Newspaper cost accounting

Edward W. Hedland

Follow this and additional works at: https://egrove.olemiss.edu/acct_corp

Recommended Citation
https://egrove.olemiss.edu/acct_corp/189

This Book is brought to you for free and open access by the Accounting Archive at eGrove. It has been accepted for inclusion in Individual and Corporate Publications by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.
NEWSPAPER
COST ACCOUNTING

BY
E. W. HEDLAND
DIRECTOR, NATIONAL ASSOCIATION OF COST ACCOUNTANTS,
AND FORMERLY PRESIDENT OF THE LOS ANGELES
CHAPTER OF THE ASSOCIATION

Published by
NATIONAL ASSOCIATION OF COST ACCOUNTANTS
130 WEST 42ND STREET,
NEW YORK CITY
I should be remiss if, in offering this manuscript to the public, I did not acknowledge my indebtedness to those who have so liberally assisted me with material, suggestions, and criticism.

The list is so long that I hesitate to mention names, but particular mention should be made of the assistance received from publishers of various metropolitan newspapers, who, owing to their appreciation of the value of costs in the management of a metropolitan newspaper, permitted investigations and research into their methods and procedures. I should like to acknowledge with appreciation the information given to me by several mechanical superintendents as to the operation of the various mechanical units.

I am also greatly indebted to many members of the accounting fraternity and especially to the late Major J. Lee Nicholson for constructive criticism and assistance. Above all I am indebted to Professor Roy B. Kester, head of the Research Department of the National Association of Cost Accountants and of the Accounting Department, School of Business, Columbia University, for many valuable suggestions in connection with the editing and arrangement of the manuscript.

This book was inspired by a desire to contribute something to the splendid work which is being carried on by the National Association of Cost Accountants. I shall feel more than repaid for the effort if the members of the Association and the newspaper publishers of America find in the following pages any suggestions or ideas which may be of value to them in their work.

E. W. Hedland.

Los Angeles, Cal.,
September 1, 1926.

Mr. Hedland, the author of this volume, has had fifteen years of experience in the field of newspaper accounting as a public accountant specializing in the field, with the Audit Bureau of Circulations, and as an accounting official of several of the larger metropolitan dailies.
## CONTENTS

**INTRODUCTION** .................................................. 3  

**CHAPTER**  

I  **THE MODERN NEWSPAPER, ITS DEVELOPMENT AND ORGANIZATION** ................. 7  

II  **THE PLACE AND FUNCTION OF THE ACCOUNTING DEPARTMENT** .................. 14  

III **TECHNICAL ORGANIZATION AND PROCESSES** .......................... 23  

IV **CLASSIFICATION OF ACCOUNTS** ........................................ 39  

V  **INDIRECT COSTS AND DEPARTMENTAL OVERHEAD** ....................... 47  

VI  **COST COMPILATION AND ANALYSIS—THE COST FORMULAS** .............. 54  

VII **THE COST EXHIBITS** ............................................... 79
NEWSPAPER COST ACCOUNTING
INTRODUCTION

Cost Accounting is to-day a relatively new subject. In the newspaper industry it is still in its infancy. The metropolitan newspapers represent investments of millions of dollars and because of this the very best of cost systems should be operated to safeguard these investments, to increase efficiency, and to decrease waste.

While connected with the Audit Bureau of Circulations and also while in public accounting practice, the author has had the privilege of visiting the largest daily newspaper and magazine establishments in this country. It must be admitted that the number of concerns having any kind of cost system is extremely small, no less than 90% of the establishments visited having no cost system whatever.

Cost accounting in the newspaper field could well be standardized, inasmuch as the same items of expense occur in the operation of all newspapers. By so doing the publisher or the owner would know, among other important factors, whether his advertising rates are sufficient to meet the volume of his circulation. It is generally recognized that the minimum rate secured for advertising does not pay expenses and that the revenue from circulation is insufficient to pay for the physical newspaper. For this reason the owner is oftentimes at a loss to understand why, in spite of the volume of business, his profits are not greater.

All the most important industries have undertaken to standardize accounting methods and many have succeeded, but in the newspaper industry it has been wholly neglected. The newspaper, as a public servant, comes in direct contact with many of these industries and indirect contact with practically all of them.

To arrive at true costs in any industry it is, of course, absolutely essential that correct distribution be made of all expenses. It is probably true that the greatest violator in this regard is the newspaper, as here expenses are generally consolidated and a definite line is not drawn as to the accounts to which particular expenses should be charged. This is due in part to the desire of
the publisher or owner to limit accounting expense, believing that it is wasted money. He fails to recognize that increased accounting expense means increased revenue. The accounting department of a newspaper can save many times its cost by furnishing accurate figures as to costs and by rendering invaluable assistance when new rates are to be established or a new section added to the paper.

The observational method of correcting business ills is only partly effective when used in connection with the general books of account. With a correctly devised system of cost records, however, the management is able not only to check up its plan of operation to see what processes and sequences are wrong, but it is also able to find out just how much the inefficiency is costing, how much the cost to remedy will be, and how much in additional profit will be available after the remedy is effected. In other words, cost records properly kept give much more than a history of the past; they also furnish a foundation upon which to base operations of the future.

Cost departments should play an important part in the operation of every industry and the day will come when this department will be looked upon as important an adjunct to the enterprise as is the selling division.

The only item that the newspaper sells to the public is its physical paper, with the editorial news features. The advertising appearing in the newspaper is a service rendered its clients. This being the fact, advertising is a by-product and, as happens in many lines of business, the by-product must carry the expense of the other division, which to the newspaper is circulation.

The author does not believe in a cumbersome cost system, but recommends weekly costs in connection with all departments and a complete cost report periodically.

The thirteen-period system, which has been advocated by some of the writers of the National Association of Cost Accountants and by other leading accountants, is recommended, as it is manifestly unfair to compare a month of five Sundays with a month of four Sundays, circulation and advertising being much greater on these days than on a weekday. The thirteen-period system, therefore, is ideal for the newspaper industry.
Accounting in a newspaper can be made very simple. To have a multitude of reports will mean cost without any corresponding value.

After the cost analysis has been completed, graphs should also be made showing the unit cost from period to period. By so doing, the publisher or owner will know all about the various phases of the business, whereas in many newspapers the publisher knows only the amount of the total expense, total revenue, and finally the total profit. The accidental fact that an increase in the expense of some department has been covered or offset by the receipt of a high-priced advertising contract is no justification for the increased cost.

Each department should be notified of the amount which it will be allowed per unit. By so doing, each department will know whether it is operating according to the plans of the management. A budget of a certain number of dollars is not nearly so effective as to give a unit cost to each department for an operating basis, and then to make a departmental budget based upon the unit cost. With a budget procedure of this kind, business need not be hampered. If the staff should prove too large for the anticipated business, the unit cost standard will point at once to the need for an economy to be effected by decreased personnel and expense.

The details entering into the publication of a great metropolitan newspaper are intensely interesting because of their "'humanness.'" Newspaper publishing is one of the few manufacturing enterprises of great magnitude where all of each day's product must be sold that day and no other.

The daily conduct of a newspaper is the bringing together of paper, type and ink in concrete form for the expression of abstract ideas and ideals, and this involves the highest type of managerial ability. This requires a factual basis on which to make judgments, formulate policies, and carry them to a successful conclusion. To provide these facts is a major function of the accounting department.

To give a broad view of the place of cost accounting in the newspaper industry, a brief survey of the development and organization of the modern newspaper will first be given. This will
be followed by a discussion of the place and function of the accounting department, including therein a general view of the system of accounts. Cost accounting in the production of the newspaper will then be taken up in some detail.
CHAPTER I

THE MODERN NEWSPAPER, ITS DEVELOPMENT AND ORGANIZATION

The Chinese, according to all authorities, were the pioneers in the printing industry; they made impressions from large wooden type. The publishing of news, however, had its inception in Rome.

Journalism had its beginnings in America in 1690. The first paper was called "Publick Occurrences." It consisted of three printed pages of two columns to a page; but, being against the government policy, was suppressed after a life of one day.

From 1690 to 1775 many papers were started, but were discontinued mostly for political reasons. In 1704 the publication of the "Weekly Boston News Letter" was begun in the form of a half sheet, printed in two columns. Due to lack of facilities of transmittal, European news was one year old when printed in this paper. By reason of antagonistic principles, this paper ceased to exist in 1776.

In the meantime a paper had been started in Boston in 1719; in 1725 one was started in New York, and another in Philadelphia. Each issue of the New York paper contained from one to five advertisements, never more, and these were very small. This New York paper operated nineteen years and at the end of that period had a circulation of 900 copies. How these papers were ever made to pay remains a mystery.

The first daily in America was established in Philadelphia in 1784.

The period of expansion in journalism in America began in 1830, when several New York dailies were established. This expansion took place in spite of the fact that there were yet no railroads nor power presses.

The mechanical evolution of the newspaper is fully as interesting as that of its intellectual phases.

In 1452, Gutenberg of Germany discovered the art of printing
with movable metallic type and the method of casting it. No im-
provements in his discovery were made during the next four
centuries.

In 1835 nearly all papers were printed one side at a time on
Washington hand-presses. The printing of a newspaper was then
laborious and speed could not be secured as the sheet might tear
or ink smear, which would prove costly. The paper used at that
time was of rag, whereas now it is of wood-pulp.

In 1832 the cylinder press was introduced, together with steam
for motive power. In 1846 Richard M. Hoe introduced the
"Lightning Press." When it was discovered that his process was
too slow to supply the eager readers, Mr. Hoe set about to make
further improvements, and in 1871 introduced the web-perfecting
press. This machine has constantly been improved by the appli-
cation of the *multiple* principle.

The newspaper press of to-day is a marvel. The setting of type
by hand was too slow for the ever-increasing news; therefore, after
many disappointments and wasted fortunes, Mr. Mergenthaler pre-
sented the solution of speed to the newspaper by his invention of
the linotype. With this invention an expert can perform as much
work in a day as was formerly performed in a week when hand-
setting was required.

By reason of rapid inventions of newspaper machinery and
the constantly increasing demands by the public, the newspaper
industry to-day ranks third in number among manufacturing estab-
ishments and tenth in the amount of capital invested.

**CAPITAL INVESTMENT**

Because of high speed machinery and reserve equipment for
peak loads, as for example, in the case of an "extra," the capital
invested in a metropolitan newspaper will range from $350,000 to
$5,000,000, exclusive of buildings.

The second great factor of value in the newspaper exclusive
of equipment, is good will. The dividend paying value of the
country's most prosperous newspapers is from five to fifteen mil-
ions of dollars.
GOOD WILL

To create good will for the newspaper means many years of struggle, industry and conservative management. To adopt policies contrary to the welfare of the people and of the country will at once reduce the confidence of the reading public, and when this happens the newspaper is placed on a losing basis. The good will of the going newspaper, therefore, is a very real asset; in many cases it has been recognized as having a greater value than the physical plant.

The newspapers which occupy positions in the community as educators and molders of public opinion have established a real worth upon their property in addition to the value of physical assets. Some of the methods suggested for figuring the value of the good will of a newspaper are as follows:

1. On the basis of from $5 to $25 per subscription, depending upon the locality and the stability of the circulation.
2. On the basis of ten times the newspaper’s annual earnings.
3. On the basis of five years’ profits added to the appraised value of the physical plant.

From the variations arising out of the above methods, it is the writer’s opinion that no set rule can be used. An individual analysis must be made for each case, taking all factors into consideration, such as stability of circulation and coverage in territory, advertising carried as compared to the field, and finally the expense of promoting circulation and advertising to its present status.

The average multiplier used by metropolitan publishers for the purpose of setting a value for good will is $20 per subscriber.

CORPORATE ORGANIZATION

In a corporation with the amount of capital investment needed for the modern newspaper, there is generally a great number of stockholders. As to its corporate beginnings, the newspaper is different from most other large undertakings. Newspapers are very seldom started on the great scale of other corporations, but generally have their beginnings in a small way and develop
through growth, except, of course, when a going newspaper is purchased. The stockholders of a newspaper are, therefore, very few as compared with those of other equally large corporations.

The corporate organization of the newspaper as to form is identical with that of any other corporation. The publisher, who is also generally the president, is as a rule the majority stockholder. Exception to this procedure is only made where more than one paper is owned. Here, for the proper conduct of each individual business, a president is appointed who assumes the duties of a publisher. In such a case, it is customary for a holding company to be formed, the majority stockholder of which is the holding company president and he, in turn, issues instructions to the different individual units.

PERSONNEL OF THE NEWSPAPER

PUBLISHER AND GENERAL MANAGER. At the head of every metropolitan newspaper is the publisher. He has complete control over all departments of the paper; upon him rests the responsibility for its success or failure. The policy of the paper is the cornerstone upon which it builds circulation and advertising. The publisher is the supreme authority and court of final resort, subject only to the owners, who formulate the general policies, if he is not himself the majority stockholder. In some instances the owner entrusts the last word regarding policy to the Editor-in-Chief.

BUSINESS MANAGER. Every newspaper must have a business manager. The function of the business manager is to reap where the editors have sown and to push the business of the paper in all directions. His duties are practically those of general sales manager in reference to the circulation and advertising departments. In addition to his duties as general sales manager, he has complete charge of all other departments. From the standpoint of the usual corporate organization, he would be considered a vice-president.

MANAGING EDITOR. The managing editor is the chief executive of the editorial department, library, art department and photographic department. Everything appearing in the newspaper with the exception of advertisements is under his direction. He seldom
ORGANIZATION OF MODERN NEWSPAPER PLANT

PUBLISHER & GEN'L MGR.

BUSINESS MANAGER

Managing Editor

Advertising Director

Production Manager

Circulation Director

Promotion Manager

Comptroller & Auditor

Purchasing Agent

Building Sup't

Legal Advisor

Editors

Local Disp.

Foreign Disp.

Class. Advt.

Local Dept.

Sports-Auto

Drama-Soc.

Financial

Real Estate

Library

Corresponds

Foreign News

Telegraph

Art Dept.

Photo Dept.

Writers

Artists

City Sales

Subr. Sale

Country Sales

Gen'l Acct.

Cost Acct.

Circ. Acct.


Cashiers

Statistical

Paper-Ink

Credit-Coll.

Financial

Stock Room

Receiving

Watchmen

Janitors

Elevator

Operators

Telephones

Electricians

Engineers

Photo Eng.

Composing

Stereotype

Black Press

Color Press

Electrotype

Rotogravure

Mail-Transp.

Carp. Shop

Paint Shop

Machine Shop

Gen'l Acct.

Cost Acct.

Circ. Acct.


Cashiers

Statistical

Paper-Ink

Credit-Coll.

Financial
writes, but directs the performance of all this. The position of managing editor requires quick and sure judgment, as well as great executive ability.

The managing editor generally receives his instructions direct from the publisher, but usually takes the initiative and attends to most of his duties without consulting anyone, providing, of course, he adheres to the policy of the paper.

All news features for the paper are purchased by this executive.

Advertising Director. The chief function of the advertising director is to direct salesmen in the selling of advertising space. Rates are established by the business manager, advertising director and auditor. Advertising rates are based on circulation and service rendered. In addition to having charge of advertising salesmen, this director also has charge of the service and trade publication division.

Production Manager. The function of the production manager is to see that all the mechanical departments of the paper are working efficiently and to see that work is dispatched from one department to another with a minimum of delay, as from the composing room to the stereotype department and thence to the press room.

If the production per man-hour or machine does not keep up to standard, it is the production manager's duty to find a remedy.

The operation figures are, of course, furnished by the cost department.

Circulation Director. The circulation director is the executive officer of the circulation department. His duties are to see that the newspaper is for sale at all possible points. The circulation director works in close conjunction with the editorial department for big news breaks.

After the editorial department is through with the newspaper, the responsibility then rests upon the circulation director to see that the product is sold.

Orders for press runs are given to the production manager.

The managing editor consults with the circulation director in reference to purchase of feature stories and other attractions for the paper. The two departments must be closely coördinated.
PROMOTION MANAGER. The promotion manager has charge of preparing all promotion material for the newspaper. The circulation and advertising directors consult with this executive, letting him know what each requires, and he in turn prepares the proper material and submits it to the department for approval.

This executive also watches all statistics and when he perceives indications of a falling off in business, he suggests timely promotion.

COMPTROLLER OR AUDITOR. The comptroller or auditor is the accounting and financial executive of the newspaper. His position is much the same as in any large corporation. All reports are analyzed by him and any exceptional expenses noted, or increased costs are called to the attention of the business manager for remedy. All budgets are first submitted to this executive and then by him to the business manager for approval.

In some newspapers this executive is termed the comptroller, in others his title is that of auditor.

PURCHASING AGENT. The purchasing agent has charge of the purchase and issuance of all supplies used in the newspaper, except paper, ink and machinery. Paper, ink and machinery are jointly handled by the business manager and the comptroller. The purchasing agent must, at suitable intervals, make various tests as to the quality of the supplies purchased and must at all times watch prices.

A very important function of this executive is to see that the quantities of stock are kept at a conservative point.

BUILDING SUPERINTENDENT. The functions of the building superintendent are to see that the building is properly taken care of. The switchboard in a newspaper is a very important unit; therefore, the best of operators must be secured and trained.

LEGAL ADVISOR. The legal advisor handles all the legal matters for the newspaper and must be exceptionally well trained. In the case of all stories run, great care must be exercised as to the possibility for libel action. The editorial department must therefore confer with this executive whenever in doubt.

All contracts for employment or purchase of equipment or special contracts are prepared by the legal advisor.
CHAPTER II

THE PLACE AND FUNCTION OF THE ACCOUNTING DEPARTMENT

In the newspaper business, as in all business, it is the function of the accounting department to make a complete record of all transactions from which periodically a balance sheet and statement of operations may be drawn up. From the viewpoint of operations, both earnings and expenses must be recorded. A brief statement of the bookkeeping record of earnings, together with the controls or checks employed, will be followed with a similar statement of the chief classes or groups of expenses.

The earnings of a newspaper, as shown in the chart on page 19, come from three main sources, viz., classified advertising, display advertising, and circulation or sales of the paper. The manner of booking these three classes of earnings will now be indicated.

Each day the classified accounting division measures the paper completely, by checking all copy against the paper and, in this way, establishing a control. At the close of the period the classified accounting division furnishes to the general accounting division a complete statement of sales in the form of a journal entry, charging accounts receivable and crediting earnings. The same procedure is followed by the display accounting division. In this connection, it should be mentioned that the statistical department each day checks with the total number of inches, as shown by the accounting divisions, and thereby proves not only that the statistics are correct but also that the correct number of inches of advertising has been charged. At regular periods the auditing department verifies the rates charged by checking contracts against the actual charges.

The circulation accounting division enters on its bill books each day the copies charged, as shown by the galley book. The galley book is a record of the orders from the dealers. On the left-hand side is pasted the name of the dealer and in column form each day is placed the order. From this galley book the mail room makes its distribution. After this complete distribution has
been made, the galley book is forwarded to the accounting division and the circulation accounting division makes up the complete circulation report. This circulation report must tie in with the net press run. After the report has been made up, and charges, as before stated, made to the bill books, at the close of the period the total number of copies billed is verified against the circulation report. If there is any difference this must be found. In this way it is established that all copies shown by the circulation reports have actually been billed. Here, too, the auditing department periodically checks the rates charged. The above gives, in brief, the procedure for entering and proving the earnings.

The method of collating expense is rather simple. All supplies are furnished directly out of the general stores. Each department, in order to secure supplies, is required to draw them by regular requisition. After the general stores has filled the requisition, it is priced and, together with other requisitions, is forwarded to the general accounting division, the total of all requisitions being shown. These requisitions are then sorted into the items relating to the various accounts and a journal voucher made up crediting general stores and charging the various expense accounts. This then completes the entire procedure of supplies.

The method of handling payrolls is as follows:

Payrolls for all employees paid on a weekly basis are made up in the payroll department. As each employee starts work, an employment "Start Card" is prepared and each department furnishes weekly to the payroll department a list of all employees who have worked. This becomes a check for the payroll department. Should any department report a name for which no "Start Card" has been made out, this name would automatically be left out. This description of payroll procedure must of necessity be brief, as to give a complete outline of the various safeguards and checks would unduly emphasize this phase of the work.

All mechanical payrolls are handled in the cost department. Each employee in the mechanical department fills out a daily card, which is, of course, approved by the foreman. So far as the press rooms, stereotype and engraving departments are concerned, they do not show on their cards the class of work performed, as their production is secured in total later. As to the composing room,
each man turns in a card, as before stated, but shows on the card whether he was working on news, display, or classified matter. The cost department collates all these payrolls and furnishes to the payroll department at the close of each week the payrolls in detail, showing the names of all employees and the amount of money earned. It also furnishes a detailed report of production per man-hour and the unit cost. From the payrolls, the payroll department prepares a distribution sheet and at the time of drawing the checks for the various payrolls, the vouchers are charged directly to the proper departments.

To secure the production of the composing room for the different classifications, it is necessary to measure all matter set.

To secure the production of the engraving department, a regular report is made out by the foreman and verified as to the total number of square inches made during the day. The same procedure is used for the stereotype department. In the stereotype department, however, it is necessary to secure both plates, mats and flat work done for the composing room, as stated under the cost procedures.

To obtain the unit cost for the press rooms the gross eight-page paper is used as a basis. Data come from the press room report.

The method of handling supplies and payroll entries has been indicated. The only additional charges to be recorded are such fixed charges as depreciation and insurance, and the indirect expense items. Items of this kind are self-explanatory, and naturally these figures are taken directly from the general books.

In securing costs in a newspaper the greatest difficulty is met in the composing room. Here, the large number of small ads. and the necessity of securing the correct measurements make this a difficult matter. This is especially true in the large metropolitan newspaper; in a small newspaper it is comparatively simple, due to the fact that regular prescribed systems have been adopted that are used in conjunction with the newspaper and job plants.

To give the reader a better idea of the account titles carried in the general books, there are given below typical forms of balance sheet and statement of profit and loss, classified as to main groups, with suitable detail under each group. An explanation of the unusual items will be found after the forms. See pages 20-22.
Newspaper Balance Sheet

Assets

Cash Assets
- General Funds in Banks
- Payroll Funds
- Petty Cash Funds
- Funds in Transit (See explanation)
- Stamp Fund (See explanation)

Accounts Receivable
- Local & National Advertising
  - Less Reserve for Doubtful Accounts
- Classified Advertising
  - Less Reserve for Doubtful Accounts
- Accommodation Advertising
  - Less Reserve for Doubtful Accounts
- Circulation
  - Less Reserve for Doubtful Accounts
- Advertising Published but Not Charged (See explanation)

Notes Receivable
- Advertising
  - Less Discounted Notes
- Circulation
  - Less Discounted Notes
- Employees

Accounts Receivable—General

Advances to Employees

Freight Claims in Action

Inventories
- Newsprint Stock on Hand
- Freight & Cartage Stock on Hand
- Newsprint Stock in Transit
- Freight & Cartage Stock in Transit (See explanation)
- News & Color Ink on Hand
- Freight & Cartage Ink on Hand
- Materials in General Store
- Metal—Foundry, Stereotype & Linotype
- Work in Process (Material Value Labor Value)

Investments
- Franchise (See explanation)

Fixed Capital

Land
- Building & Structures *
  - Foundations, Walls, Floors, etc.
  - Partitions
  - Heating Systems

* Building and Structures shown as one item on balance sheet.
Lighting Systems
Water Systems
Ventilating Systems
Fire & Sprinkler Systems
Elevators
Other Building Items
Power Generation Equipment *
Conveying & Handling Equipment
Presses
Linotype Machines
Other Composing Room Machinery
Cases, Stands & Composing Stones
Stereotype Casting Machinery
Stereotype Steam Tables
Other Stereotype Machinery
Photographic Equipment
Engraving & Art Department Equipment
Benches, Tables & Racks
Permanent Tools
Perishable Tools
Mechanical Office Equipment
Office Furniture & Fixtures—Wood
Office Furniture & Fixtures—Metal
Automotive Equipment—Trucks
Automotive Equipment—Others
Other Equipment
Branch Office Fixtures
Books—Legal & Reference

Deferred Charges to Future Operations

Insurance Prepaid
Taxes Paid
Expenses Prepaid
Payroll Advances

Good Will

Total Assets

Liabilities and Capital

Current Liabilities

Notes Payable
Bank
Trade

Accounts Payable
Audited Vouchers
Sundry & General

Deferred Liabilities

Dealers' & Agents' Deposits
Prepaid Circulation Sales
Prepaid Advertising Sales

* All equipment shown as follows on balance sheet, i.e.,
Building & Structures
Less Reserve for Depreciation
Power Generation Equipment
Less Reserve for Depreciation
Accrued Payrolls & Expense
Accrued Expense—Other
Accrued Interest Payable
Uncalled for Salaries
Miscellaneous Credit Accounts

Reserves
- Reserve for Refunds, Allowances, Earned Rates, etc.
  - Advertising
- Reserve for Refunds, Allowances—Circulation
- Reserve for Legal Libel
- Reserve for Federal Tax

Net Worth
- Capital Stock
- Capital Surplus
- Surplus
- Current Operating Surplus

Total Liabilities and Capital

Statement of Profit and Loss

<table>
<thead>
<tr>
<th>Circulation Sales</th>
<th>Weekday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Dealers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Carriers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counter Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mail Subs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulk Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suburban Dealers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country Dealers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Less Allowances & Reserve for Doubtful Accounts

Net

$46,800.00  $32,000.00

Advertising Sales

<table>
<thead>
<tr>
<th>Classified</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Ads</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Local Display

National Display

Less Allowances & Reserve for Doubtful Accounts


STATEMENT OF PROFIT AND LOSS (Continued)

Net Advertising Sales
Net Sales—Circulation & Advertising
Operating Expense per Operating Statement
on page 90 $79,622.25
Net Profit from Circulation & Advertising
Total Weekday & Sunday Profit

OTHER INCOME

Interest on Investment (See explanation)
Waste Paper Sales (See explanation)
Interest received from Notes Receivable (See explanation)
Interest received on Bank Balances (See explanation)
Cuts and Compositions Sold (See explanation)
Cash Discounts on Purchases (See explanation)
Bad Debts Recovered
Circulation
Advertising
Profits on Sale of Editions for Advertisers (See explanation)

Total Other Income

OTHER CHARGES

Interest on Notes Payable
Bank
Trade
Loss on Sale of Capital Assets
Other Charges

Total Other Charges

Net Operating Profit

PROFIT DISTRIBUTION

Federal Income Tax
State Franchise Tax

Total

Current Operating Surplus

EXPLANATORY NOTES

Funds in Transit. At the close of the period it is impossible, due to distance from the main office, to deposit money received at branches with main office incoming cash. Therefore, the total of these branch receipts for the last day is shown in this account and then on the following day, when deposit is made, this account is cleared.
Post Office Deposit. This is a deposit to cover charges for mailing of newspapers. The fund is replenished periodically, as statements are received from the post office.

Accounts Receivable.—Accommodation Advertising. This account represents money due from advertisers who have no regular account, i.e., ad received over telephone.

Accounts Receivable.—Advertising Published but Not Charged. This may represent advertising run on a seven-time order, but at the close of the period, the advertising may have been run, say, only three times. Therefore, the customer cannot be billed until the full order has run. This account is necessary when daily earnings are used so that full credit will be applied in the period affected. Charges to this account are reversed the following day.

Inventories. All newsprint as received or when placed in transit is entered in these accounts.

Freight and Cartage account is likewise charged.

As paper is used, the account is credited.

All metal is considered as an inventory asset and each period is depreciated and charged to the department affected.

Investments. This represents the cost of the news service franchise, i.e., Associated Press. In the purchase of a paper the matter of news service is very important and generally has a separate appraisal.

Dealers' and Agents' Deposits. Generally all large circulation agents put up a cash deposit to secure their drawings of newspapers.

Prepaid Circulation Sales. This represents paid in advance subscriptions. Each period this account is charged and the proper revenue account is credited.

Prepaid Advertising Sales. This account represents money paid in for cash ads. Each period this account is charged and revenue account is credited.

Miscellaneous Credit Accounts. All money received for specific purpose to be later disbursed is credited to this account. For
example, a subscriber may send in a $1.00 contribution to be sent by the paper to the Children's Hospital.

*Reserve for Refunds, Allowances, Earned Rates, etc.—Advertising and Circulation.* To this account is credited an amount based upon previous experience to cover the above items. As charges are actually incurred, they are made to this account.

*Legal Libel.* To protect all concerned, in the event of an error in a news story, a reserve based upon past experience is established.

*Current Operating Surplus.* To this account periodically all profit is credited. At the close of the year, this account is transferred to regular surplus.

*Interest on Investment.* This represents the amount of interest charged to the various departments during the period.

*Waste Paper Sales.* This represents the sale of all waste except regular newsprint waste. All newsprint waste is credited direct to operations.

*Cuts and Compositions Sold.* This represents profit only on cuts and compositions sold. The actual cost is credited to the department affected.

*Profits on Sale of Editions for Advertisers.* This represents only the profits on the above. The actual cost is credited to the departments affected.

With this general view of the function of accounting in the newspaper industry, the main problems of cost accounting in connection with the production of the newspaper will be taken up. As an introduction to that phase of the subject, it will be necessary to have a general understanding of the organization for production and of the technical processes and procedures involved.
CHAPTER III
TECHNICAL ORGANIZATION AND PROCESSES

The departmental organization of the newspaper will now be explained, together with a brief statement of the duties and functions of each.

EDITORIAL DIVISION

The Editors. News being the newspaper’s most important commodity, the editorial department consequently occupies a most prominent position. News is gathered from many sources. The local department gathers news through its reportorial staff and the foreign news through foreign correspondents, the Associated Press or other avenues of telegraphic communication, as well as through correspondents in all large centers.

There are many other avenues of gathering news, as will be noted from the expense or cost accounts, outlined later in this volume. Besides local and foreign news, many features are purchased, as well as comic strips. Some newspapers employ their own cartoonist, while others purchase their cartoons.

A deadline is established in all newspapers to make sure that the paper is got out on time. To do this all the different kinds of news and features are mapped out on schedules. From these schedules the make-up editor knows the quantity of news that he has to work with and he adds to this the columns of advertising. After the size of the paper has been decided upon, the make-up editor will know his allotment of news to fill a paper of a certain size. As a general rule, no metropolitan morning paper will run more than 50% news matter and evening papers 35%. To run over this mark is a dangerous practice, as it will materially reduce the revenue.

It is the make-up editor’s duty to see that the pages are made up as speedily as possible to go to the composing room and the other departments, so that schedule will be maintained. It is self-evi-
dent that if the paper is late, trains will be missed and circulation will be lost.

If an important piece of news is received between editions, a replate is made and the late news goes out in the remainder of the editions. It is for this reason that different editions of the same paper will sometimes carry different news and headlines.

**Library and Reference Room.**—The "Morgue." The functions of the biographical department often called the "Morgue," are to index all the items appearing in the local papers and often-times also the contents of some of the leading papers throughout the country. This index is kept for ready reference in case of a news break. In this department also are filed away all negatives either which have been used or which may be used. In this way a newspaper is able to secure the photograph of a man in a very short time after some important event connected with his life or upon his death and publish it at the same time with the news item.

The library also contains bound volumes of all the past issues of its own publication and in most large newspaper offices copies also of its competitors' publications for the use of the critics and other editorial writers.

**Art Department.** In the art department are found the cartoonists, comic artists, retouchers and layout men.

When a picture comes to a newspaper it generally has to be retouched and it is the function of this department to make sure that pictures will be reproduced in the paper at their best. The nature of the work of the cartoonist and comic artist is self-explanatory.

If a cartoonist is employed he is generally in very close touch with the managing editor, so that cartoons can be made to coincide with the main editorial point of the paper.

All art work is under the direction of the editorial department.

**Photographic Department.** The work of the photographic department is under the direction of the city editor, who orders that such pictures as he desires be taken of important news happenings in the city. If the happening is outside of the city, pictures are purchased from commercial photographers unless a dis-
aster occurs or there is an unusual news break, in which case fast automobiles are used to transport staff photographers.

The photographic department of a newspaper is a very important adjunct, as the buying public likes pictures of important happenings and prominent people.

"A good picture is worth 10,000 words," according to an old proverb.

**MECHANICAL DIVISION**

**PHOTO ENGRAVING OR ETCHING DEPARTMENT.** Before photographs or drawings can be printed in a newspaper, they must be reproduced in metal. These are known as etchings, engravings, half-tones, etc.

The process by which etchings of photographs and drawings are produced for printing purposes is an interesting one. Etchings from drawings are made by a process slightly different from that used for etchings from photographs. There are no gradations in a line drawing. It is simply black and white. While in the photograph all gradations of light and shadow occur, that is from shadows to high lights. The reproduction of zinc on both line and half-tone etchings is the same, except that with half-tones the photograph to be reproduced is rephotographed through a "line screen."

A line screen is a piece of plate glass of the best quality ruled off with fine rulings ranging from 50 to as high as 400 to the inch. This screen is ruled both ways. Thus the finer the screen the smaller will be the mesh and consequently the smaller the dots that will be effected when the etching is made.

After the wet negative, used for the making of this line screen negative, is developed and dried it is stripped off its original plate, reversed, and stripped on a thin glass plate, which is placed in a form over a plate of zinc that has previously been sensitized with a photographic solution. A very strong light is then brought to bear on the sensitized plate of zinc through the thin glass on which the film has been stripped. The light cooks the albumen (white of egg) in the sensitizing solution and causes it to adhere to the plate. After the exposure has been made the plate is coated with an ink, the base of which is asphaltum, and is then washed or
developed in clear water. The portions of the plate that were not affected by the light (because of the cooked albumen) wash away.

It is obvious that the portions of the film that were in line with the shadowed portions of the photograph will permit less light through them than the portions where high lights occurred. Hence, the same result is secured on the sensitized zinc plate.

After the plate has been washed, a perfect reproduction of the image photographed is secured.

The plate is now coated with a powder called "topping powder" and this is burned in. The powder adheres only to the portions of the plate which have been coated with asphaltum to protect them from the acid bath that follows. It is now ready for its acid bath. This consists of a strong solution of nitric acid, which dissolves that portion of the zinc plate that is not coated with the topping powder.

If the plate were now examined with a magnifying glass, it would be seen that the little screen light spots are eaten away about a thousandth of an inch with each "bite." To prevent the undermining of the edges of the little squares, the plate is set on its edge and sprinkled with a red powder called "Dragon's Blood." This is then burned in to this one side of the square. This process is then continued for all four sides. There is thus formed a well one thousandth of an inch deep with the four walls plastered with an acid proof coating. The above process is continued until four "bites" have been made. The plate is then ready for the routing out of the high surfaces that may possibly print.

The process with the line drawing is precisely the same as it is with photographs, except that it is not rephotographed through a screen.

The metal reproduction of the photograph or drawing is now sent to the composing room for the forms.

**COMPOSING ROOM.** The duty of the composing room is to place in type all matter that is to be used for printing. Matter for composition comes from the editorial, display and classified advertising divisions; also some matter from the promotion departments.

Type is measured by a point system. A "point" represents one 72nd of an inch. All large type is foundry made or with
Ludlow equipment. It has a different composition of metal than regular type used by linotype and monotype machines. It is richer in both antimony and tin, thus making the metal harder and more durable to withstand the wear of printing. Few offices are equipped with linotype machines that produce larger than 48-point type. Linotype machines for large type are called "headletter machines." The general equipment consists of machines that set type in lines or slugs from 5 points to as much as 48 points.

Straight news matter, classified ads, tabulated matter, such as financial reports, etc., are set by linotype machines. Display advertising matter is largely set by hand. However, some portions of it are set by machine. For the convenience of display advertisers large offices are equipped with monotype machines that cast individually different faces and sizes of type all the way from 12 point to 36 point. This type is kept in "fonts." A container for each character and often as much as 50 or 100 tons of metal are stored in one monotype room. Cost accounting has shown that the expense of redistribution is materially greater than the cost of reproduction of this type. Therefore, pages made from monotype and linotype are not redistributed into the different cases, but are thrown into the "Hell Pot," where they are melted, cast into slugs and returned to the monotype and linotype rooms for reproduction. Foundry type is not generally mixed in the "form" with monotype; therefore, it is easily separated.

Previous to making up newspapers in forms, proofs are taken of all type matter set and sent to proofreaders from whom they come back with corrections noted. The work of the proofreader is very exacting and is a very important adjunct of the composing room.

In the making up of newspaper forms the editor usually stands over the make-up man and directs the form of make-up. This form, however, has been predetermined by sketching it on a miniature sized sheet of paper representing a newspaper page. The columns, lines, etc., are shown on these miniature pages.

The type matter, having been corrected in accordance with the corrected proof taken from it, is then locked up in a form that holds it securely. In newspaper printing the metal contained in the type matter is never used to print on directly.
Forms are now dispatched to the matrix division of the stereotype department.

The machinery in a composing room where a large paper is produced daily represents a tremendous outlay of capital. This equipment must be kept in perfect order. Therefore, the services of high-class mechanics are required and the expense for renewal of parts is heavy.

Stereotype Department. The function of the stereotype department is to transfer type faces from the flat surface such as is set up in the composing room to a circular cast with the type face upon one side.

A replica in the form of a papier-maché matrix is made by placing a dampened matrix paper on the type and rolling it down with huge machinery into the type. While in this position it is kept for seven minutes on a steam table under pressure of many thousands of pounds. Seven minutes are required to dry the matrix thoroughly. Originally, all printing was done on a flat surface, but with the advent of cylindrical presses some method had to be devised for changing the flat surface in which a form is set up to a circular one. The matrix became this medium.

After this operation is completed, the matrix is forwarded to the foundry division of the stereotype department and there it is placed in a casting box or mold and covered with stereotype metal. The mold is cooled by water. Upon being taken from the mold the cast is put through a finishing machine, which cuts off the ends, beveling them at the same time and shaving the ribs of the interior so that the plate or cast will exactly fit the cylinders of the press, thus making the type matter, which is now a solid body, exactly the proper height. An idea of the accuracy with which these plates must be made can be had by visualizing the miniature surface points of a photographic reproduction of an etching.

The plate upon going through the finishing machine is not only trimmed, beveled and finished to the proper thickness, but it is given a cold water bath, brushed and dried before it emerges from the delivery end of the machine a few seconds after entering. The plate is now ready for the press.

There is much detail work connected with the making of the
matrix paper prior to its use on the type form. Its base is a sheet of heavy blotting paper. Upon this is spread a thin layer of paste of special composition; then two thin sheets of blotting paper are applied and four sheets of the best imported tissue paper. Between each sheet is a layer of paste, each sheet being properly rolled down by means of a heavy brass roller. All of this work is done by hand and is, therefore, necessarily slow. The proper mixture of the paste is an important matter that requires constant attention.

The condition of stereotype metal is another important item. If any foreign matter (especially zinc) gets mixed with stereotype metal, even in a small quantity, it is very apt to render of no use all of the metal so infected because of the metallurgist’s inability to remove the foreign matter. Unless metal is clean and pure, “shrinks” will occur when casts are made that will leave a low spot in the plate and, hence, a spot in the paper which is not printed upon. Metal in a stereotype room is handled like wood in a carpenter shop. It is sawed and planed with planers and shavers.

The plate now completed is forwarded to the press room to be placed on the cylinders.

Black Press. The press room of any newspaper must be laid out for a maximum production in a given length of time. All large newspapers are printed on presses using circular plates. The capacity of these presses varies with the number of units embodied in a particular press and with the speed of operation.

Standard web-presses, taking a roll of paper 60 to 73 inches in length and weighing from 900 to 1,300 pounds, are usually built in eight-page units. Several of these units may be combined. Few presses are made with the capacity of less than twenty-four pages to three units. The speeds of these presses range from 18,000 to 30,000 twenty-four page papers per hour.

A newspaper is a commodity the value of which depends upon its publisher’s ability to reach the public with his product in the shortest possible time. Therefore, the greatest speed possible, contingent upon good printing, must be obtained. To appreciate the change that has taken place in a relatively short period, one has
but to look at the old George Washington hand press, with a speed of twenty-five pages per hour, and compare this with the modern printing press, with a capacity, for a double sextuple press, of 25,000 forty-eight page papers per hour or 1,200,000 pages per hour.

The actual mechanical process of printing is a simple one. Plates, as before mentioned, are made and locked securely upon the cylinders of the press. Each unit of a press contains two plate cylinders and two impression cylinders, the paper passing between them. The impression cylinder is covered with a soft packing, generally of felt, rubber or composition faced felt, this slightly resilient surface pressing the web of paper against the type face of the plate which has previously been inked by ink rollers rolling directly on the surface.

There are two plates exactly alike on opposite sides of a cylinder; hence, each revolution of the cylinder produces two pages of printed matter. The web of paper having passed between one set of cylinders and having been printed on one side passes to the next set in that press unit and is printed in exactly the same manner on the opposite side. A roll of paper is required for each unit in a press. If the press contains three units of eight pages each, three rolls of paper of full length will be required; yet any fraction of these units containing even numbers may be used. For example, a twenty-page paper would use two and a half units of a press, with two full rolls and one half roll of paper. Papers are folded, cut and counted mechanically. Delivery is made from the side of the press, where the papers are usually placed on a conveyor and dispatched to the mailing room.

The press room receives its original running order from the production manager as to quantity for each edition. The mailing room superintendent is generally allowed to order increases in runs.

**Electrotype Department.** Newspaper plants that do not print colored Sunday supplements seldom have use for an electrotype department. The function of this department is to provide a hard surfaced plate that will not break down or materially wear during long runs; that is, runs exceeding 100,000. Ordinary type metal is very soft and if a great number of papers are run through
the press the type face soon becomes battered down, resulting in bad printing. An electrotype plate, the surface being of copper, is much harder and, therefore, can more readily withstand the pounding of the impression cylinders upon the type face. Electrotype faces remain quite as perfect after runs of half a million as when first put on.

Electrotype plates are made by means of a wax matrix that is coated with a graphite solution, this matrix having been made from type matter. This wax matrix is immersed in a solution of acid and forms the negative terminal of an electric current of low voltage, but high current volume. The process is almost identical with that of electroplating.

When this electroplating process has deposited on the wax matrix a sufficiently thick filament or plate to withstand handling, it is removed. This copper plate is called the “shell.” It is then “backed” up by ordinary electrotype metal, which is little other than pure lead.

Electrotype plates are first made flat. It requires expert mechanics, working on intensely accurate flat surface steel plates, to bring type faces so made to the proper surface. Often just a few letters of a sentence are low and will, therefore, not print. The amount may not be more than a few thousandths of an inch. All type faces must be brought to exactly the same height. When the plate is perfect in every respect it is put through a curving machine that curves it to the exact contour of the color press cylinders. Each color printed requires a separate plate and only the printing surface for this color is on this plate. Many combinations of colors are obtained by printing one color over another.

COLOR PRESS. The modern color press is a gigantic machine. Color presses differ from black presses, in that each cylinder with its corresponding impression cylinder represents a unit. Four plates are put on each half cylinder, just the same as in a black press. There is this important difference, however. Black presses have a soft packing or cushion covering the impression cylinder, while the impression cylinder of the color press is covered with a hard, smooth packing, such as manila paper.

When the plates for the color pages have been placed upon the
press cylinders and a proof of the printing taken from them, the labor of making ready commences. This make-ready process consists of laying strips and other pieces of paper under the packing that covers the impression cylinder at the points where a little more pressure is required in order to press the paper with just the right amount of force against the type face. This work is usually quite a long, tedious task. Where many pages of many colors must be made ready it requires the services of the most expert pressmen in the web-press printing line. When the make-ready has been completed the press is started very slowly and has to be watched very carefully to see that perfect registration is being maintained. It is easy to see that much difficulty may arise from poor registration due to the fact that, perhaps in a picture, a man’s eye may have the black portion or a tint printed on one set of plates, while another color must be printed in exactly the proper place from another set of plates. When the sheet of paper reaches that particular color plate after passing over or under many rollers and through many spaces it must be exactly in the proper position.

The average speed of production on the largest color press is about 15,000 per hour. It is obvious that printing done where hard packing is used and a make-ready has been completed, is of a much better quality than the high-speed work done on black presses, where production is the outstanding feature.

**Rotogravure.** Rotogravure printing is comparatively new with most publishers in this country. It was developed in 1873 and has been used quite extensively for a number of years in Europe. The process involved is quite different from that used in ordinary printing. It is more like the process of photo engraving in the make-up of the surface from which the printing is obtained. Unlike the make-up of other composing room surfaces, the printing matter is etched directly on large cylinders. The etching is on copper and is accomplished in a manner somewhat similar to the method of etching on zinc. The work is finer and produces more beautiful reproductions. After the cylinders have been properly etched they are taken to the pressroom, placed in the press and actually used to print from.

After the printing is completed, the cylinder is returned to
the rotogravure workroom, where the etched surface is ground off on a large lathe. A new surface is obtained by grinding and polishing. It is then ready for a new etching. Four or five such cutting down operations on the size of the cylinders are permitted before a new plating of copper becomes necessary.

The press upon which this work is done is quite similar to an ordinary color press, except that the ink used requires considerable time to dry. For this reason the web of paper must pass through a heated compartment of sufficient length to dry the ink before the paper gets to the folder; otherwise it might be smeared upon itself or neighboring pages.

There is, however, one important difference in the printing itself. The cylinder runs in the ink, carrying on its surface a rather heavy coating of ink. By means of a steel knife the ink is scraped off the high surfaces of the plate (which are the high lights in the photograph), thus allowing only the low or etched portions to print. This knife is known as a *doctor blade*.

Stereotype or electrotype plates used in other forms of printing print from the positive plate. In the rotogravure the photo is negative.

**PAPER AND INK DIVISIONS**

The function of the paper and ink division is to see that sufficient paper and ink is ordered, on hand, and in transit to meet the demand of the editorial, circulation and advertising divisions.

This division must keep exact records of every roll of paper received and used and make tests as to over- and under-weight of paper.

This division also has complete charge of warehouses where paper and ink are stored. Each month as paper and ink are ordered, the purchase order is first submitted to the comptroller for approval and then to the general manager, after which it is forwarded to the seller.

The weight of paper is tested both by actual weighing and by theoretical methods, such as by using a known weight per 1,000 eight-page papers against actual consumption.
CIRCULATION DIVISION

CIRCULATION. The function of the circulation department is to promote the sale of the newspaper by seeing that the paper is for sale at the best possible points and distribution is made to the best advantage. In the event of an important news break the circulation department automatically adds a certain number of copies to the dealers' regular "draw." (The word "draw" means their regular order.) In case a dealer is unable to sell this excess he naturally has the privilege of returning the additional copies and receiving credit. The dealers also call the circulation department by 'phone, authorizing increases in their orders. The circulation department has charge of all the street men and sees that collections are made from all districtmen. It also employs solicitors to sell the newspaper to the homes.

MAILING AND TRANSPORTATION. The mail department of a newspaper plant has the duty of seeing that papers, after leaving the presses, are properly wrapped in bundles, tagged with the name and address of the one who is to receive them, and delivered to their destinations. As these packages contain all the way from one copy to one hundred and as there are many thousands of them shipped out daily, it is not difficult to imagine that many errors occur. This is not the case, however, an error being rather an exception, because of the methods that have been devised for the purpose of reducing these to a minimum. All copies mailed out to individual subscribers are wrapped singly and addressed by a mailing machine. This mailing machine is simply a machine for the purpose of clipping the address from a strip of paper upon which it has been printed from a list of such subscribers. The work is done very rapidly by expert mailers. There are often many thousand individual papers that are mailed out daily.

The question of wrapping and the expense involved is an important matter. For illustration, waste news from the press could be used instead of high-grade wrapping paper. An analysis is made periodically of the rope that is used for tying the bundles to ascertain that proper strength is used and that rope is not wasted.

The troubles of the mailing department are many and varied.
Trouble often occurs in some of the departments where the paper is produced. This in turn results in delays that disorganize the schedules of the mailing department, causing them to miss certain trains, motor buses, etc.

Most mailing departments are equipped with fast auto trucks and it has sometimes been necessary for these trucks, starting five or ten minutes after local passenger trains have left their shipping points, to catch up with these trains and thus load the belated papers. Much expense is incurred when delays make necessary an unusual effort to provide the subscribers with a paper for their breakfast tables.

A great deal can be said relative to the delivery of papers by newsboys or carriers and great has been the effort of the publishers to improve upon the various systems in use.

A mailing department of a newspaper can well be compared with the shipping department of any large organization. After the mail room has completed the distribution of the papers to the points designated on the galleys, the circulation department takes over the sale through its own representatives or agents.

Papers must reach their destinations on time; there is nothing so old as yesterday’s newspaper.

ADVERTISING DIVISIONS

The function of the advertising departments is to sell space in the newspaper. Advertising space must be considered as a service, as it is this service that reduces the cost of distribution of merchandise of the manufacturer, wholesaler, dealer, or individual.

The newspaper is one of the most valuable instruments available to the modern merchandiser. By its use he can, within a few hours, place his sales announcements before any class of buyers, any commodity, or territory.

Classified Advertising—Want Ads. The work of the “Want Ads” department is in a sense similar to the local and national advertising divisions. Classified advertising usually consists of two- or three-line advertisements which are grouped into convenient classifications in order to attract reader-buyers.
This class of advertising is sold in many ways, i.e., by direct solicitation, at branch offices, by telephone, and by mail.

This department of the newspaper is the largest user of telephones, as it is in this department that the voluntary ads over the phones are received. If an advertiser does not wish to divulge his identity in the ad, a box number is given and replies are received at the office through which the ad was placed. Here the advertiser can call for replies.

**Local Display.** In classifying advertising for rate purposes, local advertising, as distinguished from national, is that advertising the range of which is arbitrarily set as belonging within the limits of the city, or it may sometimes include small adjacent towns. In some cases, the limits of the city circulation as established by the Audit Bureau of Circulation is considered as the local field in classifying advertising. This, however, varies in all cities.

Advertising rates to local advertisers are generally less than national advertising rates, since local advertising is not subject to agency discount. The national advertiser has a further advantage in that the local advertiser cannot receive his returns through the multiplicity of outlets that is afforded to national advertisers from a state-wide circulation distribution.

**National Display.** Practically all national advertising is handled by recognized advertising agencies throughout the country. These agencies prepare copy and schedules for their clients and investigate markets, rates and circulation before placing their advertising. These agencies receive a regular stipulated commission on all business. All this advertising is billed direct to agencies who pay the newspaper and in turn bill their own clients. All large metropolitan dailies maintain branch offices in the larger cities and these offices work in coöperation with the national advertising agencies.

Many newspapers have what is termed a "Research Department" in connection with national advertising. This division makes a thorough study of markets and the best possible distribution points for merchandise. It sends to dealers advertising literature telling of a forthcoming campaign and urging the stocking of merchandise to supply the demand created by the newspaper
advertising. It is readily apparent that sufficient results would not be possible for a national advertiser if merchandise would not be available for the public at such time as it is advertised.

ACCOUNTING DEPARTMENTS

Classified, Display, and National. These three accounting departments have the responsibility of seeing that all advertising appearing in the paper is charged to customers either at contract rates or at earned rates. It is their duty also to see that the advertiser upon the expiration of his contract has used the amount of space contracted for, or if not, that he is charged the earned rate.

To know that all advertising earnings have been properly accounted for is a simple matter, except in the case of classified advertising. In this division it is more difficult to check because of the small ads and the great number of them. To verify this work, the copy is checked directly to the paper and the paper is marked with the amount of earnings from each ad as it appears on the copy. By this procedure the marked paper becomes the controlling total of earnings from classified advertising.

Circulation Accounting. The circulation accounting department must see that all copies shown on the mailing galley, or shipping record, are properly billed to agents. At the close of the period it checks the total number of copies charged against the circulation record. This department also compiles the daily report of papers circulated for different classifications and maintains the circulation record.

ADVERTISING STATISTICS

The department responsible for advertising statistics, measures and classifies into proper divisions all of the advertising carried by the different newspapers in the city. For example, if there are a dozen newspapers in a city, all of these papers are measured and classified. Comparative statistics are prepared giving day to day comparisons, week to week, month to month, etc.

This department is of extreme value to the advertising, pro-
motion and general management departments by furnishing them with a complete analysis of all advertising by classifications.

CREDIT AND COLLECTION DIVISION

The credit and collection division does the same work as in any large corporation, except that perhaps their troubles are greater. A great deal of the classified advertising (want ads) is received over the telephone and, therefore, is run before being passed by the credit department.

FINANCIAL, GENERAL ACCOUNTING AND COMPTROLLER'S DIVISIONS

The work of these divisions is the same as in any large corporation.

GENERAL ADMINISTRATIVE DIVISION

This is the general executive division of the newspaper and is composed of the owner, the publisher, the general manager or the business manager.
CHAPTER IV

CLASSIFICATION OF ACCOUNTS

A chart of accounts covering the various divisions and departments will now be given. This is shown only in skeleton form. In a newspaper enterprise of any size, a more detailed analysis of expense becomes necessary. Each account used has its sub-head, the Dewey Decimal System being used in numbering all these accounts. A specimen sub-classification is shown in the footnote under Editorial Division—Local.

COST OR EXPENSE ITEMS APPLICABLE TO THE NEWSPAPER BUSINESS

EDITORIAL DIVISION

<table>
<thead>
<tr>
<th>Local *</th>
<th>Features</th>
<th>Supplies &amp; Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Space</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies &amp; Expense</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SPORTING DEPARTMENT</th>
<th>AUTO DEPARTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>Payroll</td>
</tr>
<tr>
<td>Space</td>
<td>Space</td>
</tr>
<tr>
<td>Supplies &amp; Expense</td>
<td>Supplies &amp; Expense</td>
</tr>
</tbody>
</table>

* Local

Payroll:
City Editor & Assistant
Stenographers
General Reporters
Re-write Men
Districtmen
Space Writers
Total Payroll

Space:

Supplies & Expenses:
Reporters Trips & Expenses
Taxi Hire
Telegrams
Messenger Service
Newspaper & Magazine Subs
Postage
Office Supplies
Business Cards
Copy Paper
Carbon Paper
Dummies
Filmsy
Copyright Charges
Tips on Stories
Total Supplies & Expenses
Total Local

39
40 NEWSPAPER COST ACCOUNTING

DRAMATIC & SOCIETY
Payroll
Space
Features
Supplies & Expense

FINANCIAL
Payroll
Space
Features
Supplies & Expense

REAL ESTATE
Payroll
Space
Features
Supplies & Expense

SPECIAL FEATURE WRITERS—LOCAL
Payroll
Supplies & Expense

OBITUARY
Payroll
Supplies & Expense

FOREIGN NEWS SERVICE
Correspondents’ Payroll
Space
Supplies & Expense

LOCAL NEWS SERVICE
Weekday
Sunday

CORRESPONDENTS
Payroll
Supplies & Expense

SPACE WRITERS
Country, Suburban & Special
Supplies & Expense

TELEGRAPH NEWS
This is to show charges from Associated Press or other news service and salary and expense of local telegraph operators.

NEWS FEATURES—GENERAL
Weekday
Sunday

COMICS
Weekday only

EDITORIAL WRITERS
Payroll
Supplies & Expense

COPY DESK
Payroll
Supplies & Expense

REFERENCE ROOM & LIBRARY
Payroll
Supplies & Expense

GENERAL DIVISION
Payroll (To include: managing editor and assistants, secretary, editorial auditor, clerks, day boys, night boys, telephone operators)
Supplies & Expense
Libel Expense
Departmental Overhead:
- Housing
- Rent—Outside Offices
- Light & Power
- Heat
- Telephone Service
- Water
- Insurance
- Depreciation
- Repairs & Renewals
- Interest on Invested Capital
- Taxes

MAGAZINE & COMIC SECTION
Payroll
Supplies & Expense
Comic Cost
Feature Cost

ROTOGRAVURE SECTION
Payroll
Supplies & Expense
Feature Cost

ART DEPARTMENT
Payroll
Supplies & Expense
Departmental Overhead:
- Housing
- Light & Power
- Heat
- Telephone Service
- Water
- Insurance
- Depreciation
- Repairs & Renewals
- Interest on Invested Capital
- Taxes

PHOTOGRAPHIC DEPARTMENT
Payroll
Supplies & Expense
Photos—Outside Purchases
Departmental Overhead:
- Housing
- Light & Power
- Heat
- Telephone Service
CLASSIFICATION OF ACCOUNTS

Water
Insurance
Depreciation

MECHANICAL DIVISION

PHOTO ENGRAVING
Payroll
Supplies & Expense
Chemicals
Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water
  Insurance
  Depreciation
  Repairs & Renewals
  Interest on Invested Capital
  Taxes

COMPOSING ROOM
Payroll
Supplies & Expense
Metal
Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water
  Insurance
  Depreciation
  Repairs & Renewals
  Interest on Invested Capital
  Taxes

STEREOTYPE—MOLDING
Payroll
Supplies & Expense
Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water
  Insurance
  Depreciation
  Repairs & Renewals
  Interest on Invested Capital
  Taxes

STEREOTYPE—CASTING
Payroll
Supplies & Expense
Metal

Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water
  Insurance
  Depreciation
  Repairs & Renewals
  Interest on Invested Capital
  Taxes

BLACK PRESS
Payroll
Supplies & Expense
Rollers
Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water
  Insurance
  Depreciation
  Repairs & Renewals
  Interest on Invested Capital
  Taxes

ELECTROTYPEx
Payroll
Supplies & Expense
Metal
Chemicals
Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water
  Insurance
  Depreciation
  Repairs & Renewals
  Interest on Invested Capital
  Taxes

COLOR PRESS
Payroll
Supplies & Expense
Rollers
Departmental Overhead:
  Housing
  Light & Power
NEWSPAPER COST ACCOUNTING

Heat
Telephone Service
Water
Insurance
Depreciation
Repairs & Renewals
Interest on Invested Capital
Taxes

ROTOGRAVURE—MECHANICAL
Payroll
Supplies & Expense
Chemicals
Metal
Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water

ROTOGRAVURE—PRESS
Payroll
Supplies & Expense
Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water
  Insurance
  Depreciation
  Repairs & Renewals
  Interest on Invested Capital
  Taxes

PAPER & INK DIVISIONS

PAPER SECTION
Newsprint:
  Black—Weekday
  —Sunday
  Color
  Rotogravure
Freight & Drayage:
  Black—Weekday
  —Sunday
  Color
  Rotogravure
Newspaper Warehouse
Paper Handlers Payroll & Expense
Clerical:
  Payroll
  Supplies & Expense
Departmental Overhead:
  Housing
  Light & Power
  Heat
  Telephone Service
  Water

INK SECTION
News Ink (Including Freight)
  Weekday
  Sunday
Color Ink (Including Freight)
  Sunday
Rotogravure Ink & Chemicals (Including Freight)
  Sunday
Ink Overhead
  Interest on Ink Investment
  Insurance
  Storage or Housing
  Drayage & Handling
  Taxes

CIRCULATION DIVISION

ADMINISTRATIVE
Payroll
Supplies & Expense

CLERICAL
Payroll
Supplies & Expense

OUTSIDE MAINTENANCE
Payroll
Supplies & Expense

CANVASSERS’ COMMISSIONS & SALARIES

PREMIUMS

PROMOTION

DEPARTMENTAL OVERHEAD
  Housing
  Rent—Outside
  Light & Power
CLASSIFICATION OF ACCOUNTS

Heat
Telephone Service
Water
Insurance

Depreciation
Repairs & Renewals
Interest on Invested Capital
Taxes

MAILING DIVISION

PAYROLL
Mailers
Stuffers—Daily
—Sunday
Galley Room

SUPPLIES & EXPENSE

DEPARTMENTAL OVERHEAD

Housing
Light & Power

Heat
Telephone Service
Water
Insurance
Depreciation
Repairs & Renewals
Interest on Invested Capital
Taxes

TRANSPORTATION DIVISION

DELIVERY
Payroll
Supplies & Expense

GARAGE
Payroll
Supplies & Expense

GASOLINE & OILS

POSTAGE

EXPRESS COMPANIES

TRAINS

TRANSFER CHARGES

DEPARTMENTAL OVERHEAD

Housing
Light & Power
Heat
Telephone Service
Water
Insurance
Depreciation
Repairs & Renewals
Interest on Invested Capital
Taxes

CLASSIFIED ADVERTISING—WANT ADS

ADMINISTRATION
Payroll
Supplies & Expense

CLERICAL
Payroll
Supplies & Expense

SALES MEN
Outside Payroll & Commissions
Outside Supplies & Expense
Telephone Payroll & Commissions
Telephone Supplies & Expense
Branch Office Payroll & Commissions
Branch Office Supplies & Expense

REPRESENTATIVES’ COMMISSION

PROMOTION

DEPARTMENTAL OVERHEAD

Housing
Rent (Outside Offices)
Light & Power
Heat
Telephone Service
Water
Insurance
Depreciation
Repairs & Renewals
Interest on Invested Capital
Taxes
### LOCAL DISPLAY ADVERTISING DIVISION

**Administration**
- Payroll
- Supplies & Expense

**Clerical**
- Payroll
- Supplies & Expense

**Salesmen**
- Payroll & Commissions
- Supplies & Expense

**Promotion**

### NATIONAL DISPLAY ADVERTISING DIVISION

**Administration**
- Payroll
- Supplies & Expense

**Clerical**
- Payroll
- Supplies & Expense

**Salesmen**
- Payroll & Commissions
- Supplies & Expense

**Representatives**
- Salary & Commissions
- Supplies & Expense

### SERVICE DIVISION

**Payroll**
- Supplies & Expense

### ADVERTISING & CIRCULATION ACCOUNTING

#### Classified Accounting
- Payroll
- Supplies & Expense

**Departmental Overhead:**
- Housing
- Light & Power
- Heat
- Telephone Service
- Water
- Insurance
- Depreciation
- Repairs & Renewals
- Interest on Invested Capital
- Taxes

#### Display Accounting—Local & National
- Payroll
- Supplies & Expense

**Departmental Overhead:**
- Housing
- Light & Power
- Heat
- Telephone Service
- Water
- Insurance
- Depreciation
- Repairs & Renewals
- Interest on Invested Capital
- Taxes

#### Trade Publications

**Promotion**

**Departmental Overhead:**
- Housing
- Light & Power
- Heat
- Telephone Service
- Water
- Insurance
- Depreciation
- Repairs & Renewals
- Interest on Invested Capital
- Taxes

#### Circulation Accounting
- Payroll
- Supplies & Expense

**Departmental Overhead:**
- Housing
- Light & Power
- Heat
- Telephone Service
- Water
- Insurance
- Depreciation
- Repairs & Renewals
- Interest on Invested Capital
- Taxes
CLASSIFICATION OF ACCOUNTS

ADVERTISING STATISTICAL DIVISION

PAYROLL—Display
—Classified
SUPPLIES & EXPENSE
DEPARTMENTAL OVERHEAD
   Housing
   Light & Power
   Heat
   Telephone Service
   Water
   Insurance
   Depreciation
   Repairs & Renewals
   Interest on Invested Capital
   Taxes

CREDIT & COLLECTION DIVISION

PAYROLL & BONUSES
SUPPLIES & EXPENSE
DEPARTMENTAL OVERHEAD
   Housing
   Light & Power
   Heat
   Telephone Service
   Water
   Insurance
   Depreciation
   Repairs & Renewals
   Interest on Invested Capital
   Taxes

FINANCIAL DIVISION

COMPTROLLER’S OFFICE
Payroll
Supplies & Expense
Departmental Overhead:
   Housing
   Light & Power
   Heat
   Telephone Service
   Water
   Insurance
   Depreciation
   Repairs & Renewals
   Interest on Invested Capital
   Taxes
Payroll Clerks:
   Payroll
   Supplies & Expense
Mail Clerks:
   Payroll
   Supplies & Expense
Departmental Overhead:
   Housing
   Light & Power
   Heat
   Telephone Service
   Water
   Insurance
   Depreciation
   Repairs & Renewals
   Interest on Invested Capital
   Taxes
CASHIER’S OFFICE
Payroll
Supplies & Expense

GENERAL ACCOUNTING DIVISION

GENERAL ACCOUNTING &Auditing
Payroll
Supplies & Expense
Departmental Overhead:
   Housing
   Light & Power
   Heat
   Telephone Service
   Water
   Insurance
   Depreciation
   Repairs & Renewals
   Interest on Invested Capital
   Taxes
# NEWSPAPER COST ACCOUNTING

## GENERAL ADMINISTRATIVE DIVISION

<table>
<thead>
<tr>
<th>Administrative</th>
<th>Light &amp; Power</th>
<th>Heat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>Telephone Service</td>
<td>Water</td>
</tr>
<tr>
<td>Supplies &amp; Expense</td>
<td>Insurance</td>
<td>Depreciation</td>
</tr>
<tr>
<td>Clerical</td>
<td>Repairs &amp; Renewals</td>
<td>Interest on Invested Capital</td>
</tr>
<tr>
<td>Payroll</td>
<td></td>
<td>Taxes</td>
</tr>
<tr>
<td>Supplies &amp; Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental Overhead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## PRODUCTION DIVISION

<table>
<thead>
<tr>
<th>Payroll</th>
<th>Telephone Service</th>
<th>Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies &amp; Expense</td>
<td>Insurance</td>
<td>Depreciation</td>
</tr>
<tr>
<td>Departmental Overhead</td>
<td>Repairs &amp; Renewals</td>
<td>Interest on Invested Capital</td>
</tr>
<tr>
<td>Housing</td>
<td></td>
<td>Taxes</td>
</tr>
<tr>
<td>Light &amp; Power</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heat</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## LEGAL DEPARTMENT

<table>
<thead>
<tr>
<th>Payroll</th>
<th>Telephone Service</th>
<th>Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies &amp; Expense</td>
<td>Insurance</td>
<td>Depreciation</td>
</tr>
<tr>
<td>Departmental Overhead</td>
<td>Repairs &amp; Renewals</td>
<td>Interest on Invested Capital</td>
</tr>
<tr>
<td>Housing</td>
<td></td>
<td>Taxes</td>
</tr>
<tr>
<td>Light &amp; Power</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heat</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## OTHER ACCOUNTS

### General Expense

This account is self-explanatory. Only such items are placed in this account as cannot be charged to a direct expense account.

### General Promotion

This account is charged with all promotion of a general nature, i.e., not direct circulation or advertising promotion. Charge to this account is made from the promotion service division on the basis of time consumed on matter.

### Pensions & Charities

This account is self-explanatory.

### Discount & Exchange

This account is self-explanatory. The account, of course, does not cover discounts such as are allowed to advertisers if they use more space than contracted for, thereby earning a lower rate.
CHAPTER V

INDIRECT COSTS AND DEPARTMENTAL OVERHEAD

From the chart of accounts given in Chapter IV, a general view is obtained of the departmentization of the business and the types of expenses applicable to each department. In this chapter, it is the purpose to treat of certain general or indirect expenses and the manner of allocating them as burden to the various departments.

The following indirect cost accounts are carried in the general ledger because their cost is spread by means of cost formulas—see pages 76-78—to all departments affected at the close of each accounting period:

- Housing
- Building Maintenance
- Carpenter Shop
- Paint Shop
- Machine Shop
- Purchasing & General Stores Division
- Promotion Service Division

HOUSING. This account includes all items enumerated below and at the close of the period is prorated to all departments on the basis of floor space occupied.

To arrive at this charge the entire floor space of all departments is computed and this total divided into total cost of housing, thus giving the cost per square foot.

In the newspaper business, preferred space such as in department stores will not add to revenue; therefore, the value of space to all is the same.

It must be understood if any space is rented outside of the main building, all expense of this kind and incidentals are to be charged direct to the department affected and not to housing.

To amplify this, all newspapers have branch offices in different parts of the city for the purpose of assisting the classified or circulation departments. These departments alone should be charged with this expense.

Housing should include the following expense:
Insurance—building, public liability, etc.

Incidental repairs to building; not of a departmental nature

Depreciation on building
Taxes on ground and building
Interest on capital invested in ground and building

The housing charge should be made to all departments before any of the other indirect cost accounts are distributed.

Building Maintenance. This account includes all items enumerated below and at the close of the period is prorated to all departments on the basis of the floor space occupied.

If it is discovered that the cost of janitor service is not properly distributed under this method, adjustment should be made.

To arrive at the charge to departments, use the same formula as for housing, except eliminate the space of this division so as to clear this account and spread the cost to all the other departments:

Payroll—Building Superintendent & Assistants
Payroll—Janitors
Payroll—Watchmen
Payroll—Elevator Operators
Payroll—Electrician & Engineer
Supplies & Expense
Repairs & Renewals on Superintendent’s Office Equipment
Depreciation on Superintendent’s Office Equipment
Light & Power
Heat
Housing—Superintendent’s Office
Telephone Service
Taxes on Superintendent’s Office Equipment
Insurance on Superintendent’s Office Equipment
Interest on Capital Invested in Equipment
Water

Charges for Building Maintenance are shown in Housing account of all departments.

Carpenter Shop—Paint Shop—Machine Shop. To the above accounts are charged all items enumerated below and at the close of the period these charges are distributed to departments affected on the following basis:

Number of man-hours for each division for the period is arrived at and the total is divided into the cost to arrive at the hourly rate.

All work done in the above departments is on a job basis. For example, when the carpenter shop receives an order to build a desk, the order is put through on a job number.
Each week when the payroll is made up, all time in connection with the various jobs is tabulated and charged to Plant and Equipment in Process of Construction and remains there until all the material charges, such as lumber, etc., have been made. When a job is completed the charges applicable to it are transferred to the proper equipment classification.

If any of the above divisions perform any work for a department, as for example, when the machine shop does repair work on a press, this charge is made in the same way as above, except that it goes direct to Repairs and Renewals instead of to Plant and Equipment in Process of Construction.

If the machine shop should make gears for stock, charge should be made to stock.

This procedure will enable a publisher to know whether or not his maintenance departments are costing him more than if he had had the work done outside.

A time card is punched for each job, showing starting and finishing time.

Each of the maintenance divisions is to be shown entirely separate. Charges for the following should be made to each division:

Payroll
Supplies & Expense—Not Material
Repairs & Renewals on Equipment
Depreciation on Equipment
Taxes on Equipment
Insurance on Equipment

Interest on Capital Invested in Equipment
Light & Power
Heat
Housing
Telephone Service
Water

PURCHASING AND GENERAL STORES DIVISION.—The function of this division is to buy and disperse (on properly approved requisitions) supplies for the operation of the publication. In general, its duties are the same as those of a purchasing department in any large corporation.

Since this department is a service division for all departments, its entire cost should be charged to the departments using the service.

The following items are not to be considered as emanating from the purchasing department, as they are handled directly by the
departments or divisions shown. Accordingly no portion of the purchasing department’s expense is to be prorated for them.

*Paper and Ink.* Ordered and handled by the general administrative and the comptroller’s office.

*Machinery.* Ordered and handled by the general administrative and the comptroller’s office.

To prorate the cost of this department to the departments served, the following procedure is used:

1. Tabulate the cost of all supplies furnished for the period by departments, arriving at departmental cost and then grand total.
2. Divide total cost of all supplies into total cost of the purchasing division. This will give a cost per dollar of supplies used.

For example, if the total cost of supplies is $1,000, and the total cost of the department is $100, the cost to be charged to each department is, therefore, 10% additional, or 10 cents on each dollar of purchases, to cover departmental expenses.

Charges for the following items should be made to this division:

- Payroll (Purchasing agent and assistant, clerks and stenographers, receiving and stock clerks)
- Supplies & Expense
- Housing
- Light & Power
- Heat
- Telephone Service
- Repairs & Renewals on Equipment
- Depreciation on Equipment
- Taxes on Equipment
- Insurance on Equipment & Employees
- Interest on Capital Invested in Equipment
- Interest on Capital Invested in Stock
- Water

**Promotion Service Division.** The function of the promotion service division is to prepare all promotion matter for all departments upon their request for certain kinds of promotion material.

This department must work in conjunction with the publisher, editor, circulation department, and advertising department and should suggest timely promotion methods.

Since the department is a service division for all departments, the entire cost of it should be charged to the departments using the service.
Each request is numbered and worked on a job basis. At the close of the period, an analysis of the number of hours consumed is made by departments and forwarded to the general accounting department. Here the total cost of the promotion service department is divided by the number of hours shown, and an hourly rate is established. Each department using promotion service is then charged with its cost as determined by this hourly rate and the number of hours of service used.

It must be understood that charges from this department cover only labor. All stock for circulars, stamps, etc., are charged direct to the department using them as these items are of a known cost.

The following charges should go to this account:

<table>
<thead>
<tr>
<th>Administrative—Payroll</th>
<th>Heat</th>
</tr>
</thead>
<tbody>
<tr>
<td>—Supplies &amp; Expense</td>
<td></td>
</tr>
<tr>
<td>Clerical—Payroll</td>
<td></td>
</tr>
<tr>
<td>—Supplies &amp; Expense</td>
<td></td>
</tr>
<tr>
<td>Artists—Payroll</td>
<td></td>
</tr>
<tr>
<td>—Supplies &amp; Expense</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td></td>
</tr>
<tr>
<td>Light &amp; Power</td>
<td></td>
</tr>
</tbody>
</table>

**DEPARTMENTAL OVERHEAD OR BURDEN EXPENSE**

From an examination of the schedules of cost accounts, it will be noted all departments are charged for their actual cost or prorata cost and that general overhead accounts are in the minority.

Because of the different methods oftentimes used for arriving at the departmental cost of the following items, it is thought advisable to explain briefly the procedure of charging the various departments for these items.

- **Light & Power**
- **Heat**
- **Telephone Service**
- **Water**
- **Insurance**
- **Depreciation**
- **Interest on Invested Capital**
- **Taxes**

**Light and Power.** The number of lights used by each department is first determined. This number is then weighted with the voltage of each light and the normal number of hours used. The ratio between the light consumption for a particular department
and the sum total so determined for all departments gives the percentage of total cost to be borne by that department.

Special meters are generally used in the mechanical departments. Therefore, their charges can be direct. If not, rates can be determined from time to time by meter readings and by consideration of work performed.

**Heat.** The floor area occupied by each department is the basis used for distributing the cost for heat of building.

Heat used in the stereotype department and any other mechanical department is charged direct.

**Telephone Service.** Each department is charged for this service on the basis of the number of phones in each office. Separate bills are received for extensions and one bill for rental of the main board or PBX.

Extensions are consequently charged direct to departments.

Rent for the main board, together with operators’ salaries, is charged to departments on a percentage basis, calculated on the basis of the number of calls to and from a department per period.

Housing and all other items in the telephone division are charged to departments on same basis as rent and salaries of operators. If any department has a special operator or a branch exchange the full cost is charged to that department and is not prorated.

**Water.** The amount of floor area occupied is used as the basis for distributing the cost of water.

Special meters are used in the stereotype and photographic departments. Therefore, these charges can go direct. If special meters are not used, rates can be determined from time to time.

**Insurance.** The record of equipment must be kept by departments as well as by classification. Consequently from the equipment record the value of each department’s equipment is determined and the insurance cost is distributed to the department at a rate arrived at by dividing the total equipment into the premium.

Insurance on the building is charged to Housing and from there is charged to departments on the basis of the floor area occupied.
Specific insurance such as autos should be charged direct to the department as the car is used solely for a specific department.

Compensation insurance is charged to departments on the basis of the compensation insurance audit.

Bonds are charged on the basis of the schedule of such prepared yearly.

When any kind of insurance is contracted for it should be charged to Insurance Prepaid in the general ledger and periodically charged off to the various departments.

At no time should the full amount of insurance be charged to one accounting period but it should be prorated over the life of the policy, i.e., the unexpired insurance at the close of any period is carried forward as a charge against future periods.

Depreciation. As stated under Insurance, the equipment record must be classified to show departmental values as well as the values of the different classes of equipment.

When this is done the depreciation may be figured separately for each department according to the classification of its assets.

Interest on Invested Capital. Each department is charged with interest for the total amount of capital invested in it. For example, General Stores is charged on the basis of its average investment in materials and supplies; Paper Division on its average investment in paper; and each department likewise.

By the above procedure if a department shows a profit it will be legitimate, inasmuch as the capital invested in outside sources would have netted the owner a certain rate of interest without subjecting it to the risks incident to investing it in a business.

Taxes. Taxes as shown in general overhead mean only taxes on equipment or stock.

To arrive at the cost of taxes for each department the total value of all equipment and stock is computed and divided into the cost of the city or county tax bill to arrive at the rate per hundred.

This same rate is then applied to each department against the total value of its stock or equipment.

This computation is made once a year.

Taxes on land and building are included in Housing expense.
CHAPTER VI
COST COMPILATION AND ANALYSIS—THE COST FORMULAS

All expenses having been posted as outlined, the next procedure is to draw off all expense items and reconcile them with the general books.

Distribution of costs as between weekdays and Sundays is a difficult matter by reason of the different factors involved. Practically all employees of a morning paper perform work on both weekday and Sunday publications at the same time, but actually work only six days.

Any amount expended that is known to involve a strictly weekday or Sunday expense is so shown and is not distributed on the basis of a formula.

To divide the cost of editorial and advertising solicitors on the basis of 1/7 for Sunday and 6/7 for weekday manifestly would be unfair as the volume of business in a Sunday publication is generally four to five times greater than on a weekday.

It is next to impossible to have employees in a newspaper plant make reports of time spent on weekday or Sunday work, inasmuch as work on the Sunday edition is performed simultaneously with that on the weekday.

The reason for separate costs for the weekday and Sunday publications is the differences between them in regard to circulation, news matter, etc., and finally advertising. Accordingly formulas must be used for prorating the cost of production as between the weekday and Sunday papers and then finally as between circulation and advertising.

The amounts used on the specimen cost sheets are merely to illustrate procedure; they have no other significance and must not be taken as indicating representative or relative costs. Methods and procedures have only been considered.

The production of the Editorial Division is the total inches of all editions.
The production of the Art and Photographic Divisions is the total column inches produced.

The production of the Photo Engraving Department is the total inches produced.

The production of the Composing Room is the total actual measurement of matter set and in actual practice will not be in agreement with any of the other figures which are shown on the cost report.

The production of the Stereotype Division is the actual number of pages in all editions. The mats are, of course, the actual figures reported.

In the formulas for the distribution of cost it will be noted that all editions are used in arriving at the formulas. It seems advisable to explain the reason for this. If all editions of a metropolitan newspaper carried the same news and advertising it would only be necessary to use the final edition as basis figures. This, however, never happens. The first edition might have 30 pages, the second edition 32, the third might have 36, and the final edition might carry 48 or more. It is, therefore, readily apparent that it would be unfair to use the final edition as the basis of charging departments. Therefore, all the news of each edition is measured; all classified advertising of each edition measured and the same for display advertising. These figures are then consolidated and a percentage secured. This will then give a true percentage for charging to departments their true proportion of expense. Classified might have had little or no advertising in the first editions and all in the final; it is, therefore, readily apparent that to use the final edition for distribution would be erroneous.

It is very important that the proper basis is secured in the establishing of the formulas.

The manner by means of which these analyses and distributions are made will now be explained in some detail. A general explanation of the form of work sheet or analysis record is given first. This will be followed by an explanation of the analysis and distribution of the costs of the main departments of the paper. In connection with these explanations the reader should study the particular form illustrative of each.
The Cost and Expense Analysis is divided into eleven main heads or titles as follows:

**Column No. 1—Cost per Expense Ledgers.** Here are entered the costs as drawn from the expense ledger, either for weekday or Sunday, or (and) with a combined total covering both weekday and Sunday.

**Column No. 2—Distributed Cost.** This represents the cost distributed between weekday and Sunday on a production basis; or, if an item is known to be a weekday cost, it is automatically brought into the weekday column.

**Column No. 3—Production.** This represents actual production. In the illustration of the editorial department the number of column inches appearing in the different classifications is measured from all editions and represents the amount shown.

**Column No. 4—Unit of Production.** This is simply a statement of what the unit of production is for a particular department. For example, in the editorial division the unit of production is column inches.

**Column No. 5—Unit Cost, This Period.** In this column is entered the unit cost for this period. As before stated, costs are on a uniform period basis each period representing twenty-eight days or four weeks, weeks starting on Mondays and ending on Sundays.

**Column No. 6—Unit Cost, Last Period.** Here is set up the unit cost for the last period. This is taken from the previous report.

**Column No. 7—Predetermined Unit Cost.** This column is compiled from figures previously established by the management. Department managers are given these figures as a basis and are instructed that this will be their allowance per unit of production. By so doing, department managers can determine at once whether or not they are operating within their per unit allowance.

As stated before, the author does not believe in setting a budget on the basis of so many dollars per period or for a certain length of time, as usually this is not a satisfactory method in a newspaper. To set a budget for an editorial department of a newspaper would
mean mere guesswork, as a big story might break, requiring the managing editor to spend a great deal of money in the local division. Under this plan, if the managing editor's expense is limited to a budget amount of dollars and cents, he will not be able to spend more than this amount. This might result in a failure to "play" a big story which, in turn, would mean decreased circulation.

The same holds true as to advertising. If the advertising manager finds that by employing more men he can bring in more copy and keep his costs on the per unit basis within the prescribed limit, he can do so. Whereas if he is told that he is allowed to spend only a certain number of dollars per period, he may not be able to secure a particularly desirable high-grade man who can increase the advertising line-age.

The circulation department would be affected similarly. If it is held to a definite limit of a certain number of dollars, it might not be able to put on additional men to secure additional circulation.

It will be noted from the foregoing that it is the unit cost that governs the operation of a newspaper.

With a proper predetermined unit cost it is a simple matter to budget the expenses for a coming period.

Income should be budgeted from past experience, taking into consideration present business conditions and present current contracts.

*Column No. 8—Circulation.*
*Column No. 9—Classified Advertising.*
*Column No. 10—Display Advertising.*
*Column No. 11—National Advertising.*

These columns represent the income divisions of the newspaper. The newspaper is operated, first, to secure as great a circulation as is consistent with the population of the city and surrounding towns, and then to sell advertising service to its clients.

**EDITORIAL DIVISION**

Expenses as shown in Column No. 1 are taken directly from the expense ledgers. All totals are combined for both weekday and Sunday, excepting those which are shown as weekday or Sunday
separately. Because the combined cost has to be split on a percentage basis according to production, it is next necessary to secure the production. Each day the editorial auditor measures the number of inches in all editions and daily forwards these totals to the auditing department. The auditing department collates these figures and at the close of the period has the exact number of inches of news in the paper. It must also be understood that the editorial auditor approves all the bills for features and other expenditures of the editorial department and notes on each bill the account to be charged. By so doing, he is fully conversant with all costs for different items. Accordingly, when he sees any article in the paper he is able to classify it according to the expense charge. It again must be borne in mind that an absolutely correct distribution of all expenses is essential, as this is vital if accurate costs are to be secured.

To determine the proper distribution of the first item, Local Expense, amounting to $1,000, the total inches, weekday and Sunday, amounting to 4,000, are divided into $1,000. This gives a combined cost of 25 cents per column inch. Therefore to secure the distributed cost the 3,000 column inches for weekdays are multiplied by 25 cents, giving a total of $750 for weekday. Similarly the portion of the cost applicable to Sunday is $250. The same procedure is carried out all the way through, except as to Local News Service. In this instance it will be noted that weekday and Sunday cost was known. Therefore, these amounts are brought directly into the distributed cost column, which is Column No. 2, and the production inches divided into the known cost.

All expenses of a productive nature are totaled. These comprise all items up to and including editorial writers. The distributed cost is then divided into the production to get the unit cost for the entire production of the paper. Inasmuch as the copy desk, reference room, and general (including managing editor and assistant editors) do not have any direct production, their cost is split on the basis of the total number of inches in the entire paper. For example, in the illustration the total production for weekday and Sunday was 23,580. This total is divided into $1,225 and the unit cost is shown under Unit Cost, This Period, Column No. 5.

At this point it should be stated that all "heads" made by the
copy desk are included in the productive division. It would manifestly be unfair to give to the copy desk credit for the heads only, since they also go over the entire product. Therefore, for the purpose of equalization, they are given credit as an indirect production for 23,580 column inches. The reference room naturally stands ready to assist the editorial department at any time. Therefore, it is entitled to credit on the basis of the entire production. The managing editor and his assistants are classed in the same manner. Total production, including the indirect production, is then determined, giving a grand total of \$6,040 weekday and Sunday. The production and the known productive costs are totaled and the unit cost shown in Column No. 5.

Total departmental overhead is next considered. The total production inches of 23,580 are divided into \$1,000 and the cost for weekday and Sunday distributed on the basis of production, weekday or Sunday. The production and the departmental overhead are next considered and the average for the entire department secured and shown in Column No. 5, Unit Cost, This Period. The next procedure is to make the transfer from Distributed Cost, Column No. 2, to the proper revenue division. As before stated, the function of the editorial department is to prepare a newspaper acceptable to the public and readily salable by the circulation department, and the function of the circulation department is to sell the physical newspaper. Since the circulation department is the sales department for the editorial division, the entire cost of the editorial department is transferred to the Circulation—Column No. 8.

Most papers have what is known as a magazine and comic section on Sundays, also a rotogravure section. The procedure of handling this cost is identical with that shown above. The total number of inches of news, features, and comics is secured from the final edition and shown under Production. Cost is shown in Column No. 1 for Sunday and distributed to Column No. 2, in total for Sunday, these features being run only in connection with the Sunday edition. The final distribution is to Column No. 8, Circulation, for the purpose previously stated.

The work of handling the comic, magazine, and rotogravure sections is generally given over to one department. Because prac-
tically all of this matter comes to a newspaper in the form of comic strips or printed matter, thus requiring only the make-up of the paper, no overhead expense of the editorial division is considered as applicable against these divisions, their work being merely to pass upon the final product. However, to offset this, in many instances the editors handling these divisions do extra work for the weekday and Sunday paper proper.

All metropolitan dailies have from five to ten different editions. Many of these are in the main the same, especially the later editions. If the final edition carried all features and news only this edition should be measured; but by reason of some special features in an early edition all editions must be measured.

**ART AND PHOTO DEPARTMENTS**

**ART DEPARTMENT.** As before Column No. 1 represents the expense as shown by the expense ledger.

Column No. 3 represents Production.

The production for the art department is secured by the editorial auditor who measures all cuts, illustrations and photographs. The procedure for arriving at the weekday and Sunday cost is to take the total production (which in the case of the art department is 1,500 column inches) and divide it into the total cost of $800, making the unit cost of the art department 53 1/3 cents per column inch. To secure the distributed costs, multiply 53 1/3 cents by 1,200 for weekday and 300 for Sunday. The same procedure is used in arriving at the departmental overhead.

As before stated, all photographs are retouched by the art department. It is, therefore, proper to give credit for the entire production of illustrations and pictures to this department.

**PHOTO DEPARTMENT.** Column No. 1 is self-explanatory.

Column No. 3, Production, represents the actual number of column inches of photographs which have been produced. To arrive at weekday and Sunday costs, the same procedure is used as in the art department. Total illustrations and picture costs are now consolidated, namely, art and photographic department. To arrive at the actual column inch cost, the total inches of the two depart-
ments are divided into the total weekday or Sunday cost, giving the unit cost, Column No. 5, per weekday or Sunday. As stated under the editorial department (page 59), the illustrations, pictures, etc., are a part of the editorial cost. Therefore, the entire cost of these departments is transferred to Circulation, Column No. 8.

MECHANICAL DIVISION

The costs in connection with the labor element for all mechanical departments of a newspaper are the same even though the employee works on Sunday or Monday. For this reason, the cost for a weekday or Sunday is identical, and, after exhaustive tests, it has been found that the production unit for dividing the costs is very equitable, especially when it is considered that on a seven-day newspaper the work for a Sunday edition is done simultaneously with the weekday copy.

PHOTO ENGRAVING DIVISION

Column No. 1 is self-explanatory.

Column No. 3, Production, represents the total number of square inches produced. Since here the cost is combined for weekday and Sunday, to secure the distributed cost, the total production is divided into the combined total, thus securing the unit cost for both weekday and Sunday. This unit cost, multiplied by the production, weekday and Sunday, gives the distributed cost for weekday and Sunday. This cost is next transferred to Circulation, Column No. 8, as the function of the photo engraving division is to handle photographs and illustrations for the editorial division.

If the photo engraving department does work for any other department, that department is charged and the photo engraving department credited. By so doing, only the cost applicable to news and features remains. The cost per man-hour as shown under Unit Cost, This Period, is secured by taking from the time report the total hours worked as against the total payroll for the department. Square inches per man-hour are secured by taking the total hours worked against the total production.

The standard unit of production of the photo engravers is
known as the square inch and, therefore, in these calculations the square inch cost is also used.

**COMPOSING ROOM**

The distribution of costs for this department is very difficult. To arrive at an approximately correct cost, it is necessary to have all employees of the composing room hand in time slips showing on what classes of work they spend their time. When the employees work entirely on straight news, display or foreign matter it is very easy, but the cost must also be distributed for the foreman, floor-men, machinists, and such other help as work on all classes of matter.

Each day as costs are tabulated for the classifications shown, *i.e.*, news, local display, foreign and classified, the general salaries of the composing room are split on the basis of the total production. For example, the foreman’s salary is distributed to news, local display, foreign display, and classified on the basis of the number of column inches. To illustrate, if the salary of the foreman is $400 and each of the divisions had 100 column inches, each division would naturally be charged $100, as its portion of the total salary.

The production as shown in Column No. 3 is the actual number of column inches set. It, of course, must be understood that this does not include the rotogravure, magazine, or comic sections. Any work that is done by the composing room for any of these sections is charged to that section’s expense account. For example, the composing room might do work for the rotogravure section. The cost of that work would be charged to the rotogravure mechanical and the amount credited to the composing room. This cost should, of course, include a proper proportion of general salaries. By so doing, the cost of this section, *i.e.*, the composing room, will comprise only the black portion of the paper.

It will be noted that the payroll cost for news, local display, foreign and classified is charged out direct to each of the revenue divisions. For example, the news cost for the weekday is $687.60, which is transferred to Column No. 8, Circulation. The other items are similarly extended. Under this procedure each division is
charged with its actual cost. The circulation division, of course, as has been previously explained, is charged with all news.

Supplies, expense, materials and departmental overhead are charged to Distributed Cost, Column No. 2, on the basis of the total production. In the illustration, 53,580 column inches is divided into $535.80 and $1,071.60; $4,390.50 and the unit cost is multiplied by production of weekday or Sunday.

Supplies, expense, materials, and departmental overhead are charged to the revenue divisions on the basis of Formula No. 1 (see page 77). This formula makes a computation in column inches of the total of the news, classified advertising, display advertising, and national advertising matter separately for weekday and Sunday. The percentage of each of these divisions to the whole, separately for weekday and Sunday is then calculated. The percentages that will be used here for Formula No. 1 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>WEEKDAY—Circulation or News</th>
<th>SUNDAY—Circulation or News</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Display</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>National</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>National</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Accordingly, 47% of the total cost of supplies, expense, material, and departmental overhead is distributed to Circulation for the weekday, 25% is charged to Classified, weekday, 23% is charged to Display, weekday, and 5% to National, weekday. The same procedure is followed for the Sunday.

The item, Columns Per Man-Hour, is secured in the same manner as shown for Square Inches Per Man-Hour under Photo Engraving. Cost Per Man-Hour is secured in the same manner as shown in photo engraving.

Each day the composing room sends a proof to the cost department of all matter used and killed and percent set and not used. From these figures a percentage is arrived at against total production. Cost per column set is arrived at by dividing total columns actually set into the labor cost.

A daily report is received from the composing room of the number of make-overs and used in arriving at this percent. All flat work done in the stereotype department is charged back to the
composing room so as to equalize all costs, inasmuch as some advertising will come in mats and some in casts, and the desire is to have the actual cost for everything in the composing room and the actual cost only for molding and casting in the stereotype department.

STEREOTYPE DEPARTMENT

MOLDING. Column No. 1 is self-explanatory.

Column No. 3, Production, represents the total page mats made. The stereotype department reports to the cost department each day the total number of weekday and Sunday mats. To arrive at the cost for Column No. 2, Distributed Cost, the total production is divided into the total cost of Column No. 1, and then distributed, as previously explained. Mats Per Man-Hour is arrived at in the same manner as explained in the photo engraving division. Cost Per Man-Hour is arrived at in the same manner as explained in photo engraving.

CASTING. Column No. 1 is self-explanatory.

Column No. 2, Production, represents total page plates made. These figures are received daily from the stereotype department and forwarded to the cost department. The procedure for arriving at the distributed cost, Column No. 2, is the same as previously explained in the molding division. Plates Per Man-Hour and Cost Per Man-Hour are arrived at in the same manner as previously explained in the foregoing mechanical divisions.

Page cost is arrived at by dividing the total cost of the molding and casting divisions by the total number of pages of all editions. The total cost for the stereotype, molding and casting divisions is charged to departments on the basis of cost Formula No. 1, as explained under the composing room.

As previously stated, any work done by the stereotype department, in either the molding or the casting division, for any other department, is charged direct to such department, thereby leaving in the stereotype department only the net cost for the black part of the paper. By the black part of the paper is meant all the paper except the color, magazine, and rotogravure sections.
Column No. 1 is self-explanatory.

Column No. 3, Production, represents the net copies accounted for to the mail room.

The unit of production for a press is 1,000 eight-page papers. To arrive at the Distributed Cost, Column No. 2, the same procedure is followed as previously explained. Formula No. 1, as shown under the Composing Room, is used for the distribution of the expense against Circulation, Classified, Display, and National. Cost Per Man-Hour is arrived at in the same manner as previously explained. Production Per Machine-Hour—Copies is arrived at by taking the report of the total hours the machine was in operation and applying it against the total production of copies. The total production of copies means number of copies accounted for to the mail room.

ELECTROTYPE DIVISION

Column No. 1 is self-explanatory. It will, however, be noted the cost here is distributed directly to the Sunday column, inasmuch as the work of this division is for the Sunday issue.

The function of the electrotype division has been explained previously (see page 30).

All costs of other departments in connection with the making of electrotype plates are charged to the payroll account of the electrotype division, thereby giving the complete cost of an electrotype plate.

Column No. 3, Production, represents the total number of electrotype plates made. To arrive at the unit cost, the total number of plates made is divided into the total cost. This cost is distributed to Circulation, Display Advertising, and National Advertising according to Formula No. 2 (see page 77) which gives a percent basis of 50% to circulation, 25% to display advertising, and 25% to national advertising.

The Cost Per Man-Hour and the Cost Per Page are arrived at in the manner previously explained.

The Cost Per Column is arrived at by using the total number of columns in this section of the paper against the total cost.
COLOR PRESS

Column No. 1 is self-explanatory. It will, however, be noted that the entire cost is charged to the Sunday paper, since all work is for the Sunday edition.

The unit cost for this division is 1,000 eight-page papers. Cost Per Man-Hour is the same as previously explained. Production Per Machine-Hour—Copies is the same as explained under the Black Press Division.

The cost of the color press division is charged to Circulation, Display, and National on the basis of Formula No. 2, as shown in the Electrotype Division. Since the color press division uses the product of the electrotype division, it is necessary to distribute the cost on the same basis.

ROTOGRAVURE

ROTOGRAVURE MECHANICAL. Column No. 1 is self-explanatory.

The production of this division is on the basis of the number of cylinders etched. Cost Per Page is arrived at by applying the total number of pages in the paper against the total cost. This cost is distributed to Circulation, Display, and National on the basis of Formula No. 3, that is, 50% to circulation, 25% to display, and 25% to national.

ROTOGRAVURE PRESS. This is self-explanatory.

The unit cost of the press is 1,000 eight-page papers. This cost is distributed to Circulation, Display, and National on the basis of Formula No. 3. Cost Per Man-Hour and Production Per Machine-Hour—Copies are secured in the same manner as previously explained.

PAPER

Column No. 1 represents the actual cost shown on the expense ledger.

It should be stated here that all paper costs shown represent the cost of the gross amount of paper, less any credits received from the sale of waste and allowance for damaged paper or paper used by any department, such as for the printing of dodgers. Paper cost being the same for both weekday and Sunday, it is very simple
to obtain the exact cost from the expense ledger. This procedure applies to both color and rotogravure.

Column No. 3 represents the total number of tons used for the printing of the paper, less above credits.

Freight and Drayage represents the actual cost for this item on the paper used. As freight is paid on paper going to the warehouse, it is charged to an inventory account on the general ledger. As paper is used, the proper amount is taken out of the inventory account.

Warehouse costs being the same per ton for black, color, and rotogravure, the procedure for determining this cost is to take the total number of tons used and divide it into warehouse cost, thus obtaining the cost per unit.

Paper handlers, clerical payroll, and departmental overhead are the same for each kind of paper. This is, consequently, then divided into the total number of tons used and unit cost shown. Since there are three classes of paper, and therefore three formulas, the cost is segregated between black, color, and rotogravure. The black paper cost is prorated to Circulation, Classified, Local, and National on the basis of Formula No. 1, as shown under the Composing Room. Color paper cost is divided on the basis of Formula No. 2, as shown under the Electrotype Division, that is, 50% to Circulation, 25% to Local, and 25% to National. Rotogravure is divided on the basis of Formula No. 3 (see page 78) as shown in Rotogravure Mechanical, that is, 50% to Circulation, 25% to Local, and 25% to National.

To arrive at the 1,000 eight-page papers printed, the same figures as for the mailing room are used, since this represents the gross distribution. To arrive at the unit cost, the 1,000 eight-page papers are divided into the distributed cost.

The percent of press room waste (black, color, or rotogravure) is arrived at by the amount of paper that is actually wasted and sold, as compared to the gross weight of all rolls, less wrappers, core waste, and transit damage. It is, of course, understood that transit damage is that damage which will be paid for by the railroad company and that the wrapper and core waste are not due to any fault of the press room. Any other waste except that of the
press room, is shown in the final cost under Percent of All Other Waste.

The Percent of Underweight or Overweight of all paper is arrived at by using the theoretical weight for 1,000 eight-page papers against actual weight. To the newspaper man it is self-evident that if paper runs underweight it is an ideal condition, as this means they are getting a greater production per roll than if it ran overweight. Underweight means that there is a greater production of 1,000 eight-page papers and overweight means that the paper is of heavy texture, thereby causing lower production.

INK

Column No. 1 is self-explanatory.

News ink cost is arrived at by actual inventory. As it is used out of the drums, it is measured. Consequently, actual cost is divided for weekday or Sunday. Color ink is shown in the Sunday column, as well as the rotogravure.

In reference to rotogravure chemicals, it must be understood that these chemicals mean only reducing compounds, gasoline, etc., and not chemicals used in the making of the cylinder.

Column No. 2 is self-explanatory.

Column No. 3 represents the production of 1,000 eight-page papers. This divided into the cost of weekday and Sunday gives the unit cost.

Consumption of ink per 1,000 eight-page papers for the news ink is arrived at by dividing the total production into the total weight of ink. This figure is not used for color and rotogravure ink, as it is of a fluctuating nature and of no great value for statistical purposes.

Ink overhead is distributed over the three different classes of ink on the basis of the total of 1,000 eight-page papers. This procedure is self-explanatory.

The procedure for dividing news ink over Circulation, Classified, Local, and National is on the basis of Formula No. 1. Color ink is divided on the basis of Formula No. 2 and the distribution of the cost of rotogravure ink is made on the basis of Formula No. 3.
CIRCULATION DIVISION

Column No. 1 is self-explanatory.

The cost of selling, maintenance, and overhead fluctuates entirely according to the amount of circulation. Therefore, the number of gross paid copies is divided into the combined cost to arrive at the cost for one copy. This cost is charged directly to Circulation, Column No. 8, this being strictly the selling expense of the newspaper. The size of the paper has no bearing on this division, as its function, as before stated, is to sell the physical newspaper.

If the revenue of the circulation department is insufficient to pay its cost, this deficit is to be charged to Classified, Display, and National. The reason for this charge is that advertising departments sell a service to the advertisers and use the circulation department as a means of placing this ad before the public. Therefore, the deficit of the circulation department, which maintains route lists and agents for the convenience of the other three producing divisions, should naturally be charged to those three divisions.

The advertising departments should always figure that a certain percent will be charged by the circulation department for the service that they render in placing before the buying public the ads of the advertising departments.

It is impossible at this point to state what this charge will be or use any sort of percentages. Therefore, no loss or deficit of this department will be charged to the other three producing divisions until all costs have been determined. It must be borne in mind at this time that the function of the circulation division is to sell the editorial and news features of the paper, as very few, if any, would buy a paper for ads only. It would manifestly be impossible to go to homes and on the streets asking people to buy a dodger issued by a department store or shopping guides that are also sometimes prepared by department stores.

Subscription Cost Per Period is arrived at by dividing the number of gross paid copies into the grand total cost and multiplying by the number of days in the period. If it is desired to arrive at the cost for a seven-day subscriber, the Sunday circulation is then equalized with the daily. In this instance, the total of 800,000
copies would be reduced to 400,000 so as to show an average circulation per day of 100,000. Average Gross Paid, Average Unpaid, and Average Gross Circulation are arrived at from the circulation record.

It should be the attempt of all newspapers to balance their circulation record both with the mail room and with the circulation ledgers. When this is accomplished, the publisher will know that all circulation is paid for. In this way, also, the Audit Bureau of Circulations will be able to make a comprehensive audit and give the publication a clean bill of health.

A proof should be made of all extensions on circulation bills so that the proper revenue is received.

 MAILING ROOM

Column No. 1 is self-explanatory, excepting perhaps for the item, Stuffers’ Payroll. Stuffers are shown only in the Sunday column, as in practically all instances stuffers work only for the Sunday paper. Therefore, this cost can be shown directly as a Sunday cost. To arrive at the Distributed Cost, Column No. 2, the 1,000 eight-page papers are divided into the total combined cost, Column No. 1 (excepting stuffers), and this figure is applied against the 1,000 eight-page papers of actual production for weekday and Sunday.

The reason that the unit cost for Sunday is high is due to the additional cost for stuffers. To arrive at the Production Per Man-Hour per 1,000 eight-page papers, the same procedure is used as previously explained. To secure the Cost Per 1,000 Copies, the same procedure is followed as previously outlined.

Inasmuch as the mail room handles all the papers, its cost must be divided into Circulation, Classified, Display, and National. It would manifestly be unfair to charge the entire cost of the mail room to the circulation department, especially since the circulation department is not concerned with the amount of advertising in the paper. This cost is, therefore, prorated on the basis of Formula No. 4, which formula includes the black paper, color paper, and rotogravure paper. The previous formulas give these sections separately. The formula for dividing this cost is as follows:
If it is possible to secure the mail room cost for Sunday mailers separately this should be done. However it will be found that the mailers will be working Wednesday or Thursday on the Sunday paper and then take their day off and the extra mailers will be required to come in for the Sunday paper.

After exhaustive tests it has been proven that the procedure of using 1,000 eight-page papers as a basis for distributing cost for weekday and Sunday is as nearly actual as possible.

A great many mechanical and mail room costs could be secured a trifle more accurately, but to do this would involve a great deal of expense, causing dissatisfaction among the employees and also it would slow up production. The advantage of this cost method is that it reduces the cost and minimizes the accounting expense.

TRANSPORTATION DIVISION

The procedure of securing costs for the transportation division is identical with that of the mail room. The unit used is the cost per thousand copies, which has been previously explained.

The average weight per copy is arrived at by weighing 100 copies each day and getting the average at the close of the period. The cost of the transportation division is divided on the basis of Formula No. 4. Separate costs for each car and truck should be kept.

CIRCULATION ACCOUNTING

Column No. 1 is self-explanatory.

Column No. 2 is distributed on the basis of cost per thousand copies. Naturally, as circulation increases, costs will mount. Therefore, the total number thousand copies is used as a basis. The cost per account is arrived at by taking the number of bills handled during the period and dividing it into the total cost. The cost of the circulation accounting division is charged direct to Circulation,
inasmuch as the circulation accounting department has no bearing whatever upon the contents of the paper. Its function is limited to accounting for the gross press run, segregating them as paid copies or free copies.

The circulation accounting division should balance up the total number of copies charged during the month against the circulation record and should be able to account absolutely for each and every copy. Failure to account for any copies will mean a reduction in the average rate and should not be tolerated, as this can easily become a source of considerable loss.

ADVERTISING DIVISION

The different classes of advertising, classified, local display, and national display, have been explained previously.

Classified Want Ads. Column No. 1 is self-explanatory.

Column No. 2 is distributed on the basis of total number of column inches divided into the total cost weekday and Sunday. Cost per unit will naturally be the same, as a solicitor will handle both classes of advertising at one time. The total cost of selling want ads is charged directly to Classified Advertising.

The percent of space occupied is arrived at by taking the total inches in the paper against the total space of classified want ads. The percent of cost to revenue is arrived at by applying total cost against grand total of revenue, separately for weekday and Sunday.

All heads and rules are to be considered as classified advertising, as the heads are indicators of the class of advertising.

Local Display. The cost per unit is arrived at in the same manner as previously explained in the classified want ad division. The percent of space occupied and the percent of cost as against revenue are arrived at in the same manner.

National Display. These columns are self-explanatory.

The procedure of arriving at unit cost, weekday and Sunday, is the same as that outlined in the classified want ad division.
COST COMPILATION AND ANALYSIS

ADVERTISING ACCOUNTING DIVISION

Classified Accounting. Column No. 1 is self-explanatory.

Column No. 3, Production, represents the total number of paid ads in the paper. The grand total of the number of ads is divided into the combined cost of Column No. 1 to arrive at the unit cost per ad. The total expense of these is transferred to Classified Advertising, as it is strictly classified advertising accounting.

Each day all ads for classified advertising should be checked against the paper and the exact earnings for each ad noted thereon, and then totalled to establish the absolute control of the classified advertising.

In a large newspaper classified advertising should receive a great deal of attention, for since the quantity of these is great and the items small, it is very easy to lose ads and revenue. At no time should the revenue be estimated, but should always be actual from the marked paper.

All cash advertising received over the counters should be credited to a prepaid account, and this account is charged each day as the ad expires. For simplicity, however, the total cash ads should be tabulated and credited once a period.

Cost per inch is arrived at by dividing the total number of classified want ad inches into the total cost.

Display Accounting—Local and National. Column No. 1 is self-explanatory.

Since local and national are generally operated by the same department and by the same clerks, it is impracticable because of the additional accounting involved, to keep these separate.

The total number of ads, therefore, including both local and national, is divided into the grand total to arrive at the unit cost. This unit cost is then multiplied by the number of local ads separately and the number of national ads separately to arrive at the two costs. This cost is then distributed to Display and National.

Advertising Statistics

Column No. 1 is self-explanatory. It will be noted in the illustration that Classified and Display are shown separately. Since it
is generally necessary in the statistical department to have a great number of clerks on classified advertising where a great deal of classified advertising is carried, it seems best that the cost should be divided.

It should be remembered, of course, that the statistical department is concerned only with the preparation of advertising statistics.

The overhead of the advertising statistical department is prorated to all departments on the basis of the total number of column inches of advertising.

The other columns of the form are self-explanatory.

CREDIT AND COLLECTION DIVISION

Column No. 1 is self-explanatory.

Column No. 3, Production, represents the actual number of charge ads. These ads will not agree with the accounting division's figures inasmuch as all cash ads received will naturally have no bearing nor affect the work of the credit department. Therefore, only the number of charge ads is considered.

All time spent by the credit and collection division in the collection of circulation accounts is charged back to the circulation division, thus leaving the net cost of collection on advertising accounts only. In most newspapers very little, if any, work is done by the credit department in the collection of circulation accounts, as the circulation department is very well prepared to take care of their country agents by means of their travelling representatives.

The cost of handling the various accounts by the credit department is approximately the same for Classified Local, or Foreign. Accordingly the total number of ads divided into the total cost is used to arrive at the cost per ad. The cost per inch of all advertising is secured by dividing the total number of inches in the paper into the total cost, excluding cash ads.

Profit and loss per inch is secured by dividing total profit and loss by total number of inches. In the figuring of costs for a credit and collection division, the profit and loss cost per inch and the department cost per inch should be considered as the department might increase their costs and at the same time permit profit
and loss to increase. If this is the case, the management should be promptly notified. This cost is also very vital in the figuring of a predetermined unit cost. If a Credit Department must spend more proportionate time on classified or vice versa a special analysis should be made so that revenue departments may be charged for their time cost.

**GENERAL OVERHEAD**

General Overhead includes the expenses of the comptroller’s office, cashier’s office, general accounting and auditing (which includes cost department), general administration, production division, legal department, general expense, general promotion, pensions and charities, and discount and exchange.

The work of all of these departments is affected by the activities of the circulation, classified, display, and national divisions. For example the cashier’s office is affected by increased receipts from increase of circulation and by additional checks issued by reason of an increase in the number of employees. It is also affected by the increased number of checks caused by an increase in news features in the paper and by increased editorial expense and accounts payable.

The general overhead necessary for the conduct of all the other departments is spread on the basis of column inches in all editions. These column inches are divided into the total cost and split to weekday and Sunday proportionately. In the illustration, 57,100 inches divided into $2,855 gives the unit cost. The unit cost is then multiplied by the total number of inches for weekday, giving a total of $1,624 for weekday cost. Unit cost is again multiplied by the total columns of news for the weekday and charged to circulation, etc.

**FINAL COST SUMMARY**

The final cost summary is a recapitulation of all the previous exhibits. The cost from the expense ledger must now balance with the cost as shown on the general ledger. After all columns have been totalled, the total circulation revenue for the period is secured and from this amount are deducted all the allowances and also a
reserve for doubtful accounts based upon previous experience. This net circulation revenue is then deducted from the circulation expense, as very few, if any, newspapers ever receive sufficient revenue from their circulation sales to pay for all of the cost. The deficit, therefore, of the circulation department is charged to the advertising department. This circulation burden expense represents the service that the circulation department renders to the advertising department in giving to the advertising department the use of its distribution system composed of dealers, agents, and subscribers ready to read the advertising matter secured by the advertising division.

The method of distributing this circulation burden expense is by means of Formula No. 5. Formula No. 5 only takes into consideration the total advertising in the paper. The percentage for dividing this is:

<table>
<thead>
<tr>
<th>Weekday</th>
<th>Classified</th>
<th>47%</th>
<th>Sunday</th>
<th>Classified</th>
<th>42%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Display</td>
<td>44%</td>
<td>Display</td>
<td></td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td>National</td>
<td>9%</td>
<td>National</td>
<td></td>
<td>15%</td>
</tr>
</tbody>
</table>

The circulation burden expense is then added to the totals of the three divisions of advertising expense to secure the grand total advertising expense. The total number of inches for each different classification is then divided into the total expense to arrive at cost per inch for all advertising. These figures are then the final figures that the general management needs, i.e., whether or not the rates charged for advertising are sufficient to meet the expenses and bring a certain percent of profit.

Many additional cost statistics can be prepared from the foregoing exhibits. For example, the net black and white cost can be secured separately from the rotogravure or magazine.

**COST FORMULAS**

Cost formulas have been referred to in the explanations and methods of securing the cost. How the percentages used in these formulas are determined is shown below.

**Formula No. 1 (Black and White).** Column inches is the unit of measurement here. The total inches in the entire paper, weekday
and Sunday, is the 100% base. The various divisions, news, classified display, and national are expressed as percents of this total. Where all editions are to be measured for percentage figures, the method of arriving at the column inches is as follows: Measure all editions and then divide by the number of editions so as to have the figures equalized. This total will then be the average number of inches in each edition. This formula—i.e., these percentages—is used for distributing the cost in the following departments to the revenue divisions: Stereotype, Black Press, Paper and Ink and the overhead of the Composing Room.

The computation is made as follows:

<table>
<thead>
<tr>
<th></th>
<th>Weekday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>News—Regular</td>
<td>14,080</td>
<td>9,500</td>
</tr>
<tr>
<td>Illustrations</td>
<td>1,200</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,280</td>
<td>9,800</td>
</tr>
<tr>
<td>Classified</td>
<td>8,000</td>
<td>5,500</td>
</tr>
<tr>
<td>Display</td>
<td>7,600</td>
<td>4,700</td>
</tr>
<tr>
<td>National</td>
<td>1,600</td>
<td>1,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>32,480</td>
<td>21,100</td>
</tr>
</tbody>
</table>

Formula No. 2 (Magazine and Comics). The unit of measurement here is column inches. Here the percentages are determined covering the news matter, display advertising, and national advertising appearing in the magazine and comics. The computation is as follows. This formula is applied to the distribution of cost in the following departments to the revenue divisions: Electrotype, Color Press, Paper and Ink.

<table>
<thead>
<tr>
<th></th>
<th>Weekday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>News</td>
<td>....</td>
<td>1,280</td>
</tr>
<tr>
<td>Display</td>
<td>....</td>
<td>640</td>
</tr>
<tr>
<td>National</td>
<td>....</td>
<td>640</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>....</td>
<td>2,560</td>
</tr>
</tbody>
</table>

Formula No. 3 (Rotogravure). Formula No. 3 is similar to Formula No. 2 except that it is based only on the rotogravure section. This formula is applied to the distribution of cost of the Rotogravure, and Paper and Ink to the revenues divisions.
FORMULA NO. 4—ENTIRE PAPER (Black and White, Magazine, Comics, Rotogravure). Formula No. 4 consolidates all the news and advertising in the black and white, magazine, comic, and rotogravure sections and expresses the respective amounts as percentages. This formula is used for the distribution of cost of the Mail Room and Transportation to the revenue divisions. The computation is as follows:

<table>
<thead>
<tr>
<th>Section</th>
<th>Weekday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>News</td>
<td>15,280</td>
<td>11,560</td>
</tr>
<tr>
<td>Classified</td>
<td>8,000</td>
<td>5,500</td>
</tr>
<tr>
<td>Display</td>
<td>7,600</td>
<td>5,580</td>
</tr>
<tr>
<td>National</td>
<td>1,600</td>
<td>1,980</td>
</tr>
<tr>
<td></td>
<td>32,480</td>
<td>24,620</td>
</tr>
</tbody>
</table>

FORMULA NO. 5—ADVERTISING ONLY. Formula No. 5 relates only to the three classes of advertising of all sections, i.e., black and white, magazine, comic, and rotogravure. The three classes of advertising are expressed as percentages of the entire amount. This formula is used in the distribution of circulation burden expense. The computation follows:

<table>
<thead>
<tr>
<th>Section</th>
<th>Weekday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified</td>
<td>8,000</td>
<td>5,500</td>
</tr>
<tr>
<td>Display</td>
<td>7,600</td>
<td>5,580</td>
</tr>
<tr>
<td>National</td>
<td>1,600</td>
<td>1,980</td>
</tr>
<tr>
<td></td>
<td>17,200</td>
<td>13,060</td>
</tr>
</tbody>
</table>
CHAPTER VII
THE COST EXHIBITS

The cost exhibits are shown here in skeleton form only. For presentation to the company executives and other officials they are, of course, shown in full detail. By so doing all expenses will be completely analyzed. See Example of Editorial Division—Local, page 39.

The following is a list of the exhibits shown:

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. EDITORIAL DIVISION</td>
<td>80</td>
</tr>
<tr>
<td>B. ART DEPARTMENT</td>
<td>80</td>
</tr>
<tr>
<td>C. PHOTOGRAPHIC DEPARTMENT</td>
<td>80</td>
</tr>
<tr>
<td>D. PHOTO ENGRAVING</td>
<td>80</td>
</tr>
<tr>
<td>E. COMPOSING ROOM</td>
<td>82</td>
</tr>
<tr>
<td>F. STEREOTYPE—MOLDING</td>
<td>82</td>
</tr>
<tr>
<td>G. “—CASTING</td>
<td>82</td>
</tr>
<tr>
<td>H. BLACK PRESS</td>
<td>82</td>
</tr>
<tr>
<td>I. ELECTROTYPE</td>
<td>84</td>
</tr>
<tr>
<td>J. COLOR PRESS</td>
<td>84</td>
</tr>
<tr>
<td>K. ROTOGRAVURE—MECHANICAL</td>
<td>84</td>
</tr>
<tr>
<td>L. “—PRESS</td>
<td>84</td>
</tr>
<tr>
<td>M. PAPER</td>
<td>84</td>
</tr>
<tr>
<td>N. INK</td>
<td>86</td>
</tr>
<tr>
<td>O. CIRCULATION DIVISION</td>
<td>86</td>
</tr>
<tr>
<td>P. MAILING ROOM</td>
<td>86</td>
</tr>
<tr>
<td>Q. TRANSPORTATION DIVISION</td>
<td>86</td>
</tr>
<tr>
<td>R. CIRCULATION ACCOUNTING</td>
<td>88</td>
</tr>
<tr>
<td>S. ADVERTISING—CLASSIFIED</td>
<td>88</td>
</tr>
<tr>
<td>—LOCAL DISPLAY</td>
<td>88</td>
</tr>
<tr>
<td>—NATIONAL “</td>
<td>88</td>
</tr>
<tr>
<td>T. ADVERTISING ACCOUNTING</td>
<td>88</td>
</tr>
<tr>
<td>—CLASSIFIED</td>
<td>88</td>
</tr>
<tr>
<td>—DISPLAY</td>
<td>88</td>
</tr>
<tr>
<td>U. ADVERTISING STATISTICS</td>
<td>88</td>
</tr>
<tr>
<td>V. CREDIT &amp; COLLECTION DIVISION</td>
<td>88</td>
</tr>
<tr>
<td>W. GENERAL OVERHEAD</td>
<td>88</td>
</tr>
<tr>
<td>X. COST SUMMARY</td>
<td>90</td>
</tr>
<tr>
<td>Y. CIRCULATION REVENUE DEDUCTION</td>
<td>90</td>
</tr>
<tr>
<td>Z. FINAL ADVERTISING COST</td>
<td>90</td>
</tr>
</tbody>
</table>
## COST AND EXPENSE

### ACCOUNT

<table>
<thead>
<tr>
<th>Account</th>
<th>Cost per Expense Ledger</th>
<th>Distributed Cost</th>
<th>Production</th>
<th>Unit of Production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Week Days</td>
<td>Sunday</td>
<td>Combined</td>
<td>Week Days</td>
</tr>
<tr>
<td><strong>EDITORIAL DIVISION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>1000.00</td>
<td>200.00</td>
<td>1000.00</td>
<td>750.00</td>
</tr>
<tr>
<td>Sporting</td>
<td>80.00</td>
<td>200.00</td>
<td>1000.00</td>
<td>64.00</td>
</tr>
<tr>
<td>Auto</td>
<td>200.00</td>
<td>80.00</td>
<td>1200.00</td>
<td>80.00</td>
</tr>
<tr>
<td>Dramatic and Society</td>
<td>200.00</td>
<td>50.00</td>
<td>1200.00</td>
<td>40.00</td>
</tr>
<tr>
<td>Financial</td>
<td>50.00</td>
<td>80.00</td>
<td>1200.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Real Estate</td>
<td>50.00</td>
<td>100.00</td>
<td>1000.00</td>
<td>50.00</td>
</tr>
<tr>
<td>Special Feature Writers—Locals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chitlary</td>
<td>40.00</td>
<td>35.00</td>
<td>50.00</td>
<td>35.00</td>
</tr>
<tr>
<td>Foreign News Service</td>
<td>30.00</td>
<td>25.00</td>
<td>50.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Local News Service</td>
<td>10.00</td>
<td>50.00</td>
<td>50.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Correspondents</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telegram News</td>
<td>1500.00</td>
<td>1200.00</td>
<td>1200.00</td>
<td>300.00</td>
</tr>
<tr>
<td>News Features—General</td>
<td>500.00</td>
<td>500.00</td>
<td>500.00</td>
<td>500.00</td>
</tr>
<tr>
<td>Comics</td>
<td>250.00</td>
<td>250.00</td>
<td>250.00</td>
<td>250.00</td>
</tr>
<tr>
<td>Editorial Writers</td>
<td>100.00</td>
<td>80.00</td>
<td>120.00</td>
<td>80.00</td>
</tr>
<tr>
<td>Copy Desk</td>
<td>770.00</td>
<td>805.00</td>
<td>3240.00</td>
<td>3139.00</td>
</tr>
<tr>
<td>Reference Room</td>
<td>70.00</td>
<td>125.00</td>
<td>70.00</td>
<td>125.00</td>
</tr>
<tr>
<td>General</td>
<td>700.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Production Division</td>
<td>1225.00</td>
<td>731.45</td>
<td>1956.45</td>
<td>493.55</td>
</tr>
<tr>
<td>Total Dept’t Overhead</td>
<td>1000.00</td>
<td>597.10</td>
<td>1597.10</td>
<td>402.90</td>
</tr>
<tr>
<td>Total Editorial Expense—Black and White Section</td>
<td>1000.00</td>
<td>597.10</td>
<td>1597.10</td>
<td>402.90</td>
</tr>
<tr>
<td>Magazine and Comic—Payroll, Supplies and Feature Cost</td>
<td>448.00</td>
<td>448.00</td>
<td>448.00</td>
<td>448.00</td>
</tr>
<tr>
<td>Rotogravure Section: Payroll, Supplies and Feature Cost</td>
<td>102.00</td>
<td>102.00</td>
<td>102.00</td>
<td>102.00</td>
</tr>
<tr>
<td>Total Production Division</td>
<td>1445.00</td>
<td>5455.00</td>
<td>5455.00</td>
<td>4467.55</td>
</tr>
<tr>
<td>Per cent of News and Features:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black and White</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Art Dept Expense</td>
<td>900.00</td>
<td>720.00</td>
<td>1620.00</td>
<td>900.00</td>
</tr>
<tr>
<td><strong>PHOTOGRAPHIC DEPARTMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Photographic Department</td>
<td>800.00</td>
<td>640.00</td>
<td>1440.00</td>
<td>160.00</td>
</tr>
<tr>
<td>Departmental Overhead</td>
<td>100.00</td>
<td>80.00</td>
<td>180.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Total Photographic Expense</td>
<td>1000.00</td>
<td>800.00</td>
<td>1800.00</td>
<td>200.00</td>
</tr>
<tr>
<td>Total Illustration and Picture Cost</td>
<td>1900.00</td>
<td>1620.00</td>
<td>3520.00</td>
<td>800.00</td>
</tr>
<tr>
<td>Column Inches in Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MECHANICAL DIVISION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Photo Engraving</td>
<td>60.00</td>
<td>48.00</td>
<td>108.00</td>
<td>12.00</td>
</tr>
<tr>
<td>Departmental Overhead</td>
<td>50.00</td>
<td>40.00</td>
<td>90.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Total Photo Engraving Expense</td>
<td>110.00</td>
<td>88.00</td>
<td>198.00</td>
<td>22.00</td>
</tr>
</tbody>
</table>

Note.—The above figures are only illustrative and not actual.
<table>
<thead>
<tr>
<th>Week Days</th>
<th>Sunday</th>
<th>Total</th>
<th>Pre-Determined Unit Cost</th>
<th>Circulation</th>
<th>Classified Advertising</th>
<th>Display Advertising</th>
<th>National Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.25</td>
<td>.25</td>
<td>25</td>
<td>.88</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.08</td>
<td>.08</td>
<td>.12</td>
<td>.133%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.25</td>
<td>.207</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.167%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.2229</td>
<td>.1764</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.0519</td>
<td>.0319</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.2748</td>
<td>.2283</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.0424</td>
<td>.0424</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.3172</td>
<td>.2707</td>
<td></td>
<td></td>
<td>.35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4467.55</td>
<td>2572.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.531%</td>
<td>.531%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.065%</td>
<td>.065%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.60</td>
<td>.60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.80</td>
<td>.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.00</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.26</td>
<td>2.26</td>
<td>1.26</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.02</td>
<td>.02</td>
<td></td>
<td></td>
<td>.017%</td>
<td>.017%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>.037%</td>
<td>.037%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.25</td>
<td>.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.08</td>
<td>.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.123%</td>
<td>.123%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.25</td>
<td>.207</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.167%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.2229</td>
<td>.1764</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.0519</td>
<td>.0319</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.2748</td>
<td>.2283</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.0424</td>
<td>.0424</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.3172</td>
<td>.2707</td>
<td></td>
<td></td>
<td>.35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4467.55</td>
<td></td>
<td>2572.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.531%</td>
<td>.531%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.065%</td>
<td>.065%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.60</td>
<td>.60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.80</td>
<td>.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.00</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.26</td>
<td>2.26</td>
<td>1.26</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note:* The above figures are only illustrative and not actual.
## COST AND EXPENSE

<table>
<thead>
<tr>
<th>Account</th>
<th>Cost per Expense Ledgers</th>
<th>Distributed Cost</th>
<th>Production</th>
<th>Unit of Production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Week Days</td>
<td>Sunday</td>
<td>Combined</td>
<td>Week Days</td>
</tr>
<tr>
<td><strong>COST AND EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ACCOUNT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost per Man-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Week</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Days</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Combined</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplies, Expense and Material</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Departmental Overhead</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Composition Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Columns per Man-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payroll</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplies, Expense and Material</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Departmental Overhead</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Molding Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mate per Man-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost per Man-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stereotype—Casting</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payroll</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplies, Expense and Material</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Departmental Overhead</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Casting Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plates per Man-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost per Man-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Black Press</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payroll</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplies, Expense and Materials</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Departmental Overhead</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Black Press Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost per Pages</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Production per Machine-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost per Page</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Black Press Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost per Man-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Production per Machine-Hour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Copies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

82
## ANALYSIS

<table>
<thead>
<tr>
<th>Unit Cost—This Period</th>
<th>Unit Cost—Last Period</th>
<th>Pre-determined Unit Cost</th>
<th>Circulation</th>
<th>Classified Advertising</th>
<th>Display Advertising</th>
<th>National Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week Days</td>
<td>Sunday</td>
<td>Total</td>
<td>Week Days</td>
<td>Sunday</td>
<td>Total</td>
<td>Week Days</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>.04½</td>
<td>.04½</td>
<td>.04½</td>
<td>.04½</td>
<td>.04½</td>
<td>.04½</td>
<td>.04½</td>
</tr>
<tr>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
</tr>
<tr>
<td>.07</td>
<td>.07</td>
<td>.07</td>
<td>.07</td>
<td>.07</td>
<td>.07</td>
<td>.07</td>
</tr>
<tr>
<td>.01</td>
<td>.01</td>
<td>.01</td>
<td>.01</td>
<td>.01</td>
<td>.01</td>
<td>.01</td>
</tr>
<tr>
<td>.02</td>
<td>.02</td>
<td>.02</td>
<td>.02</td>
<td>.02</td>
<td>.02</td>
<td>.02</td>
</tr>
<tr>
<td>.082</td>
<td>.082</td>
<td>.082</td>
<td>.082</td>
<td>.082</td>
<td>.082</td>
<td>.082</td>
</tr>
<tr>
<td>.16</td>
<td>.16</td>
<td>.16</td>
<td>.16</td>
<td>.16</td>
<td>.16</td>
<td>.16</td>
</tr>
<tr>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
</tr>
<tr>
<td>.025</td>
<td>.025</td>
<td>.025</td>
<td>.025</td>
<td>.025</td>
<td>.025</td>
<td>.025</td>
</tr>
<tr>
<td>.175</td>
<td>.175</td>
<td>.175</td>
<td>.175</td>
<td>.175</td>
<td>.175</td>
<td>.175</td>
</tr>
<tr>
<td>.03</td>
<td>.03</td>
<td>.03</td>
<td>.03</td>
<td>.03</td>
<td>.03</td>
<td>.03</td>
</tr>
<tr>
<td>.003</td>
<td>.003</td>
<td>.003</td>
<td>.003</td>
<td>.003</td>
<td>.003</td>
<td>.003</td>
</tr>
<tr>
<td>.039</td>
<td>.039</td>
<td>.039</td>
<td>.039</td>
<td>.039</td>
<td>.039</td>
<td>.039</td>
</tr>
<tr>
<td>.25</td>
<td>.25</td>
<td>.25</td>
<td>.25</td>
<td>.25</td>
<td>.25</td>
<td>.25</td>
</tr>
<tr>
<td>.005</td>
<td>.005</td>
<td>.005</td>
<td>.005</td>
<td>.005</td>
<td>.005</td>
<td>.005</td>
</tr>
<tr>
<td>.02</td>
<td>.02</td>
<td>.02</td>
<td>.02</td>
<td>.02</td>
<td>.02</td>
<td>.02</td>
</tr>
<tr>
<td>.275</td>
<td>.275</td>
<td>.275</td>
<td>.275</td>
<td>.275</td>
<td>.275</td>
<td>.275</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>83</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCOUNT</td>
<td>COST PER EXPENSE LEDGERS</td>
<td>DISTRIBUTED COST</td>
<td>PRODUCTION</td>
<td>Unit of Production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------</td>
<td>------------------</td>
<td>------------</td>
<td>-------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrotype:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>$400.00</td>
<td>$400.00</td>
<td>40</td>
<td>Plates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies, Expense and Material</td>
<td>$80.00</td>
<td>$80.00</td>
<td>80</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Departmental Overhead</td>
<td>$40.00</td>
<td>$40.00</td>
<td>40</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Electrotype Cost</td>
<td>$520.00</td>
<td>$520.00</td>
<td>52</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Man-Hour</td>
<td></td>
<td></td>
<td>52</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Page</td>
<td></td>
<td></td>
<td>52</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Column</td>
<td></td>
<td></td>
<td>52</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color Press:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>$281.25</td>
<td>$281.25</td>
<td>375</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies, Expense and Material</td>
<td>$18.75</td>
<td>$18.75</td>
<td>25</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Departmental Overhead</td>
<td>$10.25</td>
<td>$10.25</td>
<td>12</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Color Press Cost</td>
<td>$310.25</td>
<td>$310.25</td>
<td>375</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Man-Hour</td>
<td></td>
<td></td>
<td>375</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production per Machine-Hour—Copies</td>
<td></td>
<td></td>
<td>375</td>
<td>8-page papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure—Mechanical:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>$500.00</td>
<td>$500.00</td>
<td>10</td>
<td>Cylinders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies, Expense and Material</td>
<td>$100.00</td>
<td>$100.00</td>
<td>10</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Departmental Overhead</td>
<td>$50.00</td>
<td>$50.00</td>
<td>5</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Rotogravure—Mechanical Expense</td>
<td>$650.00</td>
<td>$650.00</td>
<td>65</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Page</td>
<td></td>
<td></td>
<td>65</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure—Press:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>$500.00</td>
<td>$500.00</td>
<td>250</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies, Expense and Material</td>
<td>$125.00</td>
<td>$125.00</td>
<td>125</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Departmental Overhead</td>
<td>$62.50</td>
<td>$62.50</td>
<td>62</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Roto. Press Cost</td>
<td>$687.50</td>
<td>$687.50</td>
<td>687</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Man-Hour</td>
<td></td>
<td></td>
<td>687</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production per Machine-Hour—Copies</td>
<td></td>
<td></td>
<td>687</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAPER AND INK DIVISION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td>Newsprint:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>$18000.00</td>
<td>$20400.00</td>
<td>204</td>
<td>Tons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color</td>
<td>$2100.00</td>
<td>$2100.00</td>
<td>21</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td>$3750.00</td>
<td>$3750.00</td>
<td>375</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freight and Drayage:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>$1800.00</td>
<td>$2040.00</td>
<td>204</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color</td>
<td>$210.00</td>
<td>$210.00</td>
<td>21</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td>$250.00</td>
<td>$250.00</td>
<td>250</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>$430.00</td>
<td>$430.00</td>
<td>43</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color</td>
<td>$180.00</td>
<td>$180.00</td>
<td>18</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td>$25.00</td>
<td>$25.00</td>
<td>25</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper Handlers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll and Expense:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>$107.50</td>
<td>$107.50</td>
<td>107</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color</td>
<td>$45.00</td>
<td>$45.00</td>
<td>45</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td>$5.25</td>
<td>$5.25</td>
<td>5</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

84
<table>
<thead>
<tr>
<th>Week Days</th>
<th>Sunday</th>
<th>Total</th>
<th>Wk Days</th>
<th>Sun Day</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.00</td>
<td>.00</td>
<td></td>
<td>$200.00</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td>$13.00</td>
<td>.00</td>
<td></td>
<td>$260.00</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.03</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.83</td>
<td>.50</td>
<td>$155.13</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>20000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50.00</td>
<td>.00</td>
<td></td>
<td>$162.50</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$65.00</td>
<td>.50</td>
<td></td>
<td>$325.00</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td>$32.50</td>
<td>.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2.00</td>
<td>.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.50</td>
<td>.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>.25</td>
<td>.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.75</td>
<td>2.60</td>
<td></td>
<td>$343.75</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td>.75</td>
<td>7500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week Days</th>
<th>Sunday</th>
<th>Total</th>
<th>Wk Days</th>
<th>Sun Day</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.00</td>
<td>100.00</td>
<td></td>
<td>$200.00</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>$10.00</td>
<td>10.00</td>
<td></td>
<td>$110.00</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

85
## COST AND EXPENSE

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>Cost per Expense Ledgers</th>
<th>Distributed Cost</th>
<th>Production</th>
<th>Unit of Production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Week Days</td>
<td>Sunday</td>
<td>Combined</td>
<td>Week Days</td>
</tr>
<tr>
<td>Paper &amp; Ink Div'n (Cont.)</td>
<td>$</td>
<td>$</td>
<td>48.00</td>
<td>$</td>
</tr>
<tr>
<td>Clerical Payroll and Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental Overhead</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>38.00</td>
<td>46.00</td>
<td>4.20</td>
<td>$</td>
</tr>
<tr>
<td>Color</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Paper Cost</td>
<td>19800.00</td>
<td>28750.00</td>
<td>666.50</td>
<td>20079.00</td>
</tr>
<tr>
<td>Segregated Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>3000.00</td>
<td>3400.00</td>
<td>1000</td>
<td>$</td>
</tr>
<tr>
<td>Color</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1000 8-page Papers Printed:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>3000.00</td>
<td>3400.00</td>
<td>1000</td>
<td>$</td>
</tr>
<tr>
<td>Color</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Ink Cost</strong></td>
<td>375.00</td>
<td>425.00</td>
<td></td>
<td>375.00</td>
</tr>
<tr>
<td>News Ink</td>
<td>375.00</td>
<td>425.00</td>
<td></td>
<td>375.00</td>
</tr>
<tr>
<td>Consumption per 1000 8-page Papers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color Ink</td>
<td>93.75</td>
<td>93.75</td>
<td></td>
<td>93.75</td>
</tr>
<tr>
<td>Rotogravure Ink and Chemicals</td>
<td>125.00</td>
<td>70.25</td>
<td></td>
<td>125.00</td>
</tr>
<tr>
<td>Ink Overhead</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>30.00</td>
<td>24.00</td>
<td></td>
<td>30.00</td>
</tr>
<tr>
<td>Color</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Ink Overhead</td>
<td>125.00</td>
<td>70.25</td>
<td></td>
<td>125.00</td>
</tr>
<tr>
<td>% Press Room Waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotogravure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% All Other Waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Underweight of All Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N Ink</td>
<td>375.00</td>
<td>425.00</td>
<td></td>
<td>375.00</td>
</tr>
<tr>
<td>News Ink</td>
<td>375.00</td>
<td>425.00</td>
<td></td>
<td>375.00</td>
</tr>
<tr>
<td>Production per 1000 8-page Papers</td>
<td>3000.00</td>
<td>3400.00</td>
<td>1000</td>
<td>3000.00</td>
</tr>
<tr>
<td>Production per Man-Hour 1000 8-page Papers</td>
<td>3000.00</td>
<td>3400.00</td>
<td>1000</td>
<td>3000.00</td>
</tr>
<tr>
<td>Cost per 1000 copies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRANSPORTATION DIVISION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Transportation</td>
<td>14050.00</td>
<td>6600.00</td>
<td>3600.00</td>
<td>20079.00</td>
</tr>
<tr>
<td>Cost per 1000 copies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Weight per Copy</td>
<td>$</td>
<td>$</td>
<td>4.50</td>
<td>$</td>
</tr>
</tbody>
</table>

86
<table>
<thead>
<tr>
<th>Unit Cost—This Period</th>
<th>Unit Cost—Last Period</th>
<th>Predetermined Unit Cost</th>
<th>Circulation</th>
<th>Classified Advertising</th>
<th>Display Advertising</th>
<th>National Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week</td>
<td>Days</td>
<td>Sunday</td>
<td>Total</td>
<td>W'k</td>
<td>Sunday</td>
<td>Total</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>111.55</td>
<td>116.55</td>
<td>9437.13</td>
<td>10695.22</td>
<td>5019.75</td>
<td>5016.56</td>
<td>4618.17</td>
</tr>
<tr>
<td>6.69</td>
<td>6.69</td>
<td>1069.52</td>
<td>1171.27</td>
<td>6610.83</td>
<td>585.66</td>
<td>585.66</td>
</tr>
<tr>
<td>1.50</td>
<td>1.75</td>
<td>190.55</td>
<td>328.22</td>
<td>101.25</td>
<td>119.34</td>
<td>93.15</td>
</tr>
<tr>
<td>.01</td>
<td>.01</td>
<td>2600.00</td>
<td>8000.00</td>
<td>2227.80</td>
<td>4398.96</td>
<td>1185.00</td>
</tr>
<tr>
<td>.12½</td>
<td>.12½</td>
<td>2.32</td>
<td>2.32</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
</tr>
<tr>
<td>.01</td>
<td>.01</td>
<td>2.32</td>
<td>2.32</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
</tr>
<tr>
<td>1.58</td>
<td>2.32</td>
<td>2227.80</td>
<td>4398.96</td>
<td>1185.00</td>
<td>2050.09</td>
<td>1090.20</td>
</tr>
<tr>
<td>1.83</td>
<td>11.70</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
</tr>
<tr>
<td>2.00</td>
<td>2.00</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
</tr>
<tr>
<td>2.31</td>
<td>10.06</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
</tr>
<tr>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
</tr>
</tbody>
</table>

87
<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>COST PER EXPENSE LEDGERS</th>
<th>DISTRIBUTED COST</th>
<th>PRODUCTION</th>
<th>UNIT OF PRODUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Week</td>
<td>Sunday</td>
<td>Combined</td>
<td>Week</td>
</tr>
<tr>
<td>CIRCULATION ACCOUNTING R</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting Cost</td>
<td>$108.00</td>
<td>125.00</td>
<td>52.00</td>
<td>$135.00</td>
</tr>
<tr>
<td>Number of Bills for Period</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADVERTISING DIVISION S</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classified Want Ads</td>
<td>$1000.00</td>
<td>1200.00</td>
<td>625.00</td>
<td>$1300.00</td>
</tr>
<tr>
<td>Per cent of Space Occupied—</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per cent of Cost to Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Display</td>
<td>$325.00</td>
<td>1800.00</td>
<td>1350.00</td>
<td>$1950.00</td>
</tr>
<tr>
<td>Per cent of Space Occupied—</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per cent of Cost to Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Display</td>
<td>$3500.00</td>
<td>1800.00</td>
<td>1950.00</td>
<td>$1950.00</td>
</tr>
<tr>
<td>Per cent of Space Occupied—</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per cent of Cost to Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADVERTISING ACCOUNTING T</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classified Accounting</td>
<td>$650.00</td>
<td>625.00</td>
<td>425.00</td>
<td>$1625.00</td>
</tr>
<tr>
<td>Cost per Inch</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Display Accounting</td>
<td>$56.80</td>
<td>10.00</td>
<td>2.00</td>
<td>$140.00</td>
</tr>
<tr>
<td>Local and National</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Inch</td>
<td>$56.80</td>
<td>46.00</td>
<td>10.80</td>
<td>$1150.00</td>
</tr>
<tr>
<td>Advertising Statistics:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll—Classified</td>
<td>$327.50</td>
<td>200.00</td>
<td>137.50</td>
<td>$857.50</td>
</tr>
<tr>
<td>Payroll—Display</td>
<td>$83.80</td>
<td>46.00</td>
<td>37.80</td>
<td>$250.00</td>
</tr>
<tr>
<td>Supplies, Expense and Material—Overhead</td>
<td>$151.30</td>
<td>86.00</td>
<td>65.30</td>
<td>$302.60</td>
</tr>
<tr>
<td></td>
<td>$572.60</td>
<td>332.00</td>
<td>240.60</td>
<td>$1720.00</td>
</tr>
<tr>
<td>CREDIT AND COLLECTION DIVISION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll and Expense—Classified</td>
<td>$628.00</td>
<td>400.00</td>
<td>200.00</td>
<td>$1028.00</td>
</tr>
<tr>
<td>—Local</td>
<td></td>
<td>19.00</td>
<td>4.00</td>
<td>950.00</td>
</tr>
<tr>
<td>—Foreign</td>
<td></td>
<td>4.00</td>
<td>1.00</td>
<td>200.00</td>
</tr>
<tr>
<td>Cost per Inch—All Advertising</td>
<td>$628.00</td>
<td>423.00</td>
<td>205.00</td>
<td>$21150.00</td>
</tr>
<tr>
<td>Profit and Loss—Per Inch</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note—Time on Circulation Collection charged to Circulation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GENERAL OVERHEAD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comptroller’s Office</td>
<td>$105.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cashier’s Office</td>
<td>$165.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Accounting and Auditing</td>
<td>$750.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

88
<table>
<thead>
<tr>
<th>Week</th>
<th>Sunday</th>
<th>Total</th>
<th>Week</th>
<th>Sunday</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$02</td>
<td>$02</td>
<td>$02</td>
<td>$02</td>
<td>$02</td>
<td>$02</td>
</tr>
<tr>
<td>$75</td>
<td>$75</td>
<td>$75</td>
<td>$75</td>
<td>$75</td>
<td>$75</td>
</tr>
<tr>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
</tr>
<tr>
<td>$.04</td>
<td>$.04</td>
<td>$.04</td>
<td>$.04</td>
<td>$.04</td>
<td>$.04</td>
</tr>
<tr>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
</tr>
<tr>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
</tr>
<tr>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
</tr>
<tr>
<td>$.019</td>
<td>$.019</td>
<td>$.019</td>
<td>$.019</td>
<td>$.019</td>
<td>$.019</td>
</tr>
<tr>
<td>$.02</td>
<td>$.02</td>
<td>$.02</td>
<td>$.02</td>
<td>$.02</td>
<td>$.02</td>
</tr>
<tr>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>$764.00</td>
<td></td>
<td>$764.00</td>
<td>$764.00</td>
<td></td>
<td>$764.00</td>
</tr>
</tbody>
</table>

**ANALYSIS**

<table>
<thead>
<tr>
<th>UNIT COST— THIS PERIOD</th>
<th>UNIT COST— LAST PERIOD</th>
<th>PREDETERMINED UNIT COST</th>
<th>CIRCULATION</th>
<th>CLASSIFIED ADVERTISING</th>
<th>DISPLAY ADVERTISING</th>
<th>NATIONAL ADVERTISING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week</td>
<td>Sunday</td>
<td>Total</td>
<td>Week</td>
<td>Sunday</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
<td>-------</td>
<td>------</td>
<td>--------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>$02</td>
<td>$02</td>
<td>$02</td>
<td>$02</td>
<td>$02</td>
<td>$02</td>
<td></td>
</tr>
<tr>
<td>$75</td>
<td>$75</td>
<td>$75</td>
<td>$75</td>
<td>$75</td>
<td>$75</td>
<td></td>
</tr>
<tr>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td></td>
</tr>
<tr>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$1.00</td>
<td></td>
</tr>
<tr>
<td>$.04</td>
<td>$.04</td>
<td>$.04</td>
<td>$.04</td>
<td>$.04</td>
<td>$.04</td>
<td></td>
</tr>
<tr>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td></td>
</tr>
<tr>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td></td>
</tr>
<tr>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td>$.005</td>
<td></td>
</tr>
<tr>
<td>$.019</td>
<td>$.019</td>
<td>$.019</td>
<td>$.019</td>
<td>$.019</td>
<td>$.019</td>
<td></td>
</tr>
<tr>
<td>$.02</td>
<td>$.02</td>
<td>$.02</td>
<td>$.02</td>
<td>$.02</td>
<td>$.02</td>
<td></td>
</tr>
<tr>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td>$.025</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>$764.00</td>
<td></td>
<td>$764.00</td>
<td>$764.00</td>
<td></td>
<td>$764.00</td>
<td></td>
</tr>
</tbody>
</table>

89
## COST AND EXPENSE

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>Leger</th>
<th>Distributed Cost</th>
<th>Production</th>
<th>Unit of Production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Week</td>
<td>Week</td>
<td>Week</td>
<td>Week</td>
</tr>
<tr>
<td></td>
<td>Days</td>
<td>Combined</td>
<td>Days</td>
<td>Sunday</td>
</tr>
<tr>
<td>Production Division</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Legal Department</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions and Charities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount and Exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per Inch</td>
<td></td>
<td>2855.00</td>
<td>1624.00</td>
<td>1231.00</td>
</tr>
</tbody>
</table>

### COST

#### X

- Editorial: 770.00
- Art and Photographic: 1445.00
- Photo Engraving: 5465.00
- Composing: 4467.55
- Stereotype: 3212.45
- Black Press: 1760.00
- Electrotype: 520.00
- Color Press: 310.25
- Roto. Mechanical: 650.00
- Roto. Press: 687.50
- Paper: 10800.00
- Ink: 28750.00
- Circulation: 666.50
- Mailing: 2079.00
- Transport.: 1520.00
- Circulation Accounting: 1530.00
- Classified-Want Ads: 600.00
- Display: 2405.00
- National Display: 200.00
- Classified Accounting: 1900.00
- Display Accounting: 600.00
- Advertising Statistics: 1000.00
- Credit and Collection: 600.00
- General Overhead: 1000.00

#### Y

- Revenue: 20945.00
- Loss to be borne by Advertising Departments: 3000.00
- Circulation Revenue: 23095.00
- Cost per Inch: 29137.50
- Cost per Inch—All Advertising: 29137.50
- Total Advertising Expense: 79622.25
- Predetermined Unit Cost: 7393.90
- Revenue per Inch: 7393.90

---

90
### ANALYSIS

<table>
<thead>
<tr>
<th>UNIT COST—</th>
<th>UNIT COST—</th>
<th>PREDETERMINED</th>
<th>CIRCULATION</th>
<th>CLASSIFIED</th>
<th>DISPLAY</th>
<th>NATIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>THIS PERIOD</td>
<td>LAST PERIOD</td>
<td>UNIT COST</td>
<td>Week</td>
<td>Days</td>
<td>Total</td>
<td>Week</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>6¢</td>
<td>...</td>
<td>764.00</td>
<td>578.00</td>
<td>...</td>
</tr>
</tbody>
</table>

### SUMMARY

| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 4467.55 | 3212.45 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 1290.00 | 380.00 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 88.00 | 22.00 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 1145.57 | 758.51 | ... | 693.60 | 649.58 | ... | 604.11 | 274.26 | ... | 104.72 | 70.15 | ... | ... | ... | ... |
| 112.19 | 25.99 | ... | 59.67 | 14.35 | ... | 84.90 | 12.17 | ... | 11.94 | 2.76 | ... | ... | ... | ... |
| 33.75 | 439.45 | ... | 206.25 | 243.10 | ... | 180.75 | 205.70 | ... | 41.25 | 46.75 | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 49212.34 | 96989.92 | 16539.52 | 16807.05 | 19443.28 | 19939.09 | 19427.11 | 6969.34 | ... | ... | ... | ... | ... | ... | ... |
| 46800.00 | 32000.00 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 2412.34 | 4592.92 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |

91