



Costs Amortization

(Digital Media & Broadcasting Company)

Developed a model to amortize the costs incurred on various TV shows / series

AMORTIZATION SCHEDULING FOR A DIGITAL MEDIA COMPANY

ABOUT THE CLIENT

Client is a Digital Media & Broadcasting company and was trying to **improve its amortization process and compare against its JV partners**

SITUATION



- Client is currently amortizing **its costs on TV shows / series equally over the lifetime of the show / series**, and was **facing challenges in reconciling against** the amortization schedule provide by its JV partners
- Merilytics partnered with the client to **develop a robust amortization schedule model**, that streamlined the process of updating new shows / series and helped in reconciling the numbers with the JV partners

VALUE ADDITION



- Partnered with a stakeholder from the client's TV business to develop comprehensive understanding of the current process in place at the client and its JV partners
- **Developed a user-friendly model** that the users can use to review the amortization schedule of the show /series by providing inputs such as # shows, total cost, amortization period, start date, % split of cost (if a show has lifespan of more than 12 months)
- **Reconciled the amortized costs provided by JV partners** and recommend adjustments to be made to the current amortization schedule based on the process followed by JV partners

IMPACT



- Helped in **allocating the costs efficiently** through a streamlined process (that was processed manually in the past) leading to more reliable financial reporting
- Client was able to **identify any changes to the amortization schedule** followed by JV partners and implement changes to the schedule seamlessly using the dynamic amortization scheduling model

METHODOLOGY / APPROACH

01 UNDERSTANDING THE CURRENT APPROACH

- Reviewed the existing amortization schedule process and identified that it is purely distributing the costs across the lifespan of the asset

02 DEVELOPED A ROBUST SOLUTION

- Developed a robust solution that distributes cost of assets based on key parameters mentioned below and prepares amortization schedule
- Using **varying % split across different years** instead of equal distribution for all years of lifespan
- Based on **airdate of each episode rather than 1st airdate of the entire show**
- Provides flexibility to **user input key parameters such as # Episodes, Total Cost, Lifespan, % Split** for each year etc.

03 COMPARISON WITH PARTNERS SCHEDULE

- Reconciled the amortization schedule prepared by client using the model against the regular amortization schedule received from partners
- Developed processes to identify any changes needed in key parameters such as # Episodes, Total Cost, Lifespan etc. in Client's or Partners schedules
- Developed an automated process to identify any new shows / series added by partners so that Client can include those shows / series to the schedule

**Provided flexibility to input “% distribution”
for current & subsequent years**

[illegible]

Amortization amounts calculated

EXIHIBIT (2/2): Variance compared to JV Partners' Schedule

ILLUSTRATIVE

Comparison of the amortization amounts as per JV partner and Client schedules, and visibility into variances observed

Comparison by Quarters CLIENT vs. Partner									
Show	Q1 JV'22	Q4 CLIENT'21	Q2 JV'22	Q1 CLIENT'22	Q3 JV'22	Q2 CLIENT'22	Q4 JV'22	Q3 CLIENT'22	Variance
Show 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Show 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Show 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Show 4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Show 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Show 6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Show 7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Show 8	\$0	\$0	\$135	\$135	\$152	\$152	\$152	\$152	(\$152)
Show 9	\$220	\$220	\$353	\$353	\$353	\$353	\$353	\$353	(\$59)
Show 10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0