

Southern Newspapers Inc.

Statistical Analysis Calculations

All of the information for the Statistical Analysis comes from the day-to-day reports that the business manager compiles for every newspaper published. We call them Schedules in the corporate office.

Once the Schedules are checked (by measuring each paper and double checking the schedule to make sure all ads are accounted for by the corporate office), they are posted and the accounts receivable department in the corporate office manually enters all inches, number of ads and number of pages on a spreadsheet.

At the end of the month, the spreadsheet is sent to each location for the business manager to double check and approve before customer statements are generated. That worksheet is then given to the general ledger department to be entered for the statistical analysis report.

Number of Issues:

The number of issues is the number of newspapers Published for a given Period.

Number of Pages:

The number of pages is the total Pages for all issues during a given Period.

Space per Page:

Space Per Page is the number of inches which make up 1Page.
All inches are converted to 6 columns.

EXAMPLE

126 for 6 column with 21 inch cutoff.

129 for 6 column with 21.5 inch cutoff.

The rest of the page consists of inch statistics. These statistics are reported in 6, 8 or 9 column depending on the individual newspaper. In the sample division, all inches are 6 columns. In divisions which have 8 or 9 column inches, it is necessary to convert them to 6 column inches for subsequent calculations.

The conversion of 8 or 9 column inches to 6 column inches is done as follows:

8 column inches divided by 1.33 = 6 column equivalent.

9 column inches divided by 1.5 = 6 column equivalent.

The inches for each revenue category are reported along with Rate earned, No. of ads, and Average Size.

EXAMPLE

INCHES - NATIONAL RATE EARNED
NO. OF ADS - NATIONAL AVERAGE SIZE

126.50*

3.54 (National revenue (from income statement) divided by national inches))

6.00*

21.08 (National inches divided by no. of ads)

After all revenue categories are reported then a total of all inches are Printed.

* Inches and no. of ads are manually Posted to statistical accounts on a monthly basis.

% Of Advertising Space:

Space per Page x Number of pages divided into total inches x 100;

EXAMPLE

1. $129 \times 290 = 37410$

2. $16,459.75 / 37410 = .44$

3. $.44 \times 100 = 44.00$

Mean Rate Earned:

Total newspaper advertising revenue - insert revenue divided by total inches.

EXAMPLE

$71,370.11 - 6,956.40 = 64,413.71 / 16,459.75 = 3.91$

Cost per Inch:

Total operating expense + non-operating expense - non-operating revenue

- Inserts - shopper revenue - circulation revenue - other income divided by total inches.

EXAMPLE

$111,976.16 + 2,117.14 - 106.28 - 6,956.40 - 29,594.14 - 17,673.39$

$- 4,330.93 = 55,429.16$

$55,429.16 / 16,459.75 = 3.37$

Gain(loss) Per Inch:

Difference between mean rate earned and cost Per inch.

EXAMPLE

$3.91 - 3.37 = .54$

No. of Inserts:

Number of times inserts were sold.

Total no. Inserted:

Actual number of inserts Produced.

Average Rate per Thousand:

Insert revenue divided by total no. inserted x 1000.
Note: Inserts sold by the 1000.

Retail / through Composing Cost /Page:

Divided the appropriate department expense by number of pages.

Production Cost/Page:

Total operating expense + total non-operating expense divided by number of pages

EXAMPLE

$111,976.16 + 2,117.14 = 114,093.30 / 290 = 393.43$

Unpaid Advertising Stats:

All non-revenue generating inches appearing in the regular paper are accounted for in the unpaid advertising stats.

SHOPPER

% of Advertising Space:

Space Per Page x Number of Pages divided into total inches x 100.

EXAMPLE

1. $129 \times 38 = 4902$
2. $4,323.75 / 4,902 = .8820$
3. $8820 \times 100 = 88.20$

Mean Rate Earned:

Total shopper revenue - shopper insert revenue divided by total shopper inches.

EXAMPLE

$29,594.14 - 15,681.70 = 13,912.44 / 4,323.75 = 3.22$

No. of Inserts:

Number of times inserts were sold.

Total No. Inserted:

Actual number of inserts Produced.

Average Rate per Thousand:

Insert revenue divided by total no. inserted x 1000.
Note: Inserts sold by the 1,000.

Unpaid Advertising Stats:

All non-revenue generating inches which run in the shopper are accounted for in this section.

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Number of Pages:

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EXAMPLE

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The conversion of 8 or 9 column inches to 6 column inches is done as follows:

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The inches for each revenue category are reported along with Rate earned, No of ads and Average Size.

EXAMPLE

INCHES - RETAIL RATE EARNED
NO. OF ADS - NATIONAL AVERAGE SIZE
459.50*
4.35 (Retail revenue divided by retail inches)
39.00*
11.78 (Retail inches divided by no. of ads)

After all revenue categories are reported then a total of all inches are Printed.

* Inches and no. of ads are manually posted to statistical accounts on a monthly basis.

Charges Last Month

The total charges for the previous month.

Collections This Month

The total cash and discounts for the current month.

Over/Under Collected

The difference between collections this month and charges last month.

Percentage

Charges last month divided by collections this month.

EXAMPLE

$11,1224.73 / 134,405.83 = .8201$
 $.8201 * 100 = 82.01$

Total Accounts Receivable

Ties to the accounts receivable G/L control account balance.

Revenue this month (-circ)

Total revenue minus circulation revenue.

Total accounts to Revenue

Total accounts receivable divided by revenue this month minus circulation.

EXAMPLE

$$1481368.32 / 1051295.18 = 1.41$$

Current - Balance due

Accounts receivable broken down by age Pocket.

Department Expense as % of Revenue:

Each department's total expense is divided by total revenue.

EXAMPLE

$$10,028.19 / 122,968.57 = .0816 \text{ (Retail advertising expense / Total revenue)}$$
$$.0816 \times 100 = 8.16$$

Salary Expense:

Sum of all payroll accounts for each department.

Salary Expense as % of Revenue:

Salary expense (above) divided by total revenue x 100.

No. employees - full time

No. employees - Part time

Self-explanatory

Operating Performance:

Total revenue

Self-explanatory

Add backs:

Add backs are expenses that are added back to Profit before taxes. Add back expenses are items that the publisher has little or no control over. Depreciation, management fees, amortization expense, owner approved expenses, non-compete expense, interest expense and 1/2 of the accounting fees are added to Profit before taxes and then totaled.

The total of the add back section is then added to the Profit before taxes and then divided by total revenue giving the EBITDA amount (Earnings Before Interest, Taxes Depreciation and Amortization). The EBITDA figure is used to determine the Performance of the newspaper and as a way to compare the newspaper to other newspapers.

EXAMPLE

$$21,919.78 / 122,968.57 = .1783$$

$$.1783 \times 100 = 17.83$$

Calculation for verifying revenue using inches and earned rate from stats. Perform the following steps on the revenue account in question.

1. Multiply the comparative inch amount times the current earned rate.
2. Multiply the current inches times the comparative earned rate amount.
3. Add the results of Steps 1 and 2 and compare this figure to the comparative revenue amount on the Income statement. The amounts should be within \$200 dollars of each other.