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COMPANY: BIGFOOT ENTERTAINMENT (BVI) LTD. and its affiliates		ACCOUNTING POLICIES AND PROCEDURES	
		PRODUCTION	
Department: FINANCE	Effectivity Date: August 1, 2005	Date Issued: August 8, 2005	Date Revised: Feb. 21, 2006

1. OBJECTIVES:

Ensuring that:

- 1.1. All production projects are approved.
- 1.2. Total expenses incurred for the project are within the approved budget.
- 1.3. All expenses related to the project exist, legitimate, documented and properly accounted for, and completely recorded in the books of accounts.
- 1.4. Excess funds, if any, are returned and properly recorded.

2. POLICY STATEMENTS:

- 2.1. A budget for a production project shall be prepared prior to the project's commencement and shall be for approval by the CEO and the Chairman.
- 2.2. The approved budget shall be Finance' basis in paying any expense related to the project.
- 2.3. In case the total budget has been consumed, the Producer has to prepare additional budget for approval by the CEO and the Chairman.
- 2.4. A new company shall be set-up for major projects such as feature films. In relation to this, the following shall be done:
 - A new bank account shall be opened for the sole use of the project. The same bank account shall be closed at the end of the project.
 - A Project Accountant shall be assigned on location to the project during the production period.
 - Payments during pre-production and post-production periods shall be done in Cebu.

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2.14. The duties and responsibilities of the Project Accountant shall include the following:

- Prepares the Check Voucher together with the Check or Wire Transfer Request to support any disbursement related to the project.
- Makes sure that all original supporting documents are complete. These include Official Receipts, Cash Invoices, signed contracts and / or Acknowledgment Receipts, whenever applicable.
- Handles the Revolving Fund that will be temporarily set-up for the project.
- Prepares the Daily Cash Position Report.
- Makes sure all disbursements are approved. Seeks approval of disbursements from the Executive Producer or Producer.
- Makes sure all credit card payments are approved and with supporting documents.
- Accounts for all expenses. Segregates expenses as to Pre-production, Production and Post-production expenses.
- Submits to the Producer and CFO Weekly Expense Report for monitoring purposes.
- Prepares the monthly bank reconciliation report of the bank opened for the project.
- Monitors the Fixed Assets assigned to the project.
- Monitors cash advances subject to liquidation. Makes sure that the cash advance is liquidated three (3) days after the cash advance was used.
- At the end of the project, summarizes production cost and submits the same to the CFO for checking and approval.
- Makes sure all files are intact and sends all documents to Cebu for safekeeping.
- Prepares the "Certificate of Completeness" report and sends to the CFO for checking and approval.
- Scans all supporting documents and saves scanned documents in a CD. Policy on Electronic Filing System shall apply (Bigfoot group-wide company policy).

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- Closes the bank account at the end of the project.

2.15. The amortization of Film Inventory per project shall be as follows:

- o Film feature
 - a. **When shown in theaters**
 - 40% of total project cost (pro-rated depending on the week it was shown) - on the 1st month of showing
 - 20% of total project cost (pro-rated depending on the week it was shown) – on the 2nd month of showing
 - b. **Thru distribution**
 - 20% of total project cost - to be amortized over a period of 1 year which shall start from the time the distribution of the product starts
 - c. **When shown on cable and/or TV**
 - The balance of 20% - to be amortized on the month it will be shown on cable and / or TV
- o TV Series – cost per series shall be taken-up on the month it was shown
- o Special Projects (ESL series / Dive Asia, etc.) – to be amortized over a period of two (2) years which shall start from the time the distribution of the product starts

3. PROCEDURES

3.1. REQUEST FOR PAYMENT

Responsibility	Step	Activity
Line Producer	1	Fills-up a "Request for Payment" form and attaches all supporting documents.
	2	Identifies to what expense account and/or

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		account number it should be charged to for consistency with Accounting's take-up.	
Executive Producer	3	Approves the "Request for Payment".	
Line Producer	4	Submits to the Project Accountant the Request for Payment Form with the supporting documents attached to it.	
Project Accountant / Accounting	5	Receives approved Request for Payment.	

3.2. PAYMENT

3.2.1. PAYMENT THROUGH THE REVOLVING FUND

Responsibility	Step	Activity
Project Accountant	1	Prepares the Revolving Fund Voucher.
	2	Attaches the Request for Payment to the Revolving fund Voucher.
	3	Releases payment to the payee. Makes sure that the payee signs on the "Received payment" portion of the Revolving Fund Voucher.

NOTE: The Revolving Fund shall only be used when the payee does not accept payment by check, wire transfer or credit card.

3.2.2. PAYMENT BY CHECK

Responsibility	Step	Activity
Project Accountant	1	Makes sure that the amount for payment is duly supported by valid documents. Checks

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		and verifies all supporting documents.	
	2	Prepares Check Voucher for each payment to be made. Identifies the expense account the payment should be charged to.	
	3	Records transaction in the Accounting Books.	
	4	Prepares Check.	
	5	Routes Check to check signatories for their signature.	
Executive Producer	6	Signs the check. Returns the check together with the documents to the Project Accountant.	
Project Accountant	7	Releases check. Makes sure that the payee / collector signs on the "Received by" portion of the check voucher. Before releasing the check, gets the Official Receipt or Cash Invoice from the payee / collector, when applicable.	
	8	Files all documents chronologically.	

3.2.3. PAYMENT BY WIRE TRANSFER

Responsibility	Step	Activity
Project Accountant	1	Makes sure that the amount for payment is duly supported by valid documents. Checks and verifies all supporting documents.
	2	Prepares Check Voucher for each payment to be made. Identifies the expense account the payment should be charged to.
	3	Records transaction in the Accounting Books.
	4	Prepares Wire Transfer Request.
	5	Executes wiring of funds based on the documents submitted.
	6	Attaches the wire confirmation to the check voucher as supporting document.

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	7	Sends an email message to the payee informing him/her that the payment has already been made. The wire confirmation should be attached to the email for support.	
	8	Files copy of the wire confirmation together with the original Wire transfer Request.	
	9	Files all documents chronologically.	

3.2.4. PAYMENT USING THE CREDIT CARD

Responsibility	Step	Activity
Project Accountant	1	Prepares Credit Card Payment Slip. Identifies the expense account the payment should be charged to.
	2	Records transaction in the Accounting Books.
	3	Executes payment using the credit card.

3.3. REPLENISHMENT OF REVOLVING FUND

Responsibility	Step	Activity
Project Accountant	1	Upon depletion of the Revolving Fund, prepares an Expense Report to summarize all payments made thru the Revolving Fund.
	2	Prepares the Check Voucher corresponding to the amount in the Expense Report. Identifies the expense account for each payment made thru the Revolving Fund and summarizes the account charges.
	3	Records transactions in the Accounting Books.
	4	Prepares Check or Wire Transfer Request.

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3.4. PAYMENT OF THE CREDIT CARD

Responsibility	Step	Activity
Project Accountant	1	Upon receipt of the credit card's Statement of Account, prepares a summary of the expenses to identify each billed item and attaches the credit card payment slip together with the supporting documents.
	2	Prepares the Check Voucher corresponding to the amount in the summary prepared.
	3	Records transaction in the Accounting Books.
	4	Prepares Check or Wire Transfer Request.

3.5. PREPARATION OF DAILY CASH POSITION REPORT (DCPR)

Responsibility	Step	Activity
Project Accountant	1	Summarizes the previous day's transactions and adds or deducts it from the beginning balance of cash.
	2	Checks if the ending balance of cash per the DCPR tallies with the bank balance.
	3	Makes sure that all bank transactions are recorded in the Accounting books.
	4	Submits the report to the CFO and the Producer.

3.6. PREPARATION OF THE COMPARATIVE WEEKLY REPORT

Responsibility	Step	Activity
Project Accountant	1	Summarizes the previous week's transactions per expense account.

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	2	In the same report, adds the previous week's transactions to the accumulated expenses and compares the actual expenses vs. the approved budget per expense account.	
	3	Makes sure that actual transactions tally with the Accounting books.	
	4	Submits the report to the Executive Producer / Producer and the CFO.	

3.7. MONITORING OF FIXED SSETS ASSIGNED TO THE PROJECT

Responsibility	Step	Activity
Project Accountant	1	Maintains a list of all the fixed assets allotted for the project and indicates the temporary custodian of each asset in the list. When applicable, updates the list whenever there are assets purchased for the project.
	2	Makes a physical inventory of no. 1 on a monthly basis.
	3	Makes a monthly Fixed Assets report. Any missing item and/or damaged assets should be reported immediately.
	4	Submits the report to the Executive Producer / Producer, the CFO and BF Ventures Accounting.
	5	At the end of the project, makes an inventory of all assets and compares vs. the list of assets allotted for the project.
	6	Makes a "Completeness of Assets"

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		report. Any missing item and/or damaged item should be reported to the CFO and the Executive Producer.	

3.8. COMPLETION OF PROJECT

Responsibility	Step	Activity
Executive Producer / Producer	1	Upon completion of the project, fills-up the "COMPLETION OF PROJECT" FORM.
	2	Gives Finance a copy of the form.
Project Accountant	3	Finalizes Project Costing and makes sure that all related expenses are included.
	4	Capitalizes the total project cost to Film Inventory.

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