資料２

米国におけるテレビ番組制作費の会計処理について

2007年1月31日

三井物産株式會社

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1. はじめに

1. はじめに

米国テレビ局におけるテレビ番組制作費の会計処理：

AICPA（米国公認会計士協会）による意見書 『Statement of Position 00-2』（SOP 00-2)（2000年6月）に基づく会計処理。

～ SOP-002策定の背景 ～

- 米国におけるFilm制作者とディストリビューターのための会計指針として、1981年にFASB （the Financial Accounting Standards Board） が 『Statement of Financial Accounting Standards No. 53, Financial Reporting by Producers and Distributors of Motion Picture Films』（FASB Statement No.53）を策定。
  - 1981年当時は、Filmに関わる収入の多くは映画館・テレビからの収入を想定。
- 1990年代にかけて、ホームビデオ、衛星放送、ケーブルテレビ、ペイパービューテレビの登場など、Film業界に大きな変化が起こる。
  - これらの変化を反映した会計指針を新たに策定する必要性。
- 1995年、FASBがAICPAにFilm制作者とディストリビューターのための会計指針を定めたSOPの策定を要請。
- 2000年、AICPA によるSOP 00-2の策定。（2000年12月15日以降に開始する事業年度より適用開始。）

2. SOP 00-2に定める会計処理

2.1 SOP 00-2に定める会計処理　サマリー

(1) Film Costの資産計上 (29-33)

- Film制作にかかる費用（Film Cost）（※）は、貸借対照表上で独立した資産として計上される。

  （※）SOP　00-2におけるFilm の定義：

  Feature films、Television specials、Television series、その他類似のもの（アニメ、テレビ番組を含む）

  （※）SOP　00-2におけるFilm Costの定義：

  Film制作に関わるDirect Negative Cost（ストーリー・シナリオ費、キャスト・ディレクター・プロデューサー・エキストラ・その他スタッフ費、セットの制作・運営費、衣装・アクセサリー費、音響費、ロケのレンタルファシティー費、音楽・特殊効果・編集費、等）、Production Overhead Allocation等。

(2) Film Costの償却 (34-37)

- 資産計上されたFilm Costは、individual-film-forecast-computation method（※）に基づいて償却される。

  （※）individual-film-forecast-computation method：

  当期償却額　＝当期のRevenue実績／当期首時点での Ultimate Revenue予想

  × Film Cost未償却残高

- Film Costの償却は、当該Filmの収益が認識されるタイミングで開始される。

(3) Ultimate Revenue (38-40)

- Ultimate Revenueには、すべての市場と地域におけるFilmのExploitation・Exhibition・Saleから期待されるRevenueが含まれる。
- Ultimate Revenue予想期間は、原則10年以内。

(4) Film Costの資産評価 (43-47)

- FilmのFair Valueが、Film Costの未償却残高を下回る場合には、差額を損益計算書上で減損処理する。
- FilmのFair Valueの算定には、DCF法が多く用いられる。

2.2　(1)Film Costの資産計上

- Film制作にかかる費用(Film Cost)(※)は、貸借対照表上で独立した資産として計上される。(29)

　(※)SOP　00-2におけるFilm の定義:
　　　Feature films、Television specials、Television series、その他類似のもの(アニメ、テレビ番組を含む)
　(※)SOP　00-2におけるFilm Costの定義:
　　　Film制作に関わるDirect Negative Cost(ストーリー・シナリオ費、キャスト･ディレクター･プロデューサー･エキストラ･その他スタッフ費、セットの制作･運営費、衣装･アクセサリー費、音響費、ロケのレンタルファシティー費、音楽･特殊効果･編集費、等)、Production Overhead Allocation等。

- 特定のプロジェクトに紐付けの出来ない費用は、発生ベースで費用化される。(31)

- Episodic Television Seriesの場合は、以下の指針が適用される。(33)

  - Episodic television seriesのUltimate Revenueには、Initial MarketとSecondary MarketのRevenue予想が含まれる。
  - Secondary MarketのRevenue予想が確立できるまでの間は、資産計上される各エピソードのFilm Cost額が、そのエピソードに対して契約済みであるRevenue金額を超えてはならない。この上限を超えるFilm Costは、発生ベースで費用化される。
  - Secondary MarketのRevenue予想を確立することができた時点で、それ以降に発生するFilm Costは資産計上される。

2.3 (2)Film Costの償却

- 資産計上されたFilm Costは、individual-film-forecast-computation method(※)に基づいて償却される。(34)
  (※)individual-film-forecast-computation method：
  当期償却額 ＝当期のRevenue実績／当期首時点での Ultimate Revenue予想の残余額 × Film Cost未償却残高

＜償却額の試算例＞
(前提)
Film Cost – $50,000
1年目におけるUltimate Revenue予想 – $100,000
2年目におけるUltimate Revenue予想 – $90,000 (1年目時点よりUltimate Revenue予想が下がった場合を想定)
1年目のRevenue実績 – $60,000
2年目のRevenue実績 – $10,000

1年目の償却額

$50,000 Film Cost × $\dfrac{\text{\$60,000 1年目のRevenue実績}}{\text{\$100,000 1年目のUltimate Revenue予想}}$ = **$30,000**

2年目の償却額

$20,000 Film Cost未償却残高 × $\dfrac{\text{\$10,000 2年目のRevenue実績}}{\text{\$30,000 2年目のUltimate Revenue予想の残余額(※)}}$ = **$6,667**

(※) 2年目のUltimate Revenue予想の残余額 ＝ 2年目のUltimate Revenue予想 $90,000 －1年目のRevenue実績 $60,000 ＝ $30,000

- Film Costの償却は、当該Filmの収益が認識されるタイミングで開始する。
- 償却期間は、Ultimate Revenue (原則10年以内) の期間に等しい。
- 実際のRevenue実績は予想と異なる可能性があるため、毎期末ごとに、直近の情報を反映しUltimate Revenue予想の見直しと修正を行なう必要がある。

2.4 (3)Ultimate Revenue

- Ultimate Revenueの範囲 (38)
  - Ultimate Revenueには、すべての市場と地域におけるFilmのExploitation・Exhibition・Saleから期待されるRevenueが含まれる。
- Ultimate Revenueの予想期間 (39)
  - Episodic Television Series以外のFilmの場合、Filmの最初のリリース日から10年以内。
  - Episodic Television Seriesの場合、第1話の放映日から10年以内。制作中のシリーズの場合には、第1話の放映日から10年以内、もしくは、最新話の放映日から5年以内のいずれか遅い方まで。
  - 過去にリリース済みのFilmを購入する場合には、購入日より20年以内。
- Secondary Market Revenue (39)
  - 第三者からのライセンス収入が確実に見込めることを証明できる場合（例えば、nonrefundable minimum guarantee や nonrefundable advanceを確約した契約など）に限り、第三者からのライセンス収入をUltimate Revenueに含めることができる。
  - Episodic Television Seriesの場合、過去の経験や業界標準から、これまで制作されたエピソードと今後制作予定のエピソードがSecondary Marketでライセンスされることが証明できる場合に限り、Secondary Market Revenue（Initial Market以外のMarketからのRevenue）をUltimate Revenueに含めることができる。
  - Secondary Market Revenueの例

    ーFilm関連製品に関する第三者へのライセンス供与によるRevenue

    ーFilmのテーマやキャラクター、その他コンテンツ関連の周辺商品（おもちゃやアパレルなど）の販売からのRevenueの一部（販売価額全額ではなくその一部）

2.5 (4)Film Costの資産評価

- FilmのFair Valueが、Film Costの未償却残高を下回る場合には、差額を損益計算書上で減損処理する。(43)
- 以下のような事象が発生した場合、FilmのFair ValueがFilm Costの未償却残高を下回っていないか確認する必要がある。(43)
  - リリース前のFilmの期待パフォーマンスの悪化
  - 大幅な予算超過
  - 完成・リリーススケジュールの大幅な遅延
  - リリース計画の変更
  - Filmを完成させ、市場に出すために必要な資金・リソースの不足
  - リリース前の予想を下回るパフォーマンス実績
- Fair Valueの算定にはDCFモデルが多く用いられる。将来のCash Inflow予想の際には、以下の点を考慮する。(45)
  - 過去にリリースされている場合、過去のパフォーマンス
  - ストーリー、キャスト、ディレクター、プロデューサーに関する一般の評価
  - 類似Filmの過去の実績
  - 過去のFilmにおける、キャスト、ディレクター、プロデューサーの実績
  - Filmの上映時間

3. 事例紹介

3.1 事例紹介 サマリー

会社	資産計上 費目	資産計上 内容	償却方法
	Film and Television Costs	･capitalizable direct negative costs ･production overhead ･interest ･development costs ･acquired production costs	individual-film-forecast-computation method
	Inventories	capitalized production costs overhead and capitalized interest costs, net of any amounts received from outside investors	individual-film-forecast-computation method
	Non-current Inventories and Film Costs	･direct production costs ･production overhead ･development and pre-production costs	individual-film-forecast-computation method

3.2 （事例1）The Walt Disney Company (ABC) （1）

	September 30, 2006	October 1, 2005
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,411	$ 1,723
Receivables	4,707	4,585
Inventories	694	626
Television costs	415	510
Deferred income taxes	592	749
Other current assets	743	652
Total current assets	9,562	8,845
Film and television costs	5,235	5,427
Investments	1,315	1,226
Parks, resorts and other property, at cost		
Attractions, buildings and equipment	28,843	27,570
Accumulated depreciation	(13,781)	(12,605)
	15,062	14,965
Projects in progress	913	874
Land	1,192	1,129
	17,167	16,968
Intangible assets, net	2,907	2,731
Goodwill	22,505	16,974
Other assets	1,307	987
	$ 59,998	$ 53,158

6 Film and Television Costs

Film and Television costs are as follows:

	September 30, 2006	October 1, 2005
Theatrical film costs		
Released, less amortization	$ 2,041	$ 2,048
Completed, not released	265	407
In-process	928	838
In development or pre-production	135	112
	3,369	3,405
Television costs		
Released, less amortization	882	851
Completed, not released	210	259
In-process	228	245
In development or pre-production	17	33
	1,337	1,388
Television broadcast rights	944	1,144
	5,650	5,937
Less current portion	415	510
Non-current portion	$ 5,235	$ 5,427

Based on management's total gross revenue estimates as of September 30, 2006, approximately 79% of unamortized film and television costs for released productions (excluding amounts allocated to acquired film and television libraries) are expected to be amortized during the next three years. During fiscal year 2010, an amortization level of 80% will be reached. Approximately $566 million of accrued participation and residual liabilities will be paid in fiscal year 2007.

At September 30, 2006, acquired film and television libraries have remaining unamortized film costs of $548 million, which are generally amortized straight-line over a weighted-average remaining period of approximately 11 years.

出典： The Walt Disney Company Form 10-K （2006年9月末）より抜粋

3.2 （事例1） The Walt Disney Company（ABC）（2）

Film and Television Costs

Film and television costs include capitalizable direct negative costs, production overhead, interest, development costs, and acquired production costs and are stated at the lower of cost, less accumulated amortization, or fair value.

Acquired programming costs for the Company's television and cable/satellite networks are stated at the lower of cost, less accumulated amortization, or net realizable value. Acquired television broadcast program licenses and rights are recorded when the license period begins and the program is available for use. Marketing, distribution, and general and administrative costs are expensed as incurred.

Film and television production and participation costs are expensed based on the ratio of the current period's gross revenues to estimated remaining total gross revenues (Projected Revenue Method) from all sources on an individual production basis. Estimated remaining gross revenue for film productions includes revenue that will be earned within ten years of the date of the initial theatrical release. For acquired film libraries, remaining revenues include amounts to be earned for up to twenty years from the date of acquisition. Development costs for projects that have been abandoned or have not been set for production within three years are generally written off.

出典： The Walt Disney Company Form 10-K （2006年9月末）より抜粋

＜ポイント＞

✓Film and Television Costには、Capitalizable direct negative costs、Production overhead、Interest、Development costs、acquired production costs が含まれ、Costから累積償却額を差し引いた金額と、Fair Valueのいずれか低い方の金額で計上される。

✓Film and Television Costは、各Filmごとに、当期のGross Revenueと、今後予想される全てのGross Revenue （Project Revenue Method） との比率に基づいて費用化される。→SOP 00-2 individual-film-forecast-computation methodに準拠

✓Film制作のRevenue予想には、最初の劇場公開日より10年間以内のRevenue予想が含まれる。

3.2 （事例1）The Walt Disney Company (ABC) （3）

Television network series costs and multi-year sports rights are amortized under the Projected Revenue Method based on revenues from such programs or on a straight-line basis, as appropriate. **For television network series, we include revenues that will be earned within ten years of the delivery of the first episode, or if still in production, five years from the date of delivery of the most recent episode, if later.** For determining multi-year sports rights costs, gross revenues include both advertising revenues and an allocation of affiliate fees. If the annual contractual payments over the term of a multi-year sports programming arrangement approximate the rights cost based on the Projected Revenue Method, we expense the annual payments during the season. Television network and station rights for theatrical movies and other long-form programming are charged to expense primarily on an accelerated basis related to the projected usage of the programs.

Estimates of total gross revenues can change significantly due to a variety of factors, including advertising rates and the level of market acceptance of the production. Accordingly, revenue estimates are reviewed periodically and amortization is adjusted, if necessary. Such adjustments could have a material effect on results of operations in future periods. The net realizable value of network television broadcast program licenses and rights is reviewed using a daypart methodology. A daypart is defined as an aggregation of programs broadcast during a particular time of day or programs of a similar type. The Company’s dayparts are early morning, daytime, late night, primetime, news, children, and sports (includes network and cable). The net realizable values of other cable programming are reviewed on an aggregated basis for each cable channel.

出典： The Walt Disney Company Form 10-K （2006年9月末）より抜粋

＜ポイント＞

✓Television network series costは、番組のRevenueに応じて、Projected Revenue Methodに基づいて償却される。
→SOP 00-2 individual-film-forecast-computation methodに準拠

✓Television network seriesの場合、Revenue予想には、第1話の放映から10年以内に予想されるRevenue予想が含まれる。制作中のシリーズの場合には、第1話の放映から10年以内、もしくは、最新話の放映から5年以内のいずれか遅い方までのRevenue予想が含まれる。

3.3 （事例2）News Corporation (FOX) （1）

	As of June 30, 2006	2005
Assets:		
Current assets:		
Cash and cash equivalents	$ 5,783	$ 6,470
Receivables, net	5,150	4,353
Inventories, net	1,840	1,516
Other	350	440
Total current assets	13,123	12,779
Non-current assets:		
Receivables	593	673
Investments	10,601	10,268
Inventories, net	2,410	2,366
Property, plant and equipment, net	4,755	4,346
Intangible assets	11,446	12,517
Goodwill	12,548	10,944
Other non-current assets	1,173	799
Total non-current assets	43,526	41,913
Total assets	$56,649	$54,692

NOTE 5. INVENTORIES

	As of June 30, 2006	2005
	(in millions)	
Programming rights	$ 2,147	$ 1,627
Books, DVDs, paper and other merchandise	466	345
Filmed entertainment costs:		
Films:		
Released (including acquired film libraries)	588	733
Completed, not released	88	234
In production	251	218
In development or preproduction	59	90
	986	1,275
Television productions:		
Released (including acquired libraries)	475	470
Completed, not released	27	14
In production	147	149
In development or preproduction	2	2
	651	635
Total filmed entertainment costs, less accumulated amortization (a)	1,637	1,910
Total inventories, net	4,250	3,882
Less: current portion of inventory, net (b)	(1,840)	(1,516)
Total noncurrent inventories, net	$ 2,410	$ 2,366

News Corporation

FOX.COM

As of June 30, 2006, the Company estimated that approximately 70% of unamortized filmed entertainment costs from the completed films are expected to be amortized during fiscal 2007 and approximately 94% of released filmed entertainment costs will be amortized within the next three fiscal years. During fiscal 2007, the Company expects to pay $725 million in accrued participation liabilities, which are included in participations, residuals and royalties payable on the consolidated balance sheet. At June 30, 2006, acquired film and television libraries have remaining unamortized film costs of $167 million, which are generally, amortized using the individual film forecast method generally over a remaining period of approximately three to 15 years.

出典： News Corporation　Form 10-K （2006年6月末）より抜粋

Inventories

Filmed Entertainment Costs:

In accordance with **Statement of Position (“SOP”) No. 00-2**, “Accounting by Producers or Distributors of Films” (“SOP 00-2”), **Filmed entertainment costs include capitalized production costs, overhead and capitalized interest costs, net of any amounts received from outside investors**. These costs, as well as participations and talent residuals, are **recognized as operating expenses on an individual film or network series basis in the ratio that the current fiscal year’s gross revenues bear to management’s estimate of total remaining ultimate gross revenues**. Estimates for initial domestic syndication and basic cable revenues are not included in the estimated lifetime revenues of network series until such sales are probable. Marketing costs and development costs under term deals are charged as operating expenses as incurred. Development costs for projects not produced are written-off at the earlier of the time the decision is taken not to develop the story or after three years.

Filmed entertainment costs are stated at the lower of unamortized cost or estimated fair value on an individual motion picture or television product basis. Revenue forecasts for both motion pictures and television products are continually reviewed by management and revised when warranted by changing conditions. **When estimates of total revenues and other events or changes in circumstances indicate that a motion picture or television production has a fair value that is less than its unamortized cost, a loss is recognized currently for the amount by which the unamortized cost exceeds the film or television production’s fair value**.

出典： News Corporation　Form 10-K （2006年6月末）より抜粋

＜ポイント＞

✓SOP 00-2に基づき、Filmed Entertainment Costには、Capitalized production costs、Overhead、Capitalized interest costsから、外部の投資家より調達した金額を差し引いた金額が含まれる。

✓Filmed Entertainment Costは、Filmごと、あるいはシリーズごとに、当期のGross Revenueと、経営陣によるUltimate Gross Revenue予想との比率に基づいて、Operating費用として認識される。→SOP 00-2 individual-film-forecast-computation methodに準拠

✓Filmed Entertainment Costは、番組ごとに、Costの未償却残高と、Fair Valueのいずれか低い方の金額で計上される。

✓Revenue予想やその他の変化により、番組のFair ValueがCostの未償却残高を下回る場合には、差額を損失として計上する。

	2005	2004
ASSETS		
Current assets		
Cash and equivalents	$ 4,220	$ 6,139
Restricted cash	—	150
Receivables, less allowances of $2.225 and $2.109 billion	6,411	5,512
Inventories	1,806	1,737
Prepaid expenses and other current assets	1,026	920
Total current assets	13,463	14,458
Noncurrent inventories and film costs	4,916	4,415
Investments, including available-for-sale securities	3,493	4,677
Property, plant and equipment, net	13,659	13,070
Intangible assets subject to amortization, net	3,522	3,892
Intangible assets not subject to amortization	39,813	39,656
Goodwill	40,458	39,709
Other assets	3,152	3,272
Total assets	$ 122,476	$ 123,149

TimeWarner

7. INVENTORIES AND FILM COSTS

Inventories and film costs consist of:

	December 31, 2005	December 31, 2004
	(millions)	
Programming costs, less amortization	$ 2,922	$ 2,599
Videocassettes, DVDs, books, paper and other merchandise	464	522
Film costs — Theatrical:		
Released, less amortization	747	893
Completed and not released	157	60
In production	1,046	843
Development and pre-production	80	51
Film costs — Television:		
Released, less amortization	529	493
Completed and not released	230	191
In production	545	494
Development and pre-production	2	6
Total inventories and film costs [a]	6,722	6,152
Less: current portion of inventory [b]	(1,806)	(1,737)
Total noncurrent inventories and film costs	$ 4,916	$ 4,415

Approximately 88.39% of unamortized film costs for released theatrical and television product are expected to be amortized within three years from December 31, 2005. In addition, approximately $1.2 billion of the film costs of released and completed and not released theatrical and television product are expected to be amortized during the twelve month period ending December 31, 2006.

出典： Time Warner Form 10-K （2005年12月末）より抜粋

Filmed Entertainment

Film costs include the unamortized cost of completed theatrical films and television episodes, theatrical films and television series in production and film rights acquired for the home video market. **Film costs principally consist of direct production costs, production overhead, development and pre-production costs, and are stated at the lower of cost, less accumulated amortization, or fair value.** The amount of capitalized film costs recognized as cost of revenues for a given film as it is exhibited in various markets, throughout its life cycle, is determined using **the film forecast method**. Under this method, **the amount of capitalized costs recognized as expense is based on the proportion of the film's revenues recognized for such period to the film's estimated remaining ultimate revenues.** Similarly, the recognition of expenses for participations and residuals is recognized based on the proportion of the film's revenues recognized for such period to the film's estimated remaining ultimate revenues. These estimates are revised periodically and losses, if any, are provided in full. See Note 7 for additional details of film costs.

出典： Time Warner Form 10-K （2005年12月末）より抜粋

＜ポイント＞

✓Film Costには、完成済みの劇場映画やテレビ番組、制作中の劇場映画やテレビシリーズ等に関する、未償却のCostが含まれる。

✓Film Costには、Direct production costs, Production overhead, Development and pre-production costが含まれ、Costから累積償却額を差し引いた金額と、Fair Valueとのいずれか低い方の金額で計上される。

✓資産計上されたCostのうち、費用として認識される金額は、Film forecast methodにより、Filmの当期Revenueと、Ultimate Revenue予想との比率に基づき算定される。→SOP 00-2 individual-film-forecast-computation methodに準拠

（添付資料） SOP 00-2
該当部分　抜粋

Scope

.05 The guidance in this SOP applies to all kinds of films, except where specifically noted below, and is applicable to all producers or distributors that own or hold rights to distribute or exploit films. For purposes of this SOP, **films are defined as feature films, television specials, television series, or similar products (including animated films and television programming)** that are sold, licensed, or exhibited, whether produced on film, video tape, digital, or other video recording format.

Glossary

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Film costs. **Film costs include all direct negative costs incurred in the physical production of a film, as well as allocations of production overhead** and capitalized interest in accordance with FASB Statement No. 34. **Examples of direct negative costs include costs of story and scenario; compensation of cast, directors, producers, extras, and miscellaneous staff; costs of set construction and operations, wardrobe, and accessories; costs of sound synchronization; rental facilities on location; and postproduction costs such as music, special effects, and editing.**

Film Costs—Capitalization （1）

.29 **An entity should report film costs as a separate asset on its balance sheet.** An entity should account for interest costs related to the production of a film in accordance with the provisions in FASB Statement No. 34, *Capitalization of Interest Cost*.

.30 Production overhead, a component of film costs, includes allocable costs of individuals or departments with exclusive or significant responsibility for the production of films. Production overhead should not include administrative and general expenses, the costs of certain overall deals, as discussed in paragraph .31, or charges for losses on properties sold or abandoned, as discussed in paragraph .32.

.31 An entity may enter into an arrangement known as an *overall deal*, whereby it compensates a producer or other creative individual for the exclusive or preferential use of that party's creative services. **An entity should charge the costs of overall deals that cannot be identified with specific projects to expense as they are incurred over the related period of time.** An entity should record a reasonable proportion of costs of overall deals as specific project film costs to the extent those costs are directly related to the acquisition, adaptation, or development of specific projects. If related to properties as discussed in paragraph .32, an entity should include such amounts in the cost of properties subject to the periodic review. An entity should not allocate to specific project film costs amounts that it had previously expensed.

32 Film costs ordinarily include expenditures for properties (such as film rights to books or stage plays, or original screenplays) that generally must be adapted to serve as the basis for the production of a particular film. An entity will add the cost of adaptation or development to the cost of the particular property. An entity should periodically review properties in development to determine whether they will ultimately be used in the production of a film. When an entity determines that a property will not be used (disposed of), it should recognize any loss by a charge to the income statement. It should be presumed that an entity will dispose of a property (whether by sale or abandonment) if it has not been set for production within three years from the time of the first capitalized transaction. An entity should measure the loss as the amount by which the carrying amount of the project exceeds its fair value. Amounts written off should not be subsequently reestablished as assets. Unless management, having the authority to approve the action, has committed to a plan to sell such property, the rebuttable presumption is that the entity will abandon the property and, as such, its fair value should be zero.

Film Costs—Capitalization （2）

33 **For an episodic television series, the following additional guidance for film costs applies. Ultimate revenue for an episodic television series can include estimates from the initial market and secondary markets**, as discussed in paragraph .39(*b*). **fn 2** **Until an entity can establish estimates of secondary market revenue in accordance with paragraph .39(*b*), capitalized costs for each episode produced should not exceed an amount equal to the amount of revenue contracted for that episode. An entity should expense as incurred film costs in excess of this limitation on an episode-by-episode basis**, and an entity should not restore such amounts as film cost assets in subsequent periods. An entity should expense all capitalized costs (including set costs) for each episode as it recognizes the related revenue for each episode. **Once an entity can establish estimates of secondary market revenue in accordance with paragraph .39(*b*), the entity should capitalize subsequent film costs.** An entity should amortize such capitalized film costs in accordance with the provisions in paragraphs .34 through .37, and it should evaluate such costs for impairment in accordance with paragraph .44.

Film Costs Amortization; Participation Cost Accruals （1）

.34 **An entity should amortize film costs and accrue (expense) participation costs using the individual-film-forecast-computation method, which amortizes or accrues (expenses) such costs in the same ratio that current period actual revenue (numerator) bears to estimated remaining unrecognized ultimate revenue as of the beginning of the current fiscal year (denominator). That is, (*a*) unamortized film costs as of the beginning of the current fiscal year are multiplied by the individual-film-forecast-computation method fraction and (*b*) unaccrued (that is, not yet expensed) ultimate participation costs at the beginning of the current fiscal year are multiplied by the individual-film-forecast-computation method fraction.** In this way, in the absence of changes in estimates, film costs are amortized and participation costs are accrued (expensed) in a manner that yields a constant rate of profit over the ultimate period, as described in paragraph .39(*a*), for each film before exploitation costs, manufacturing costs, and other period expenses. An entity should accrue a liability for participation costs only if it is probable that there will be a sacrifice of assets to settle its obligation under the terms of the participation agreement. At each balance sheet date, accrued participation costs should not be less than the amounts that an entity is obligated to pay as of that date. **An entity should begin amortization of capitalized film costs and accrual (expensing) of participation costs when a film is released and it begins to recognize revenue from that film.**

.35 In the absence of revenue from third parties that is directly related to the exhibition or exploitation of a film, an entity should make a reasonably reliable estimate of the portion of unamortized film costs that is representative of the utilization of the film in that exhibition or exploitation. An entity should expense such amounts as it exhibits or exploits the film. (For example, a cable entity that does not accept advertising on its cable channel may produce a film and show it on that channel. In this example, the cable entity receives subscription fees from third parties that are not directly related to a particular film.) **Consistent with the underlying premise of the individual film-forecast-computation method, all revenue should bear a representative amount of the amortization of film costs during the ultimates period.**

36 As a result of uncertainties in the estimating process, actual results may vary from estimates. **An entity should review and revise estimates of ultimate revenue and participation costs as of each reporting date to reflect the most current available information.** If estimates are revised, an entity should determine a new denominator that includes only the ultimate revenue from the beginning of the fiscal year of change (that is, ultimate revenue changes are treated prospectively as of the beginning of the fiscal year of change). The numerator (revenue for the current fiscal year) is unaffected by the change. An entity should apply the revised fraction to the net carrying amount of unamortized film costs and to the film's unaccrued (that is, not yet expensed) ultimate participation costs as of the beginning of the fiscal year, and the difference between expenses determined using the new estimates and any amounts previously expensed during that fiscal year should be charged or credited to the income statement in the period (for example, the quarter) during which the estimates are revised.

.37 Multiple seasons of an episodic television series that meets the conditions of paragraph .39(*b*) to include estimated secondary market revenue in ultimate revenue is considered to be a single product, with multiple seasons of the series combined for purposes of applying the individual film-forecast-computation method.

Ultimate Revenue （1）

.38 <u>**Ultimate revenue to be included in the denominator of the individual-film-forecast-computation method fraction should include estimates of revenue that is expected to be recognized by an entity from the exploitation, exhibition, and sale of a film in all markets and territories**</u>, subject to the limitations set forth in paragraph .39.

.39 Ultimate revenue should be limited by the following.

a. <u>**For films other than episodic television series, ultimate revenue should include estimates over a period not to exceed ten years following the date of the film's initial release. For episodic television series, ultimate revenue should include estimates of revenue over a period not to exceed ten years from the date of delivery of the first episode or, if still in production, five years from the date of delivery of the most recent episode, if later.**</u> For previously released films acquired as part of a film library, ultimate revenue should include estimates over a period not to exceed twenty years from the date of acquisition. For purposes of this SOP, an entity should categorize as part of a film library only those individual films whose initial release dates were at least three years prior to the acquisition date.

b. <u>**For episodic television series, ultimate revenue should include estimates of secondary market revenue (that is, revenue from markets other than the initial market) for produced episodes only if an entity can demonstrate through its experience or industry norms that the number of episodes already produced, plus those for which a firm commitment exists and the entity expects to deliver, can be licensed successfully in the secondary market.**</u>

c. <u>**Ultimate revenue should include estimates of revenue from a market or territory only if persuasive evidence exists that such revenue will occur, or if an entity can demonstrate a history of earning such revenue in that market or territory.**</u> Ultimate revenue should include estimates of revenue from newly developing territories only if an existing arrangement provides persuasive evidence that an entity will realize such amounts.

Ultimate Revenue (2)

d. Ultimate revenue should include estimates of revenue from licensing arrangements with third parties to market film-related products only if persuasive evidence exists that such revenue from that arrangement will occur for that particular film (such as a signed contract to receive a nonrefundable minimum guarantee or a nonrefundable advance) or if an entity can demonstrate a history of earning such revenue from that form of arrangement.

e. Ultimate revenue should include estimates of the portion of the wholesale or retail revenue from an entity's sale of peripheral items (such as toys and apparel) that is attributable to the exploitation of themes, characters, or other contents related to a particular film only if the entity can demonstrate a history of earning such revenue from that form of exploitation in similar kinds of films. For example, an entity may conclude that the portion of revenue from the sale of peripheral items that it should include in ultimate revenue is an estimate of what would be earned by the entity if rights for such form of exploitation had been granted under licensing arrangements with third parties. Ultimate revenue should not, however, include estimates of the entire amount of wholesale or retail revenue from an entity's sale of peripheral items.

f. Ultimate revenue should not include estimates of revenue from unproven or undeveloped technologies.

g. Ultimate revenue should not include estimates of wholesale promotion or advertising reimbursements to be received from third parties; an entity should offset such amounts against exploitation costs.

h. Ultimate revenue should not include estimates of amounts related to the sale of film rights for periods after those identified in paragraph .39(*a*).

.40 An entity should not discount ultimate revenue to its present value except as required by the provisions in paragraph .27. All foreign currency estimates of future revenues should be based on current spot rates. Ultimate revenue should not include amounts representing projections for future inflation.

.43 **The following are examples of events or changes in circumstances that indicate that an entity should assess whether the fair value of a film (whether completed or not) is less than its unamortized film costs**.

- ***a.*** **An adverse change in the expected performance of a film prior to release**
- ***b.*** **Actual costs substantially in excess of budgeted costs**
- ***c.*** **Substantial delays in completion or release schedules**
- ***d.*** **Changes in release plans, such as a reduction in the initial release pattern**
- ***e.*** **Insufficient funding or resources to complete the film and to market it effectively**
- ***f.*** **Actual performance subsequent to release fails to meet that which had been expected prior to release**

.44 **If an event or change in circumstance indicates that an entity should assess whether the fair value of a film is less than its unamortized film costs, the entity should determine the fair value of the film (the determination of which is affected by estimated future exploitation costs still to be incurred) and write off to the income statement the amount by which the unamortized capitalized costs exceeds the film's fair value.** Exploitation costs incurred after such a write-off should be accounted for in accordance with the provisions of paragraph .49. An entity should treat the reduced amount of capitalized film costs that have been written down to fair value at the close of an annual fiscal period as the cost for subsequent accounting purposes, and an entity should not subsequently restore any amounts previously written off.

.45 As discussed in paragraph .17, **a discounted cash flows model is often used to estimate fair value**. If applicable, future cash flows based on the terms of any existing contractual arrangements, including cash flows over existing license periods without consideration of the limitations set forth in paragraph .39, should be included. **An entity should consider the following factors, among others, in estimating future cash inflows for a film: (*a*) if previously released, the film's performance in prior markets, (*b*) the public's perception of the film's story, cast, director, or producer, (*c*) historical results of similar films, (*d*) historical results of the cast, director, or producer on prior films, and (*e*) running time of the film.** In determining a film's fair value, it is also necessary to consider those cash outflows necessary to generate the film's cash inflows. Therefore, an entity should incorporate, if applicable, its estimates of future costs to complete a film, future exploitation and participation costs, or other necessary cash outflows in its determination of fair value when using a discounted cash flows model.

Film Costs Valuation （2）

.46 When using the traditional discounted cash flow approach to estimate the fair value of a film, the relevant future cash inflows and outflows should represent the entity's estimate of the most likely cash flows. When determining the fair value of a film using the expected cash flows approach, all possible relevant future cash inflows and outflows should be probability weighted by period and the estimated mean or average by period should be used.

.47 When determining the fair value of a film using a traditional discounted cash flow approach, the discount rate(s) should not be an entity's incremental borrowing rate(s), liability settlement rate(s), or weighted average cost of capital as those rates typically do not reflect the risks associated with a particular film. The discount rate(s) should consider the time value of money and the expectations about possible variations in the amount or timing of the most likely cash flows and an element to reflect the price market participants would seek for bearing the uncertainty inherent in such an asset as well as other factors, sometimes unidentifiable, including illiquidity and market imperfections. When determining the fair value of a film using the expected cash flow approach, the discount rate(s) also would consider the time value of money. Because they are reflected in the expected cash flows, there would be no adjustment for possible variations in the amounts or timing of those cash flows. If not reflected in risk-adjusted expected cash flows, an additional element to reflect the price market participants would seek for bearing the uncertainty inherent in such an asset as well as other factors, sometimes unidentifiable, including illiquidity and market imperfections, should be added to the discount rate(s).