are philosophical: "[Gap financiers] serve a purpose and if that means a film can happen, then great."

On the lenders' side, unsurprisingly, many refute the cost.

"The notion that UK financiers charge 15% to 20% has no context whatsoever. If you're organised and have a finance plan, you should know there are financiers out there who charge a reasonable rate for a UK tax credit," Mariyah Dosani, Calculus Capital's Director of Media and Entertainment Financing is quoted by Screen Global production.[21]

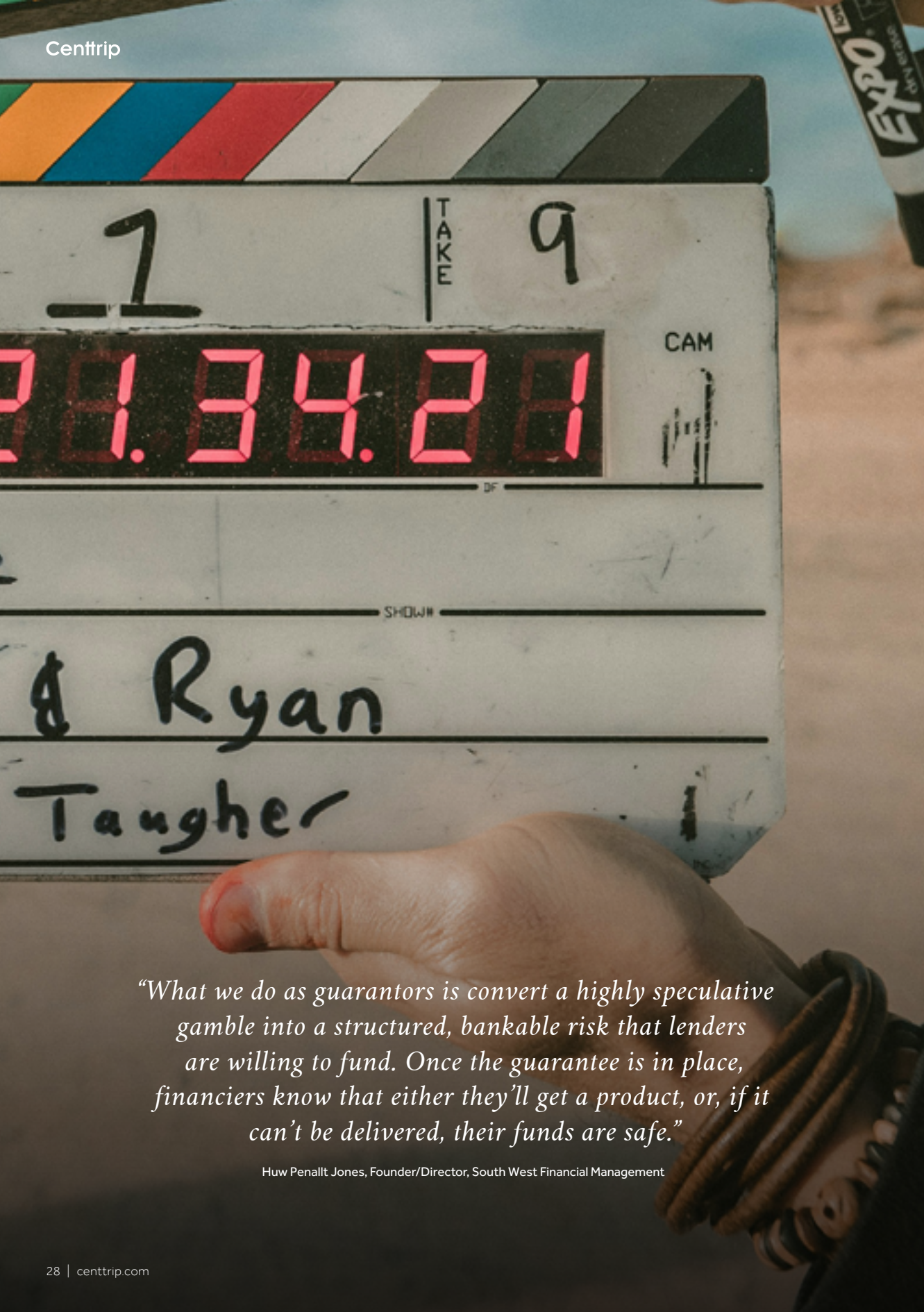
Other gap financiers, building on Dosani's "organised and have a finance plan" caveat, make the point that the rate charged for any particular project reflects the risk profile of the whole project, including the rest of the financing structure, not just the film tax credit itself. If the "gap" being financed is between the cost budget and other financing already in place, then the risk and the rate will be higher than simply funding the timing of tax credits.[22]

Saskia Thomas, director of film-financing company Elevation Films, also points out that "The problem for some producers is the legal costs are still the same. If they're doing a £10m or a £100,000 film, the fixed costs remain largely unchanged."[23] Fixed legal fees of, say, £10,000, are a significantly higher percentage of a lower-budget film.

Summary

- Plan expenditure carefully to maximise the benefit from the IFTC while minimising the amount of financing required to bridge the gaps between expenditure and tax credit and VAT rebates.
- Get the necessary registrations in place as early as possible: SPV set-up, VAT registration, BFI certification and bank accounts.
- Build lender confidence with a robust finance plan to minimise any "cost of risk".





"What we do as guarantors is convert a highly speculative gamble into a structured, bankable risk that lenders are willing to fund. Once the guarantee is in place, financiers know that either they'll get a product, or, if it can't be delivered, their funds are safe."

Huw Penallt Jones, Founder/Director, South West Financial Management

SIX: TRANSPARENCY AND CONTROL

The demand for greater governance

Financiers' demand for greater transparency, control and governance is, in many ways, a consequence of all the preceding factors.

The disconnect between investors and creatives; new and more institutional sources of finance; more, and more multi-national, parties involved; and the greater need for gap finance all bring a greater expectation of, and requirement for, transparency and more robust governance.

Above a budget of around £3 million (below which it's not usually cost-effective), completion guarantees, or completion bonds, are increasingly required, as lender Christelle Conan says:

"As a lender, you can't be on set, you can't be monitoring the cash flow, you can't be doing all of that. It's not our job. So we need somebody reliable that can do it for us. So we need completion bonds."

"We get involved very early," Huw confirms. "We have to sign off on the production package before the finances close. So we would be expected to do the due diligence on the production paperwork, on the heads of department, on the plan itself,

before the financiers commit to the green light and to the closing of funding. And of course, we're there until final delivery of the film."

Acknowledging the extra layer of paperwork and complexity for producers, Christelle continues, "If it's strict, it's for a reason, because they are looking after our money and we need to see a delivered film on time and on budget."

In fact, completion insurance requirements are becoming stricter because of several factors:

- A general hardening across all insurance markets after several years of heavy claims.
- AI has brought new risk factors: accidents and fallout that insurers attribute partly to AI-adjacent production practices; and risks arising from the use of AI trained on unlicensed material.
- Overhanging claims and risk from the 2023 US strikes.
- Climate risk has become "structural".

"Weather is now a structural risk rather than a rare anomaly," Huw explains. "And if weather is excluded from the insurance, it's excluded from the completion guarantee, then it becomes a financier's problem. And will the financier take the risk? Probably not."

Consequences for producers

What does this mean for the UK's independent producers? Above a certain budget, producers should expect that financiers will require completion insurance. Inevitably that will mean more cost (legal, insurance premiums etc), more paperwork and more process.

But, it can also be a useful discipline, especially if built into budgets and processes from the beginning.

"Completion bonds are definitely a growing requirement, especially when you've got non-traditional investors," John Gillett confirms. "The higher the number of stakeholders there are, the more complex it is."

But, John also says the basic requirements remain much the same.

"The things [lenders are] requesting have remained the same throughout my career – it's the general KYC, cost reports, cash flows. It's all standard stuff."



Summary

- In a world of greater complexity, financial stakeholders will protect their funds through greater visibility and control.
- With this in mind, producers put in place the plans, processes and infrastructure to facilitate this as early as possible.
- Wherever multiple stakeholders are involved, and the budget is large enough, producers should expect a completion bond as a requirement.



NINE ACTIONS TO HELP MANAGE COMPLEXITY

Managing complexity with confidence

What the best-run productions do differently

According to British Screen Forum, only 10 per cent of film producers go on to make more than one film.

Ninety-two per cent have made no more than three films.[24] The difficulty in successfully structuring the required finance can't be the only factor in this, but perhaps it's significant.

What can producers learn from the best-run productions to give themselves the best chance of raising money, finishing their film and moving onto the next one?

Here are nine actions that can help producers manage the complexity of finance with confidence.

1 **Build financial literacy and bring in experts early**

This was the most consistent finding from research interviews. To present a viable investment case to financiers, producers need to build their own financial literacy and/or bring financial skills on board from an early stage of each project. This is the basis of the investment readiness that DCMS and Creative UK identified in their research.

The absolute basics are robust sales estimates and a solid waterfall.

"Producers need to be not just creative now. They need to have that financial discipline... they need financial expertise much earlier in the process of making their film."

Christelle Conan

"Some producers think everyone's just going to be dazzled by the thought of being involved in the arts or filmmaking. I'm assuming the reader [investor] is undazzleable and just wants to know when and how they're going to get their money back."

Jasper Warry

2 **Treat investors as long-term partners, not one-off cheques**

With all of the effort involved in finding financiers and structuring a finance package, it makes sense to try and keep the ones you already have. As Jasper said earlier:

"If you make the business case work, then investors will come back to you. If you create a financial product and can demonstrate how their investment is underwritten by the finance plan, and if you treat them well, they might roll into the next project and then you end up with a business that's more sustainable and much less stressful to run."

Jasper Warry

"The more producers understand that [institutional investors need institutional standards], the more investors will stay with them, because it's about long-term relationships and building trust."

Christelle Conan



3 Ensure every recoupable element of the finance plan demonstrates its path to repayment

As Kate Phibbs says, "Your waterfall is your business plan." Financiers, whether gap lenders or equity investors need to see how they get their money back. That means realistic sales projections, a solid budget on costs and a demonstrable route to recoupment.

"Every element of recoupable finance in the finance plan needs to show how that can be recouped in the marketplace and have that plan in place. If you have a respected sales agent, you're de-risking it straight away."

Jasper Warry

"[Producers] are going to have to accept that you need to treat equity like gap financing and show how they can recoup from a sensible take number."

Jasper Warry

"It's hard for equity investors because they are behind senior debt and gap finance, but it can be done. You have to show them a waterfall that makes sense, and then they can do their own due diligence. But if I see a project with a cast that doesn't have sufficient international market appeal, unrealistic sales projections, an unjustifiable budget, and a waterfall that doesn't really work, well, it's a case of, 'OK, next.' Investors are getting smarter now. They are much more data-driven. They get it."

Christelle Conan





4

Lock down currency exposure early

Film-making is increasingly international. There's inbound investment (often from the US), international co-productions, international location shoots and post-production talent around the world. Often producers are juggling where to spend money to maximise available tax credits while also meeting soft money requirements. Through all of this, fluctuating exchange rates can knock a hole in budgets. That's why the most successful productions work with providers like Centtrip to minimise exchange costs and hedge exchange rates.

"I always prefer to see a locked rate in the budget and any currency requirements hedged up front. Otherwise, you're working with a budget that is variable, and that's not ideal."

John Gillett

"Some people are great and come to you with their plans; others aren't as on top of it. When you go through the FX effects with producers, you suddenly find there's a hole in their financing — they thought they had the money because of all these dollars and euros, but once you actually do the FX transfers, it isn't there."

Huw Penallt Jones



5 **Consider financing the slate, not just the film**

This isn't a solution for every producer but, as fixed and up-front costs increase, some make the case for financing either a slate of productions or the parent production company at a whole-business level, rather than individual projects.

"The pool of development money has only gone down in real terms and yet the cost of development is greater than ever. Getting things through development to a point where they are production-ready seems more complicated. And so, there's a lot more unpaid work. It's really hard to get paid development."

Kate Phibbs

"Is there an opportunity for companies to get seed funding or similar, so you start funding your production company as opposed to your film? If you structure the funding over a slate of five or six films, then those indirect costs get lower, so more money gets spent on the film. Would there be corporate finance available for that, as opposed to funding every single film individually?"

Huw Penallt Jones

"Surviving on single films is really difficult at the moment. Most people want series and we are exploring series as a way to be more sustainable and employ more people."

Nikki Parrott

6

De-risk the finance stack with non-recoupable money

Perhaps obvious, but producers should leverage every source of non-recoupable soft money they can. A higher share of non-returnable funding means less money borrowed and a lower, risk-adjusted interest charge. And, of course, the more solid the finance package, the lower the requirement for "producer re-investment".

"Being Welsh can be a superpower at the moment, because Welsh Government grants are non-recoupable. They're selective and limited but, if I'm lucky enough to be awarded one, it helps me win the argument and give extra protection to investors because I can raise my non-recoupable proportion of the finance plan as close to 50 per cent as possible across UK tax credits, foreign tax credits and the Welsh grant."

Jasper Warry



7

Design creative choices around the budget you have

This is the way indie producers have always worked: "limitation breeds creativity". From Blair Witch Project to the recent huge success of Obsession and Backrooms, tiny-budget breakout successes are the folklore of independent filmmaking. But it's not a sustainable business model. A better plan is to work creatively within whatever budget you have.

"When you don't have as much money, it forces you to be more creative. In a way, you are almost at your best, but it is just deeply frustrating.... You never have enough money to make a film. That's like a golden rule."

Oliver Roskill





8

Build your audience before your distributor

Just as actors, musicians and authors have discovered, there is bankable value in building an audience on social media, creating a buzz and anticipation before a film's release. As Kate Phibbs observed, producers need more than ever to consider the sales value of their project: is it based on existing IP, can you integrate foreign appeal, can you attach cast with their own sales value?

"You may not attach a local distributor straight away, but if you bring your audience in from day one, you get a better back-end deal from distributors that then comes back to the investors. You've got to be smarter about all of that, not just sell your film and then move on. You've got to be part of it."

Christelle Conan

"We've done crowdfunding — we did that for one of our productions when we didn't get any money from the Doc Society, so we raised about £55,000 to finish the film off. It's quite hard work... but it is a way of making audiences aware. You can use them as an audience, and as a data list, once it's finished. You're getting people to understand, to know about the film."

Nikki Parrott

9 Adopt an end-to-end finance infrastructure

In film production, things happen slowly, then they happen very quickly indeed. It takes time to structure and close the finance, to set up the SPV with VAT registration, BFI certification and banking facilities, and to put in place the completion bond and CAMA.* But then, the clock starts ticking, time is money and you need money to flow quickly and seamlessly wherever it's required. It is sensible to select a single, end-to-end platform that can streamline the flows of financing, expenditure and recoupment.

"From new bank accounts to exchange-rate movements, indie producers face so much unnecessary friction in finance. That's what we aim to solve at Centtrip."

Oliver Mascarenhas, Director of Sales, Centtrip

We built Centtrip CAM because we kept seeing the same situation – producers and their legal teams working through complex, time-consuming CAM structures for projects that simply didn't need that level of overhead. We wanted to offer something that delivers the rigour and the regulatory confidence the industry expects from Centtrip, but calibrated for the way indie production actually works."

Sarah Gooding, Chief Product Officer, Centtrip

* A Collection Account Management Agreement (CAMA) is a formal, legally binding contract between the film's producers, financiers, sales agents, and a neutral third-party known as a Collection Account Manager (CAM) to collect the film's global revenues and distribute them according to the waterfall.

Conclusion

Six causes of complexity, nine ways to alleviate the pressure on producers.

"If you can create a model that's coherent and shows that it's been properly thought through financially, then, I believe, there's more more money available today than there was a few years ago. But producers need to be financially literate, and speak the right language to fund managers, financiers and investors who don't have specialist film experience – we need to present film as a proper asset class."

Jasper Warry, award-winning filmmaker, Founder & CEO of Hello Deer Studios

Across the insights from all the generous contributors to this report – indie producers, heads of studio, accountants and financiers – it's clear that financing a film is hard.

Often, the money is there but it needs now to come from multiple different sources each with their own requirements and criteria for approving a deal. Structuring the finance stack is hard and the burden is squarely on the shoulders of the UK's independent producers.

Our discussions also yielded some common ideas on managing this greater complexity. Building finance skills, becoming "investment ready" and talking the language of finance is a key part of that.

Another group of ideas focuses on finding fresh ways to de-risk the project by building long-term relationships with financiers and the audience, by spreading fixed costs, locking down variables like exchange rates and removing friction wherever possible.

We have created this When Capital Contracts report to help independent producers, their teams and business partners as they continue to contribute to the UK's domestic, independent screen production sector.

Many of these are Centtrip clients and partners and we understand the pressure and challenges they face daily.

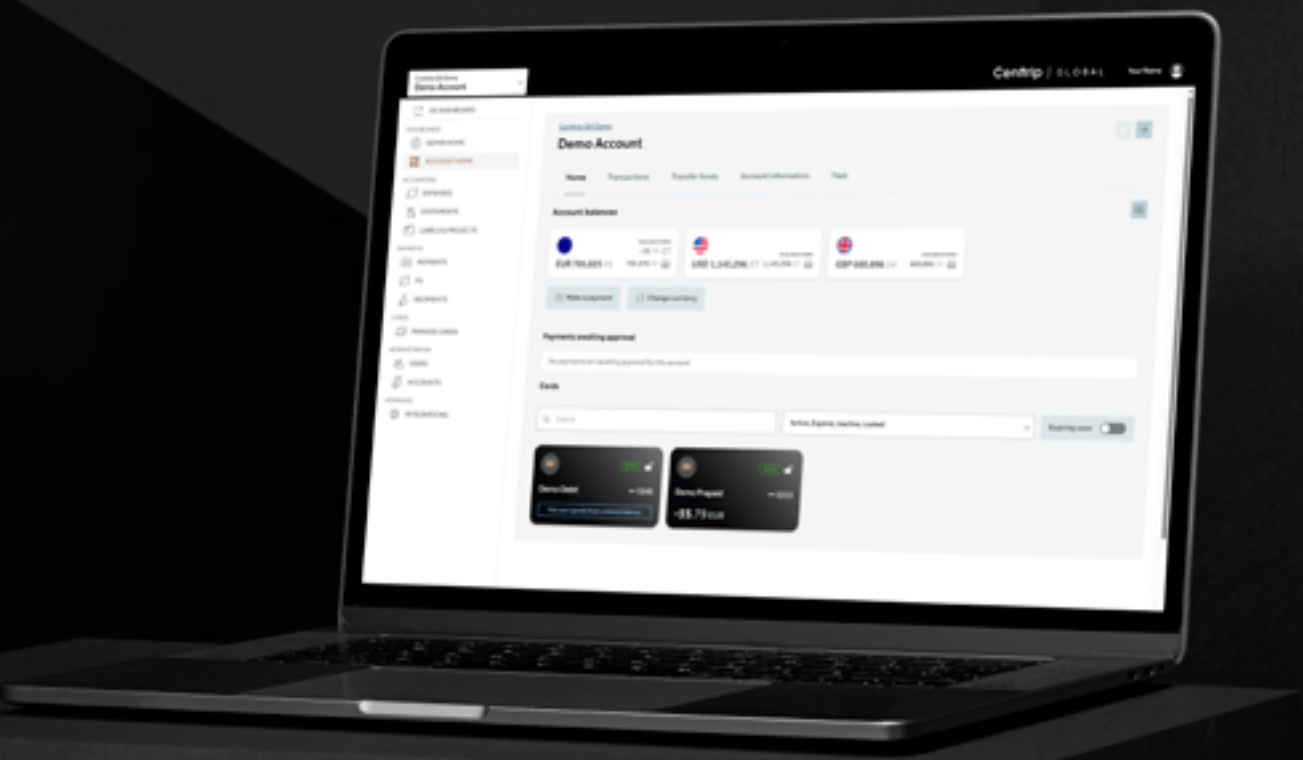
We hope you find it useful.

Centtrip: the end-to-end solution for film finance management

From instant, fee-free transfers between multi-user, multi-currency accounts to simple, cost-effective CAMAs and Residual management, Centtrip supports the entire production lifecycle.

Designed to meet the unique needs of the most demanding, fast-moving, high-spending sectors like film production, the Centtrip platform and suite of products provide secure and regulated alternative banking solutions including:

- Fast and efficient SPV onboarding (typically within 48 hours).
- Escrow services, agreements and accounts tailored to the needs of bond guarantors and financiers.
- Safeguarded, multi-currency accounts for escrow, production, collections and payments.
- Instant, fee-free transfer between accounts on the Centtrip environment, through CenttripNow.
- Multi-currency payments and FX services to protect against currency fluctuations.
- High-limit VISA or Mastercard payment cards for cast and crew.
- Real-time reporting and API integration with accounting and management systems to streamline daily cost reporting.
- Centtrip CAM, a fast, simple and low-cost solution for recoupment.
- Centtrip Residuals, a single solution for statement processing, payment processing and royalty waterfall execution.


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This report would not have been possible without the generous, expert contributions from those who manage independent film finance on a daily basis.

We gratefully acknowledge the valuable time and insights contributed by:



Christelle Conan is a film and TV finance professional with two decades' experience financing productions and managing HNWI portfolios. She is founder of Crystal Lake Media and advises the lender Elevation Films.



John Gillett, a production finance specialist, is founder of Scripted Finance Ltd and has helped keep budgets on track for award-winning productions including Conclave and Adolescence.



Nikki Parrott, producer and co-founder of Tigerlily Productions, heads up Glasgow-based Tigerlily Two, formed to explore new talent and stories outside London, and to be a prominent co-producer for international projects that develop Scottish Talent and teams.



Huw Penallt Jones is a film producer, completion guarantor and industry executive with more than 40 years' experience across the British and International Film Industries.



Kate Phibbs is a BAFTA-nominated producer and Head of Studio at Film Soho's V Studio. She specialises in virtual production, helping filmmakers realise ambitious projects through creative strategy and technical expertise.



Oliver Roskill is a BAFTA Winning Producer with films including Under the Shadow, Tuesday and the recently released Savage House.



Jasper Warry is an award-winning filmmaker and Founder-CEO of Bafta Cymru nominated Hello Deer Studios which produces entertaining and impactful premium Film & TV for Welsh, British and global audiences.

Meet the Centtrip Entertainment team



Oliver Mascarenhas, Director of Sales

Oliver leads the New Business team, focusing on building strong relationships with clients across the entertainment industry and helping them navigate their financial needs with confidence.



Aarti Iyer, Portfolio Manager

Aarti drives new business across Film, TV and Music through prospecting, relationship building, consultative selling and delivering tailored banking, payments and FX solutions.



Nigel Kutten, Business Development Manager

Nigel has an accounting background and experience in FX, helping businesses manage international currencies and financial operations.

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