

# **A GUIDE TO ABC AUDIT**



**APRIL 2013**

## **AUDIT BUREAU OF CIRCULATIONS**

Wakefield House, Sprott Road, Ballard Estate, Mumbai – 400 001

Tel: 91 22 2261 18 12 / 2261 90 72 • Fax: 91 22 2261 88 21

E-mail : [abc@auditbureau.org](mailto:abc@auditbureau.org) • Web Site : <http://www.auditbureau.org>



## P R E F A C E

Audit Bureau of Circulations (ABC) is a voluntary organisation constituted in the year 1948. Going back six decades when the concept of circulation audit was yet to be established in our country, advertisers had no means to know the actual circulation numbers of publications that they used for advertising and had to depend more on their own judgement. Publishers also found it difficult to convince advertisers of the relative values of their publication for the purpose of advertising. It is with this background, eminent representatives of the advertising profession and publishing industry came together to establish an organization which could serve common interest. Since then the benefit of ABC certificate of circulation have been availed by advertisers, advertising agencies, publishers and organisations connected with print media advertising.

The primary objective of the Bureau is to secure accurate circulation figures and data relating to all periodicals and media that sell advertising space and in regard to such publications to obtain information as to area of distribution and fix standard forms and methods for ascertaining the circulation figures and to record such information and circulate it to members of the ABC.

Bureau certifies circulation figures of member publications for a six-monthly audit period i.e. January to June and July to December. The system envisages a comprehensive audit of printing, distribution, financial and production records of member publications by a panel of approved auditors as per the audit guidelines laid down by the Bureau from time to time.

This Guide has been updated upto April 2013.

-----



## PART I – NEWSPAPERS

### I N D E X

	<b>Page No.</b>
<b>1. DEFINITIONS:</b>	
1.1 Audit	10
1.2 Average	10
1.3 Back Copies	10
1.4 Combo Offer	10
1.5 Daily Newspaper	10
1.6 Distribution Cost	10
1.7 Distributing Trade	10
1.8 Edition	11
1.9 Excess Circulation – NRR	11
1.10 Excess Circulation – Gift on newsstand sale	11
1.11 Free Copies	11
1.12 Institutional Sales	11
1.13 Joint Subscription Offer	11
1.14 Local Agent	11
1.15 Net Realisation Rate - NRR	11
1.16 Normal Circulation - NRR	12
1.17 Non Compliant Week - NRR	12
1.18 Principal Agent /s	12
1.19 Printing Centre	12
1.20 Publication	12
1.21 Publishing Day	12
1.22 Qualifying Sales	12
1.23 Returns	13
1.24 Single Copy Sales	13
1.25 Subscriber	13
1.26 Trade Term	13
1.27 Valuation of gifts	13

## I N D E X [contd.]

	<b>Page No.</b>
<b>2. CONCEPT OF “NET REALISATION RATE” – NRR:</b>	
2.1 Net Realisation Rate (NRR)	14
2.2 Qualifying Sales	14
2.3 Normal Circulation	14
2.4 Excess Circulation	14-15
2.5 Treatment of non compliant week	15
2.6 Exemption for subscription copies from the concept of NRR	15
2.7 Weekly Newspapers	15
2.8 Facets of New Certification Criteria	16
<b>3. SUBSCRIPTION SALES:</b>	
3.1 Subscription Offers (Single & Joint)	17
3.2 Institutional Subscription Sales (Newspapers)	17-18
<b>4. NON-SUBSCRIPTION SALES – includes Single, Institutional, Combo copies etc.:</b>	
4.1 Combo Offers (Non Subscription)	18-19
4.2 Single Copy Sales	19
4.3 Institutional Sales	19
4.4 Different Print Runs / Variants of a publication distributed in the same market place	19-20
4.5 Tabloid and Broadsheet of the same title	20
4.6 Weekly print runs of a daily newspaper	20
<b>5. SCHEMES FOR READERS - Non subscription copies :</b>	
5.1 Incentive / Gifts Schemes for Readers for a defined period (Non subscription copies)	20-21
5.2 Incentives / Gifts with a particular issue and calculation of excess circulation in case of gifts valued at over 50% of the cover price of a newspaper (Non-subscription)	21-22

## I N D E X [contd.]

	<b>Page No.</b>
5.3 Gift of a publication on newsstand sales (Non subscription)	22-23
5.4 Cash Gifts not permitted	23
5.5 Free calendar / almanac to readers once a year	23
<b>6. COPIES DISTRIBUTED THRU DISTRIBUTION TRADE:</b>	
6.1 Distribution Cost	23
6.2 Trade Terms	24
6.3 Gift Schemes for Agents	24
<b>7. SUBMISSION OF CIRCULATION FIGURES:</b>	
7.1 Issuance of an ABC Certificate of Circulation	24
7.1.1 Mandatory submission of circulation figures	25
7.1.2 Dates for submission of audited circulation figures	25
7.2. Submission of circulation figures under "Part B" of ABC Certificate of circulation	25
7.3 Publications distributed without supplements	25
7.4 Total number of pages contained in a newspaper	26
7.5 Compilation of Incoming Certificate	
7.5.1 Certification of a new edition for part audit period	26
7.5.2 Copies indented locally but distributed abroad	26
7.5.3 Option to avail a separate and / or a combined ABC Certificate for a multi-edition publication	26
7.6 Procedure for compilation of combined ABC Certificate based on actual publishing days	27
7.7 Part certification of editions / printing centres contained in a combined certificate	27
7.8 Reasons for increase in circulation	27
7.9 Sunday circulation / weekly editions of daily newspapers	28
7.10 Newsprint wastage	28



## I N D E X [contd.]

	Page No.
<b>8. COMPILATION OF AREA BREAKDOWN STATEMENT:</b>	
8.1 Area Breakdown Statement	28
8.2 Compilation of Area Breakdown Statement (in case of new edition started during the audit period)	28
8.3 Details of town-wise distribution under Section "B" to be provided as under	28
<b>9. BUREAU MEMBERSHIP:</b>	
9.1 Governance	29
9.1.1 Documents to be submitted	29
9.2 Direct Bureau Audit	29
9.3 Enrolment of new editions / printing centres	29
9.4 Return of Application for Bureau membership	30
9.5 Re-admission to Bureau membership	30
9.6 Starting of new edition	31
9.7 Surprise Recheck Audit by Bureau's Auditors prior to admission to Bureau membership	31
<b>10. GUIDELINES COVERING TITLES HAVING AVERAGE CIRCULATION LESS THAN 15,000 COPIES:</b>	
10.1 Advance written indents / monthly confirmations	31
10.2 Agents' supply register	31
10.3 Agreement with outside printers	32
10.4 Banking of cash collection	32
10.5 Cash covering notes	32
10.6 Cash sales records	32
10.7 Machine room returns	32
10.8 Newsprint consumption register	32
10.9 Newsprint stock register	32
10.10 Postage / despatch record for subscribers	32
10.11 Print Order	32
10.12 Returns register	32



## I N D E X [contd.]

	Page No.
<b>11. OUTSTANDING / ADD BACK OF COPIES:</b>	
11.1 Adjustment of agents deposits against outstanding dues	33
11.2 Onaccount payments by agents	33
11.3 Outstandings	33
<b>12. AUDIT GUIDELINES:</b>	
12.1 Appointment of Publisher Auditor	33-35
12.2 All publications of a group not members of the Bureau	35
12.3 Banking of cash collections	35-36
12.4 Books and records to be audited	36
12.5 Books and records to be maintained by principal agent/s agency	36-38
<b>13. BOOKS AND RECORDS TO BE MAINTAINED BY PUBLISHER MEMBERS:</b>	
13.1 Various books and records	38
13.2 Agents Confirmations	39
13.3 Agents Remittances	39
13.4 Newsprint Purchases and Consumption	40
13.5 Newsprint Stock Register	40
13.6 Auditors are also required to cover the following areas during their circulation audit	40
13.6.1 Distribution records	40
13.6.2 Financial records	40-41
13.6.3 Agents Confirmations	41
13.6.4 Agents Remittances	41-42



<b>I N D E X [contd.]</b>		<b>Page No.</b>
13.7	Newsprint purchases and consumption	42
13.8	Distribution	43
13.9	Financial Reconciliation	43-44
13.10	Other information	44
13.11	Direct confirmations sought by Auditors	45
<b>14.</b>	<b>BUREAU AUDITS:</b>	
14.1	Surprise recheck audit	45
14.2	Direct Bureau Audit	45-46
14.3	Surprise Recheck audit of new printing centre prior to admission	46
14.4	Routine surprise checks by Bureau's auditors	46-47
14.5	Market protocol to be followed by auditors	47-48
14.6	Combined certification	49
14.7	Non production of books and records by publisher members	49
<b>15.</b>	<b>SURPRISE PRESS AND MARKET VISIT BY PUBLISHER AUDITORS:</b>	49-50
<b>16.</b>	<b>MACHINE ROOM RETURN (MRR):</b>	
16.1	Details contained in Machine Room Return (MRR)	50-51
16.2	Publications printed at outside press	51
<b>17.</b>	<b>PRINT ORDER:</b>	51-52
<b>18.</b>	<b>CODE FOR PUBLICITY BY PUBLISHER MEMBERS:</b>	52-56
<b>19.</b>	<b>OTHERS:</b>	
19.1	Number of Votes – Publisher members	56
19.2	Proxy	57
19.3	Article 5 – Privileges of membership not transferable	57



## I N D E X [contd.]

	<b>Page No.</b>
19.4 Article 5A – Not availing and / or not filing audited circulation figures	57
19.5 Article 44(a) – Termination of membership	57
19.6 Article 44(b) – Non receipt of membership fees or any other dues	58
<b>ANNEXURES</b>	<b>59</b>
1) Format of <b><u>Check-list</u></b> to be submitted by appointed publisher auditors	60-69
2) Format of <b><u>Press &amp; Market Visit report</u></b> to be submitted by appointed publisher auditors	70-74
3) Specimen of <b><u>Letter of Authority</u></b>	75
4) Specimen of Publishers <b><u>confirmation letter</u></b>	76



## **PART II - MAGAZINES**

### **I N D E X**

	<b>Page No.</b>
<b>PART II - MAGAZINES</b>	<b>77</b>
<b>1. CONCEPT OF NET PAID SALES</b>	<b>78</b>
<b>2. CERTIFICATION CRITERIA FOR MAGAZINES</b>	<b>79</b>
<b>3. TRADE TERM</b>	<b>79</b>
<b>4. SUBSCRIPTION SALES</b>	<b>79-80</b>
<b>5. SCHEMES FOR READERS – Non subscription copies</b>	<b>80</b>
<b>6. BULK SALES / INSTITUTIONAL SALES</b>	<b>80</b>
<b>7. INSTITUTIONAL SUBSCRIPTION SALES</b>	<b>80-81</b>
<b>8. BANKING OF CASH COLLECTIONS</b>	<b>81</b>
<b>9. PRINTING AT OUTSIDE PRESS</b>	<b>81</b>
<b>10. OUTSTANDINGS</b>	<b>81</b>
<b>11. ONACCOUNT PAYMENTS BY AGENTS</b>	<b>82</b>

**A GUIDE TO ABC AUDIT****FOR DAILY AND WEEKLY NEWSPAPERS****VARIOUS TERMS USED - BUREAU'S AUDIT GUIDELINES :****1. DEFINITIONS:****1.1 Audit:**

Examination of publisher's as well as his principal agency/agencies (local or otherwise) distribution, and financial records and corroborative evidences in order to establish the Qualifying Sales and non Qualifying Sales and to verify whether the publisher and his concerned principal agency/ies has complied with all Bureau's audit guidelines from time to time.

**1.2 Average:**

Means average per day, per week as the case may be, of the relevant audit period.

**1.3 Back Copies:**

Any issue of a publication which is not a current issue. The current issue is defined as follows:

- a) Daily Publication - Day of the date of imprint only (In the case of evening Newspapers including copies despatched prior to the issue for the following date is published)
- b) Weekly - Upto the date of imprint of the next issue

**1.4 Combo Offer:**

More than one publication available under any scheme (other than subscription) to readers at a **combined** price.

**1.5 Daily Newspaper:**

A daily newspaper which is printed and published daily for atleast 5 working days in a week except approved holidays.

**1.6 Distribution Cost :**

An amount paid to the distribution trade by whatever name called plus any additional incentives / benefit which is directly connected with selling / distribution of the newspaper paid to the trade, the same shall be totaled to arrive at the gross trade term payable to the trade for distributing copies.

**1.7 Distributing Trade:**

A general term applied to agents, hawkers, principal agent /s (local or otherwise) and any other person engaged in distribution of a publication.

**1.8 Edition:**

A publication/title separately registered with Registrar of Newspapers for India (RNI) and having a separate registration number, serial No. & Volume Number.

**1.9 Excess Circulation - NRR:**

“**Excess circulation**” is the **incremental circulation** of any non compliant issue as compared with the circulation of the same print run of a compliant immediate previous same day of the week, provided that the particular immediate previous week was compliant on a weekly average basis as per the prescribed NRR audit guidelines.

[for further details Ref. point 2.4]

**1.10 Excess Circulation – Gift on newsstand sale:**

When a gift / sample is provided with a particular issue of a publication value of which is more than 50% of the cover price of publication, then the excess circulation achieved as compared with the average qualifying sales of previous week when no promotional activity was carried out will not be considered for certification as Qualifying Sales.  
(valuation of gifts as per para 1.27)

**1.11 Free Copies:**

Voucher, exchange and complimentary copies, and copies (if any) given to agents for onward free distribution for which records are available.

**1.12 Institutional Sales:**

Copies of newspapers (Dailies & Weeklies) which are either sold directly by the publisher and/or his distributing trade to organisations not connected with newspaper distribution trade provided bonafides of the organisation(s) involved in Institutional Sales are established to the satisfaction of the auditors (Unless Auditors/Bureau having any evidence to the contrary).

Institutional Sales are accepted for certification only to the extent of 10% of Qualifying Sales.

**1.13 Joint Subscription Offer:**

A subscription offer for more than one publication for which subscription at the prescribed rate is received in advance for a specified term.

**1.14 Local Agent:**

An agent appointed by a publisher to effect distribution of copies within the town of publication or any of its printing centre.

**1.15 Net Realisation Rate (NRR):**

Net Realisation Rate (NRR) is the term used for value of newspaper in waste computed on the basis of waste rate per kg. as fixed by the Council from time to time.

**1.16 Normal Circulation - NRR:**

Normal circulation is the average circulation of a particular print run of any week during an audit period when **all** relevant issues of the week are compliant with the qualifying principle and accordingly the corresponding circulation of the print run during the week qualifies for certification.

**1.17 Non Compliant Week - NRR:**

Is such a week of a particular print run which on **an average basis** do not comply with the Net Realisation Rate criteria.

**1.18 Principal Agent /s:**

Any agent/s who distributes or effects at least 20% of the total sales subject to a minimum of 25,000 copies per printing centre / edition is recognised and termed as "principal agent".

**1.19 Printing Centre:**

Printing of an edition of a publication carried out simultaneously at any other location with **same RNI registration** number and **volume number**.

**1.20 Publication:**

A piece of printed matter of regular periodic issue, selling at a prescribed price, which may or may not carry advertising.

**1.21 Publishing Day:**

A Publishing day is a day on which the publication is normally published whether as a regular issue or a special issue, and concurrently or separately in the case of a multi-centre publication. Special issues will be excluded only if they are IN ADDITION to the regular issue.

**1.22 Qualifying Sales:**

Circulation figure which meets the following criteria is treated as "qualifying sales" and certified under '**Part A**' of the ABC certificate of circulation.

"For each issue of a particular print run on a daily basis the net sale price to the dealer (first point of sale) at any trade margin is higher than the net realisation rate (NRR) with a provision to remove "excess circulation" of non compliant issue of a particular print run where **\*\*net sale price to the dealer at any trade margin offered is equal to / lower than the net realisation rate (NRR)**" subject to such non compliant issue of a particular print run being compliant on a weekly average basis.

(\*\*Net sale price to the dealer is the net price at which a newspaper is sold to the dealer calculated at cover price of the publication less applicable trade commission, delivery charges or by whatever name called).

**1.23 Returns:**

Copies of publication remaining unsold out of copies indented as notified by agents and accepted by publishers and in case of additional copies supplied without agents' indents, all copies reported as unsold by agents whether or not such claims are accepted by publisher.

**1.24 Single Copy Sales:**

All copies sold to the reader at the prescribed cover price.

**1.25 Subscriber:**

Purchaser of a publication on a term contract, whose subscription at the full prescribed rate has been received

**1.26 Trade Term:**

Commission and allowances etc. mutually agreed to between the publisher and the distributing trade and paid continuously and consistently.

**1.27 Valuation of gifts:****Branded Product:**

A branded product which is available in the market place bearing a MRP, then the MRP should be considered.

**Customised / Unique Product:**

Is a product, which is manufactured and packaged as per customer's requirements/specifications. Value of the same to be taken as per the Invoice of the customized / unique product plus 15% (mark up).

**Announced value of the gift:**

If the perceived value of the gift is announced at the time of launching the gift scheme, then the valuation of the gift offered to be done as under:

In case of branded product:

- MRP or announced value whichever is higher

In case of customised product:

- Cost to the publisher + 15% mark up or announced value whichever is higher

The above valuation guidelines would also apply in case of barter arrangements.

## 2. CONCEPT OF “NET REALISATION RATE” – NRR:

### 2.1 Net Realisation Rate (NRR):

Net Realisation Rate (NRR) is the term used for value of newspaper in waste computed on the basis of waste rate per kg. as fixed by the Council from time to time .

### 2.2 Qualifying Sales:

Circulation figure which meets the following criteria is treated as “qualifying sales” and certified under ‘**Part A**’ of the ABC certificate of circulation.

“For each issue of a particular print run on a daily basis the net sale price to the dealer (first point of sale) at any trade margin is higher than the net realisation rate (NRR) with a provision to remove “excess circulation” of non compliant issue of a particular print run where \*\*net sale price to the dealer at any trade margin offered is equal to / lower than the net realisation rate (NRR)” subject to such non compliant issue of a particular print run being compliant on a weekly average basis.

There should atleast be one week in an audit period when all issues on each day of the week are compliant with the qualifying criteria.

(\*\*Net sale price to the dealer is the net price at which a newspaper is sold to the dealer calculated at cover price of the publication less applicable trade commission, delivery charges or by whatever name called).

### 2.3 Normal Circulation:

Normal circulation is the average circulation of a particular print run of any week during an audit period when **all** relevant issues of the week are compliant with the qualifying principle and accordingly the corresponding circulation of the print run during the week qualifies for certification.

### 2.4 Excess Circulation:

“**Excess circulation**” is the **incremental circulation** of any non compliant issue (provided it is compliant on a weekly average basis) as compared with the circulation of the same print run of a compliant immediate previous same day of the week, provided that the particular immediate previous week was compliant on a weekly average basis as per the prescribed NRR audit guidelines.

However, if the same print run of same day of immediate previous week was a non compliant issue under the NRR guidelines or the immediate previous week was a non compliant week on a weekly average basis, then the circulation may be compared with the immediate previous (first available) compliant same print run, same day of the first available previous week, provided that particular week was compliant on a weekly average basis with the NRR guidelines during the immediate previous six months.

If no compliant issue of same day, same print run is available in the immediate previous six months then the benefit of reducing “excess circulation” of non compliant issue will be denied and the entire circulation of non compliant issue(s) would not be recognized as qualifying sales [Part A].

There should atleast be one week in an audit period when all issues on each day of the week are compliant with the qualifying criteria.

If any particular week is non compliant on a weekly average basis then removing of excess circulation for the non compliant issue / print run in that particular week will be denied and the entire circulation of non compliant issue(s) would not be considered for certification as qualifying sales [Part A].

## **2.5 Treatment of non-compliant week:**

If any particular week is non compliant on a weekly average basis then removing of excess circulation for the non compliant issue / print run in that particular week will be denied and the entire circulation of non compliant issue(s) / print run would not be considered for certification as qualifying sales [Part A].

If no compliant issue of same day, same print run is available in the immediate previous six months then the benefit of reducing “excess circulation” of non compliant issue will be denied and the entire circulation of non compliant issue(s) would NOT be recognized as qualifying sales [Part A].

This will however be shown under ‘Part B’ as “non-qualifying sales”. (All publishing day(s) during an audit period will however be reckoned for average calculations of qualifying and non qualifying sales.)

## **2.6 Exemption for subscription copies from the concept of NRR:**

All copies supplied to the reader which are through subscription offers are exempted from the purview of the concept of NRR since full details of a subscriber is available with the publisher which can be verified through the process of audit. Subscription amount is also collected by the publisher in advance thus providing a complete audit trail.

A publisher can offer discount / gift to the subscriber together with delivery charges to the distribution trade upto 90% of the cover price of a publication.

***(valuation of gifts as per para 1.27)***

## **2.7 Weekly newspapers:**

Qualifying criteria for certification will also apply to all weekly newspapers.

In respect of a weekly newspaper, every individual print run will be required to be compliant with the qualifying criteria. Should a particular print run be non-compliant on any publishing day, the “excess circulation” will be removed with reference to the same print run of first available previous week during the immediate previous six months [subject to provisions of excess circulation as applicable for daily newspapers]



## 2.8 Facets of certification criteria:

Q(i) **How “excess circulation” for non compliant issue of the week will be determined?**

A(i) “Excess circulation” is the **incremental circulation** for any non complaint print run (provided it is compliant on a weekly average basis) as compared to the average circulation of the same print run of a compliant immediate previous same day of the week provided that particular immediate previous week was compliant on a weekly average basis as per the prescribed NRR audit guidelines.

There should atleast be one week in an audit period when all issues on each day of the week are compliant with the qualifying criteria.

Q(ii) **What treatment will be given if there is no such week where all issues of the week are independently compliant with the qualifying criteria?**

A(ii) Under such circumstances, the benefit of reducing only the excess circulation will not be available. The entire circulation of all non compliant issues will not be shown as ‘Qualifying Sales’ in ‘Part A’ of the Certificate. However, such copies will be shown in ‘Part B’ as ‘Non – Qualifying Sales’. (All publishing day(s) during an audit period will however be reckoned for average calculations of qualifying and non qualifying sales.)

Q(iii) **If for a given week, the qualifying principle is not complied with on a weekly average basis, what treatment will be given to non compliant issues during such a week?**

A(iii) If any particular week is non compliant on a weekly average basis then removing of excess circulation for the non compliant issue in that particular week will be denied and the entire circulation of non compliant issue(s) would not be considered for certification as qualifying sales [Part A].

This will however be shown under ‘Part B’ as “non-qualifying sales”. (All publishing day(s) during an audit period will however be reckoned for average calculations of qualifying and non qualifying sales.)

### 3. SUBSCRIPTION SALES:

#### 3.1 Subscription Offers (Single & Joint) :

Following guidelines are required to be fulfilled in case of all single & joint subscription offers:

- a. Subscription requisition / request in writing from the subscriber needs to be obtained by the publisher and / or his agent(s).
- b. In case, a subscription offer is for a period of less than six months, full subscription amount to be received in advance. In case of subscription schemes for a period longer than six months, for all booked subscriptions, full subscription amount to be received within a period of two months from the date of booking a subscription.
- c. Supply of subscription copies to a subscriber to commence only after the subscription amount is received as above by a publisher and / or his agent(s) in full as per the subscription offer.
- d. Gifts to be valued as mentioned (**Ref. para 1.27**)
- e. In case a publication is offered as a gift, the same to be valued at its cover price.
- f. In case a publication, which is not a member of the Bureau but is offered under the Joint Subscription Scheme, then the member publication shall arrange for verification of the distribution and financial books and records of a non-member publication. The member publication will then arrange to obtain a written confirmation from the non-member publication that its financial & distribution books & records are open for scrutiny by Bureau's Auditors / officials.
- g. Publisher should retain atleast 10% of the cover price of the publication, after taking into account discount on cover price, value of gifts, delivery charges, etc. (in case of joint subscription publisher to retain atleast 10% of the cover price of all publications individually included in the subscription offer).

Non-compliance of any of the above conditions will render the subscription offer as unacceptable for certification as qualifying sales (Part 'A').

***(valuation of gifts as per para 1.27)***

#### 3.2 Institutional subscription sales (Newspapers) :

Subscription Sales effected to institutions upto 5% of the total qualifying sales will be considered as qualifying sales. This is in addition to Institutional Sales (non-subscription copies) which is included for certification as qualifying sales upto 10% of the total non-subscription copies.

All prescribed audit guidelines for subscription copies (single and joint) as in force are also applicable to all institutional subscription copies. All relevant documentation should be available with the publisher for auditor's verification.

#### 4. NON-SUBSCRIPTION SALES – includes Single, Institutional, Combo copies etc.:

##### 4.1 Combo Offers (Non subscription):

###### Definition:

More than one publication available under any scheme (other than subscription) to readers at a **combined** price.

Following guidelines are required to be followed:

- a) Combined price along with the titles / names of publications involved in the combo offer shall be distinctly mentioned on the print line below the masthead on all publications involved in a Combo offer.
- b) Average number of Combo copies of the respective publications in an offer will be shown separately on the respective ABC Certificate and shall be reckoned for certification.
- c) No gift either in the form of a publication registered with RNI or in any other form will be permitted alongwith combo offers (non subscription).
- d) Combo cover price should atleast be:
  - i) Full single copy cover price of the highest priced publication involved in a combo offer  
  
**PLUS**
  - ii) Atleast 50% of the individual single copy cover prices of the other publications involved in a combo offer.

###### Net combo price to the trade:

Similarly, net combo price to the trade should atleast be:

- Full net price to the trade of the highest priced publication involved in a combo offer PLUS minimum 50% of the net price to the trade of the other publications involved in a combo offer.

[Net price to the trade as applicable to the respective single copy involved in a combo offer should be reckoned.]



- e) Number of combo copies to be separately shown in the print order of the respective publications.
- f) Combo copies should be separately billed to agents / sub agents at their net price to the trade.
- g) In case a Publication, which is not a member of the Bureau is offered under a combo offer, then the member publication shall arrange for verification of the distribution and financial books and records of the non-member publication. The member publication will then arrange to obtain a written confirmation from a non-member publication that its financial & distribution books & records are open for scrutiny to Bureau's Auditors / officials.
- h) The new qualifying criteria, (NRR) would be applicable to all publications under the combo offer taken together at the prescribed net combo price to the trade.

Non-compliance of any of the above conditions will render the combo offer as unacceptable for certification as Qualifying Sales under Part A of the ABC Certificate of circulation.

#### **4.2 Single Copy Sales:**

All copies sold to the reader at the prescribed cover price.

#### **4.3 Institutional Sales:**

Copies of newspapers (Dailies & Weeklies) which are either sold directly by the publishers and/or his distributing trade to organisations not connected with newspaper distribution trade provided bonafides of the organisation(s) involved in Institutional Sales are established to the satisfaction of the auditors (Unless Auditors/Bureau having any evidence to the contrary).

Institutional Sales are accepted for certification only to the extent of 10% of Qualifying Sales.

#### **4.4 Different Print Runs / Variants of a publication distributed in the same market place:**

Different print runs / variants of the main paper distributed in the same market place would be considered for combined certification.

Sub-titles / different names of variants (if applicable) are required to be mentioned below the line separating the title panel or mast-head in a font size not exceeding 1/4<sup>th</sup> font size of a title.

Different print run / variant of the main paper in the same market place would be defined as having any of the following differentiation:

sub-title, content, cover price, pagination, advertisement rate, size of the newspaper etc.

The title, language, frequency and ownership of the variants should be similar.

Average qualifying circulation figures of all variants of the main paper in the same market place would be prominently shown on the first page of the ABC certificate of circulation.

A break-up of average qualifying circulation of each different print run/ variant of the main paper would be required to be submitted by newspaper publisher members for every audit period.

#### **4.5 Tabloid and Broadsheet of the same title:**

Publisher members may publish a particular print run of a title in different sizes i.e. tabloid for one print run for a specific market and broadsheet for the rest of the print runs for other markets. The broadsheet as well as tabloid would be considered for certification together provided the title, frequency, language and ownership of the publication remain the same.

Break-up of circulation details of broadsheet as well as tabloid in a particular market place would be separately shown on the first page of the ABC Certificate of circulation for the benefit of users of the certificate. Publisher to provide the break-up in the incoming certificate filed with the Bureau.

#### **4.6 Weekly print runs of a daily newspaper:**

A weekly print run of a daily newspaper cannot be certified together if a publication decides to publish a particular print run only once a week with the same title. The said publication would then be categorised as a weekly and therefore cannot be clubbed together with the circulation figures of a daily newspaper.

### **5. SCHEMES FOR READERS - Non subscription copies :**

#### **5.1 Incentive / Gifts Schemes for readers for a defined period(Non Subscription Copies):**

Publisher is allowed to offer gifts to readers on non subscription copies upto 50% of the cover price of a publication so that copies qualify for certification as Qualifying Sales (Part A).

Accordingly, it is clarified that publishers offering gifts to readers value of which is **more than 50%** of the cover price on non subscription copies under any scheme for a defined period then such a scheme is void abinitio and does not qualify for certification. Accordingly, all copies offered to readers under such a scheme do not qualify for certification as Qualifying Sales irrespective of whether readers have availed the benefit offered under the scheme or not.

All incentive schemes to readers to be framed in such a manner such that the name of the beneficiary / reader is identifiable. An audit trail in the form of a reader booking form with the name, address and other contact details of the reader should be made available for auditor's verification along with a record of gifts purchased and distributed.

Publishers should ensure that the reader incentive schemes are not taken advantage of by the trade in order to increase their earnings which would result in reduction of the net price at which the trade purchases a copy from the publisher.

In case of barter arrangements, relating to gifts issued to subscribers or on newsstand sales, publishers should pass necessary accounting entries in their books of accounts.

*(valuation of gifts as per para 1.27)*

## **5.2 Incentives / Gifts with a particular issue and calculation of excess circulation in case of gifts valued at over 50% of the cover price of a newspaper (non-subscription):**

In case a gift / sample etc. is provided along with a **particular issue** of a publication value of which is more than 50% of the cover price of a publication then in such cases only excess circulation achieved for the relevant issue will not be considered for certification as Qualifying Sales

The provision referred to above for reducing 'excess circulation' does not apply to cases where value of gifts offered to readers is more than 50% of the cover price under a scheme for a defined period. In such circumstances, such a scheme as mentioned above will be treated void abinitio and **all** copies under such a scheme will be shown as NON Qualifying Sales (Part 'B').

In order to determine **excess circulation** achieved for **a particular issue** when a free sample, gift etc. was carried along with a publication, following procedure needs to be followed :

- a) In case of dailies, average Qualifying Sales of the previous week to be taken as normal circulation provided there were no promotional activities\*, in any form, during the given period.

- b) In case of Sunday issue of a daily, weeklies and magazines, average Qualifying Sales of previous four issues where there were no promotional activities\*, in any form, would be reckoned as normal circulation.

[\*Promotional activity includes free distribution of gifts/samples, calendars etc. to readers and shall also include any other schemes to induce a reader to purchase a publication]

Publishing Day on which free samples/gifts are distributed alongwith a publication would be reckoned for circulation of average circulation in all cases.

***(valuation of gifts as per para 1.27)***

### **5.3 Gift of a publication on newsstand sales (non subscription):**

- a) The value of gift / inducement / incentive to a reader should not exceed 50% of the cover price of the publication on which an inducement is offered ***(valuation of gifts as per para 1.27)***.
- b) In case another publication is offered as a gift, in such cases, on the print line below the mast-head of the main publication, it should be mentioned that "XYZ" publication offered free with "DEF" publication.
- c) Similarly, on the print line of the publication offered free, it should be specified that this publication is offered free alongwith XXX publication.
- d) Print Order of the publication offered free should specifically show the number of copies offered free with a particular publication.
- e) In case a Publication, which is offered as a gift / inducement / incentive is not a member of the Bureau then the member publication shall arrange for verification of the distribution and financial books and records of a non-member publication. The member publication will then arrange to obtain a written confirmation from the non-member publication that it's financial & distribution books & records are open for scrutiny by Bureau's Auditors / officials.
- f) Copies of the Publication offered free as an inducement or at less than the prescribed cover price would not be considered for certification under **Part A** of the ABC Certificate of circulation.
- g) The NRR will be ascertained after considering the combined pagination of the main publication together with the publication given free as a gift.

- h) The net price to the trade would be calculated at the cover price of the main publication less trade commission and / or delivery charges on the main as well as the free publication.

***(valuation of gifts as per para 1.27)***

Non compliance of any of the above guidelines would render such gift/inducement offer as unacceptable for certification as qualifying sales.

**5.4 Cash gifts not permitted:**

- a) The word “gift” would specifically exclude all cash gifts or cash equivalents (gift cheques etc) to subscribers / regular readers from the purview of gifts to subscribers / regular readers. Gifts offered to subscribers / regular readers only in kind will be considered for the purpose.
- b) All copies involved in a scheme offering its readers cash gifts / cash equivalent / cash discounts etc. will be shown as “Non Qualifying Sales” under ‘Part B’ of the ABC Certificate of circulation.

**5.5 Free calendar / almanac to readers once a year:**

Publisher Members would be allowed to distribute to their regular readers, a Calendar / Almanac once in a year alongwith their publication with or without increasing the cover price of the publication on the relevant day. All copies of the relevant issue sold would qualify for certification under **Part A**.

**6. COPIES DISTRIBUTED THRU DISTRIBUTION TRADE:**

**6.1 Distribution cost:**

An amount paid to the trade by whatever name called plus any additional incentives / benefit which is directly connected with selling / distribution of the newspaper paid to the trade, the same shall be totalled to arrive at the gross trade term payable to the trade for distributing copies.

An amount not connected with distribution of copies paid / reimbursed to the trade for which supportings are available may not be considered as part of the trade term. The trade term should be calculated on the cover price of a publication.

Actual cost of transporting publications from the printing location to the distribution centres as per contractual arrangements made by the publisher do not form part of the delivery charges or trade term.

## 6.2 Trade terms:

Commission and allowances etc. mutually agreed to between the publisher and the distributing trade and paid continuously and consistently.

Apart from basic commission, it may include other facilities such as office allowances, transport allowances, bonuses, rewards, incentives, ex-gratia payments, value of gifts/ incentives consistently offered under any scheme to the distribution trade.

However, if a gift or a reward is announced on specific occasion which is based on the performance of a particular agent from a group of agents or is subject to a draw of lottery pursuant to a sales promotion scheme, then such gifts shall be considered more or less as a sales promotion scheme rather than a part of the trade term (Unless Auditors/Bureau having evidence to the contrary).

However, reimbursement made by the publisher for expenses actually incurred by the distributing trade on their behalf for services rendered other than those relating to the sale of copies shall not be included in the gross trade terms provided, necessary documentary evidence in support of actual expenses incurred by agents for such services is available for auditors' verification.

*(valuation of gifts as per para 1.27)*

## 6.3 Gift / incentive schemes for agents:

Information on gift schemes run for the benefit of the agents should be declared in the Incoming Certificate and made available to the Auditors at the time of circulation audit. Written records should be kept by all publishers for all such schemes.

Publishers offer various incentive schemes to agents In order to increase the number of copies. **Additional commission/ gifts** are offered to agents on copies increased (i.e. over and above the cut-off base order) during the scheme period.

All additional payments / value of gifts offered should then be added to the trade terms of the agents / hawkers on the total number of copies supplied to them during the scheme period and not just on the increased number of copies.

All gifts offered to the trade to be valued as mentioned earlier (**para 1.27**)

## 7. SUBMISSION OF CIRCULATION FIGURES:

### 7.1 Issuance of an ABC Certificate of Circulation:

All newspaper publisher members would be issued an ABC Certificate of circulation duly specifying copies under qualifying sales (PART A) and / or non qualifying sales (PART B) as the case may be, subject to atleast 50% of the total copies being sold at the prescribed price i.e. atleast 50% of the total sales should be paid circulation at the prescribed price.

### 7.1.1 Mandatory submission of circulation figures:

Submission of circulation figures for each audit period is mandatory for all publisher members. If audited circulation figures in the prescribed format are not submitted for one audit period by a publisher member, then audited circulation figures for the following audit period cannot be considered for certification.

### 7.1.2 Dates for submission of audited circulation figures:

- a) All publisher members are mandatorily required to submit their circulation figures every six months to the Bureau in the prescribed format of Incoming Certificate. The due dates are:

Audit period January/June -----	Audit period July/December -----
<i>w.e.f. audit period Jan-Jun 2013</i> 1 <sup>st</sup> July to 16 <sup>th</sup> August	1 <sup>st</sup> January to 15 <sup>th</sup> February (next)

- b) Incoming Certificates submitted after the above due dates would not be considered for certification and will be treated as “**Not Filed**” and no ABC certificate of circulation will be issued.

## 7.2 Submission of circulation figures under “Part B” of ABC Certificate of circulation:

- In some cases, few readers schemes in vogue may not qualify for certification as per the Bureau's existing guidelines. Such circulation to be shown under “Part B” of the ABC Certificate of circulation as “Non Qualifying Sales” .
- Users of the ABC certificate mainly media planners, media buyers, advertising agencies and advertisers, time and again had requested the Bureau to provide complete details of circulation of member publications.
- In order to give meaningful and complete information to the media planners and in order to assist them in their analysis and comparisons, it would be appropriate for all Publisher members to submit their circulation figures to the Bureau either as qualifying sales under “Part A” or under “Part B” as non-qualifying sales within the prescribed time frame.

## 7.3 Publications distributed without supplements:

Bureau certifies circulation figures of a member newspaper as a “unit” and supplements are an intrinsic part of the unit particularly so when the total number of pages are mentioned on the mast-head which includes the supplement pages. Any incomplete publication sold/distributed in the market place or supplied to Subscribers etc which do not contain all pages including supplement as mentioned on the mast-head would accordingly not qualify for certification as “Qualifying Sales” under PART A.

#### **7.4 Total number of pages contained in a newspaper:**

It would be mandatory for all newspapers enrolled with the Bureau as members to clearly mention on the front page of the main newspaper, total number of pages including all its supplements plus add-ons.

#### **7.5 Compilation of Incoming Certificate:**

##### **7.5.1 Certification of a new edition for part audit period:**

Certification of a newly started edition for a part audit period will be permitted only in cases where publication requests for a combined certificate with an existing edition. It will be necessary for the publisher to submit a separate application for enrolment to membership and also pay annual membership fees as well as one time entrance fees as prescribed from time to time.

Publisher is also required to file the audited incoming certificate separately in such cases.

However, if a publication [either edition or printing centre] is published / printed for less than 30 days during an audit period, then the average of such edition / printing centre would only be shown as a foot-note and not added to the averages of other editions / printing centres (in case of combined certification) in order not to vitiate the total average of all other editions / printing centres which were printed and published through out the six monthly audit period.

In case a publication is published for more than 30 days during an audit period, then the average of the same would be added alongwith the averages of other editions / printing centres contained in a combined certificate.

##### **7.5.2 Copies indented locally but distributed abroad:**

All copies of a publication which are indented by agents in India but distributed / sold abroad will not be considered for certification while arriving at the average qualifying sales.

##### **7.5.3 Option to avail a separate and / or a combined ABC certificate for a multi-edition publication:**

A publisher of a multi-edition publication has an option to avail either a separate certificate for its various editions or a combined ABC certificate for various editions. A publisher who is a member of the Bureau and has exercised an option to avail a separate ABC Certificate or a combined ABC Certificate can change his option only once during a period of four six monthly audit periods.

Publisher's request may be considered by the Council only prospectively from the commencement of the following audit period.

#### **7.6 Procedure for compilation of combined ABC certificate based on actual publishing days :**

Total qualifying sales in case of combined multi-edition and / or printing centre certificates would be the sum of individual averages of all editions / printing centres calculated on the basis of actual number of publishing days of each respective edition and /or printing centre [as the case may be].

Individual edition and / printing centre wise average circulation based on respective publishing days would be shown on the ABC certificate of circulation.

However, if a publication [either edition or printing centre] is published / printed for less than 30 days during an audit period, then the average of such edition / printing centre would only be shown as a foot-note and not added to the averages of other editions / printing centres (in case of combined certification) in order not to vitiate the total average of all other editions / printing centres which were printed and published through out the six monthly audit period.

In case a publication is published for more than 30 days during an audit period, then the average of the same would be added alongwith the averages of other editions / printing centres contained in a combined certificate.

#### **7.7 Part certification of editions / printing centres contained in a combined certificate:**

If a publisher member does not wish to avail of a certificate of circulation from the Bureau in respect of one of its printing centre and / or edition for any reason from amongst various editions / printing centres in a combined certificate, then the Bureau would certify the circulation figures of the rest of the editions / printing centres as submitted by the publisher subject to publisher submitting the circulation figures of the particular edition / printing centre atleast in "Part B" of the ABC Certificate of circulation.

- Total non-submission of circulation figures in either "Part A" or in "Part B" of a printing centre / edition amongst other editions included in a combined certificate will not be permissible and in such case the entire combined ABC Certificate of circulation cannot be issued.

#### **7.8 Reasons for increase in circulation:**

Publisher members are required to specify the reasons for increase in circulation when the circulation of a printing centre or an edition individually increases / decreases by 10% or more over the previous audit period.

### 7.9 Sunday circulation / weekly editions of daily newspapers:

In case of daily newspapers, where higher rates are prescribed or surcharge is levied over normal advertisement rates for Sunday editions or Weekly edition published on any other day, average circulation of such Sunday or Weekly editions is indicated separately on the relevant ABC certificate alongwith average qualifying sales. In such cases, publisher members are required to submit separate circulation figures for Sunday issues/weekly editions.

### 7.10 Newsprint wastage:

Reasons to be provided in the incoming certificate for newsprint wastage of (+/-) 3 per centage points as compared to previous audit period.

## 8. COMPILATION OF AREA BREAKDOWN STATEMENT:

### 8.1 Area Breakdown Statement:

For the purpose of compilation of Area Breakdown Statement to be submitted to the Bureau together with the circulation figures, publisher members and their auditors are required to select an issue which has circulation **nearest** to the average qualifying sales for the relevant audit period so that it reflects normal pattern of distribution of a publication. Despite the above requirement, substantial variations are noticed between the figures of average Qualifying Sales for an audit period and the total distribution provided in the Area Breakdown Statement for the issues selected. In order to rectify this anomaly, members are requested to provide details of State-wise, District-wise and Town-wise distribution in an Area Breakdown Statement for the issue selected which will be **reduced or adjusted** in proportion to the average circulation figures for the period. Accordingly, total qualifying distribution of an issue provided in Area Breakdown Statements will be **equal** to the average qualifying sales as certified for the period.

### 8.2 Compilation of Area Breakdown Statement (in case of new edition started during the audit period):

In case of a new edition of a multi-centre publication started in between the audit period, edition-wise distribution details of a newly started edition during the relevant audit period will not be shown separately. The same will be reflected under the parent edition from which supply was earlier catered to.

### 8.3 Details of town-wise distribution under Section 'B' to be provided as under :

For the State(s) in which the town(s) of publication is/are situated, towns to be classified according to the respective Districts. A tally of total distribution in each District to be provided showing towns where 250 copies or more are distributed. Those distributed in other towns to be totalled and indicated as distributed in "other places".

For other States, various towns to be classified according to respective Districts without providing a tally of total distribution in the District.

## **9. BUREAU MEMBERSHIP:**

### **9.1 Governance:**

Membership of the Bureau is governed by the terms and conditions of membership together with the provisions of Bureau's Memorandum and Articles of Association.

#### **9.1.1 Documents to be submitted:**

All publishers who desire to enroll their publications to Bureau membership are required to submit the following documents:

- Completed application form duly proposed and seconded by two members of the Bureau.
- Permanent information form duly completed, signed and stamped
- Fees: Application fee as per schedule in force.
- Letter of authority (**Annexure 3**)
- Publisher's confirmation (**Annexure 4**)
- Copy of relevant RNI registration certificate
- Specimen copy of the publication

### **9.2 Direct Bureau Audit:**

If desired by a prospecting publisher member, a new publication / edition / printing centre to be enrolled to Bureau membership may be directly put through Bureau's audit by Bureau's Auditors at publisher's expense prior to admission provided a written request is received by the Bureau atleast one month before the end of the respective audit period.

The same also applies to existing publisher members desirous of availing this service.

*(applicable upto audit period: July-December 2012)*

### **9.3 Enrolment of new editions / printing centres:**

Publisher members are required to separately enroll a new printing centre and / or edition with the Bureau. Publisher members are also required to submit separate Incoming Certificate for each printing centre and / or edition. Publisher members may request for a combined or separate ABC certificate of circulation for their various editions.

#### 9.4 Return of Application for Bureau membership:

Bureau will be constrained to return application received for Bureau membership from prospecting publisher applicant under the following circumstances:

- Not completing procedural formalities and providing required documents within a reasonable time [within the audit period for which admission to Bureau membership was sought].
- Failure to comply with Bureau's prescribed audit guidelines.
- Non-availability of RNI registration certificate.
- Non-payment of annual membership fees and entrance fee as per the prescribed schedule of fees.
- Failure to comply with the provisions of Bureau's Code for Publicity
- Any other reason which the Bureau's Council of Management feels appropriate.

#### 9.5 Re- admission to Bureau membership:

All applications from Publishers for re-admission to Bureau membership would be considered by the Bureau's Council of Management only after a gap of two six monthly audit periods including the audit period during which the membership was terminated/ ceased.

*[applicable upto 30<sup>th</sup> June 2013 where all procedural formalities for re-admission to Bureau membership are completed before 30<sup>th</sup> June 2013]*

##### **With effect from 1<sup>st</sup> July 2013:**

It is proposed to categorise publisher members and prescribe different cooling off periods before applying for re-admission to Bureau membership as under with effect from 1<sup>st</sup> July 2013 for all applications for re-admission to Bureau membership received/completed after 1<sup>st</sup> July 2013..

		<u>Period</u>
i)	Council terminating membership under Article 44(a) for any reason	] Not to be re-admitted
ii)	Not adhering to Council's directive to print corrigendum / take corrective action in case of Bureau's code for publicity	] 5 years
iii)	- Wilful manipulation of books and records in order to claim higher circulation figures	] 5 years
	- Books and records cannot be relied upon for certification	] (in both cases circulation figures not accepted for certification)
iv)	In all other cases	] 1 year

**9.6 Starting of new edition:**

ABC certificate of circulation are issued for a six monthly audit period i.e January to June and July to December every year. Certification of circulation figures of a new edition for part audit period would be considered for certification provided the publisher seeks a combined ABC certificate alongwith an existing member edition and submits to the Bureau an application for Bureau membership in the prescribed form as well as completes all prescribed procedural formalities (also see para 7.5.1).

Certification of circulation figures **separately** of a new edition for a part audit period will not be considered.

**9.7 Surprise Recheck Audit by Bureau's Auditors prior to admission to Bureau membership:**

Publisher to file the circulation figures for the relevant audit period after the application for Bureau membership is accepted in principle by the Bureau's Council of Management. The relevant circulation figures filed with the Bureau for the new title / edition / printing centre would then be put through a surprise recheck audit by Bureau's Auditors at publisher's expense prior to admission and confirmation of circulation figures. In case of new printing centre, whose average qualifying sales is less than 25,000 copies then that particular printing centre would not be put through surprise-recheck audit and a certificate of circulation would be issued in normal case. However, the new printing centre would be put through surprise check in next audit period.

*[applicable upto audit period July-December 2012]*

**10. GUIDELINES COVERING TITLES HAVING AVERAGE CIRCULATION LESS THAN 15,000 COPIES:**

In order to encourage small publications / titles to have their circulation figures certified by the Bureau and to minimise record keeping by such small publications / titles, following simplified guidelines have been prescribed for maintenance of books of accounts and other documents for a satisfactory circulation audit for such titles having average circulation upto 15,000 copies.

The same is applicable to TITLES having average circulation less than 15,000 copies and not to individual edition / printing centre of a title.

**10.1 Advance written indents / monthly confirmations**

This requirement is waived. Auditors may however seek direct confirmations from the agents.

**10.2 Agents' supply register**

Details of total copies supplied to the agent – paid & free copies to be maintained. Details of unsolds to be maintained.

**10.3 Agreement with outside printers**

No formal agreement necessary. Instead, printer's bills and/or statement of account, with correspondence to cover the supply of newsprint, conversion of reels into sheets and percentage of wastage etc. to be maintained.

**10.4 Banking of cash collection**

Banking of cash collection only relating to sale of copies to be banked on the following day.

**10.5 Cash covering notes**

This requirement is waived.

**10.6 Cash sales records**

Centre wise details of copies supplied to hawkers in cash and cash received to be maintained.

**10.7 Machine room returns**

Details should atleast include start and finish time preferably with machine break timings.

**10.8 Newsprint consumption register**

Periodic reconciliation of newsprint consumption and wastage to be carried out as under –

- |     |                   |    |             |
|-----|-------------------|----|-------------|
| i)  | Daily Newspapers  | .. | Fortnightly |
| ii) | Weekly Newspapers | .. | Monthly     |

**10.9 Newsprint stock register**

One consolidated register showing all receipts and consumption of newsprint with the necessary details may be considered as adequate.

**10.10 Postage / despatch record for subscribers**

Details of subscription copies despatched to be maintained

**10.11 Print order**

Consolidated print order may be prepared

**10.12 Returns register**

Unsold / returns register to be maintained

## **11. OUTSTANDING / ADD BACK OF COPIES:**

### **11.1 Adjustment of agents deposits against outstanding dues:**

Publisher may seek to appropriate the agents deposits held by him against the outstanding dues of the said agent by passing appropriate accounting entries in the books and records. In all such cases, publisher is required to give a due notice in writing to such an agent whose deposits have been appropriated on account of outstandings at the end of the audit period. In such cases, reversal of the accounting entry after the close of the audit period is not permissible.

### **11.2 Onaccount payments by agents:**

Onaccount payments received from agents / sub-agents without mentioning the name of the publication may be appropriated on pro-rata basis amongst ABC as well as non-ABC publications in cases where both ABC as well as non-ABC publications are billed together.

### **11.3 Outstandings:**

Whilst calculating the qualifying copies under Part "A" of the ABC certificate of circulation outstanding payment for copies supplied to agents at the end of the audit period as under have to be excluded.

- Local agents - outstanding for more than one month's supply
- Outstation agents – copies outstanding for more than two months supply
- Railway book stalls – copies outstanding for more than four months supply

Qualifying Copies which were outstanding for payment in the previous audit period and excluded but payments for which have been received in the immediate subsequent audit period are to be added back as qualifying sales for certification under Part "A" in the immediate subsequent period equally over the entire audit period of six months.

## **12. AUDIT GUIDELINES:**

### **12.1 Appointment of Publisher Auditor:**

Following broad framework has been decided upon by the Council to directly appoint auditors to carry out circulation audits of member publications every six-months w.e.f audit period January-June 2013 :

- 1) Bureau's Council of Management would decide to appoint auditors from amongst empanelled auditors to undertake circulation audits of member publications with effect from the audit period January-June 2013.
- 2) One common panel of Auditors to be formed merging the existing panel of Publisher Auditors and Bureau Auditors.

- 3) Circulation figures as certified by the appointed auditors would be accepted for certification without a further recheck audit.
- 4) Member publications will also not be periodically put through routine surprise checks by Bureau auditors.
- 5) Publisher members would be provided names of three audit firms as an option to choose the audit firm / firms to audit their member publications. Publisher member having multiple editions / printing centres at several places may choose any one or two or all three audit firms and distribute their various publications and / or (editions) amongst those firms.
- 6) In cases where the option of three audit firms provided to a publisher member is not acceptable to a publisher member for any valid reason then a publisher member should clearly specify in detail the reasons for not accepting any of the three audit firms offered. Council would then decide on the matter duly considering the reasons offered by a publisher member.
- 7) The audit firm chosen will carry out circulation audits as per the prescribed audit guidelines as laid down from time to time and submit the certified circulation figures along with the check list duly stamped and signed.
- 8) An Audit firm would undertake circulation audits of member publications for a maximum period of 2 years i.e. 4 six monthly audit periods.
- 9) Empanelled Publisher Audit firms which had carried out circulation audits of member publications during the last 8 audit periods upto July-December 2012 would necessarily not be allotted to the same publication and all efforts would be made not to allot the said audit firm also to the nearest competitor.
- 10) All empanelled auditors should necessarily carry out circulation audits as per the prescribed Bureau's audit guidelines and submit the audited circulation figures within a period of 45 days after the end of the relevant audit period i.e.
 

➤	for the audit period January to June	-	latest by 16 <sup>th</sup> August	(next day in case of a Sunday or Bank Holiday)
➤	for the audit period July to December	-	latest by 15 <sup>th</sup> February	
- 11) Emphasis would be placed on the capacity of the audit firm to handle the volume of circulation audits and complete circulation audits on time.

- 12) Instances of complaints received from publisher members against any empanelled auditors would be considered by the Council within 30 days and appropriate action would be initiated by the Council based on the material facts of the matter available including response from the auditor.
- 13) The existing practice of circulation auditors carrying out a press and market visit atleast once a year (January to December) would continue.
- 14) The check-list would be required to be completed by the appointed publisher auditor for each edition and / or printing centre (as the case may be) audited with effect from the audit period January-June 2013.

**Audit Fees & out of pocket expenses:**

Audit fees payable to the appointed auditors would be at the same level as at present paid to the existing auditor relevant to the audit period July-December 2012. Actual out of pocket expenses incurred by the auditor to be reimbursed by the publisher against supporting bills .

**Check-lists:**

- i) Check list to be completed by auditors after verification of publishers books and records **[Annexure 1]**
- ii) Check list for Press and Market visit by auditors **[Annexure 2]**

**12.2 All publications of a group not members of the Bureau:**

Publishers who publish more than one publication, all of which are not members of the Bureau and separate books of accounts are not maintained for non member publications then under such circumstances the publisher should provide access to the auditor to enable him examine records pertaining to non member publications.

In cases where non member publications are offered to a reader along with member publications under any scheme then it is incumbent upon the publisher to provide full access to the auditor for scrutiny of books and records pertaining to non member publications.

**12.3 Banking of cash collections:**

Publisher members are required to deposit into the bank on the same day or the next working day cash received from all sources viz. sale of copies, advertisement receipts and from any other source.

Cash required by the publisher for day-to-day disbursement should be separately withdrawn and not adjusted from the daily cash collection.

Auditor should verify this aspect and establish that actual cash received on all days has been deposited into the bank in full on the same day or next working day and such a transaction is not merely a book entry

Monthly bank reconciliation statements should be up-to-date and available for Auditor's verification.

#### **12.4 Books and records to be audited:**

Each audit should include financial, sales and statistical audit to the satisfaction of the auditor in order to establish the qualifying sales. For that purpose auditors should call for relevant books and records and information as may be required from the publisher. However, the financial audit should be limited to ascertain to the satisfaction of the auditor the circulation figures to be certified without going into other financial records which have no bearing on the publisher's circulation figures. Scrutiny of various accounts heads in general ledger should be done for those accounts pertaining to sale of copies.

For a satisfactory audit, an auditor should not limit his scrutiny of publishers books and records placed before him but his audit should include physical verification of actual printing and despatch of the publication including actual sale of copies to the trade which may be ascertained through market visits, interaction with distribution trade as well as seeking direct confirmations from newsprint suppliers, agents, principal agents and others involved in sales of copies.

#### **12.5 Books and records to be maintained by principal agent(s) / agency:**

An agent /s who distributes or effects at least 20% of the total sales subject to a minimum of 25,000 copies per printing centre / edition is recognised and termed as "principal agent".

It is essential for the publisher to arrange for principal agent's books and records for an audit by the publisher auditor and / or Bureau auditor as required at all times.

Further the word "publication" in the context of principal agency mean **"which submits separate incoming certificate for consideration of the Bureau"**.

Following books and records are required to be maintained.

##### **a) Distribution records:**

- i. Sub agents/ hawkers supply register
- ii. Sub agents/ hawkers unsold/returns register
- iii. Sub agents written orders or subsequent confirmations for copies ordered by them
- iv. Despatch distribution summary
- v. Subscriber records wherever applicable

**b) Financial Records:**

- i. Credit note register/ Credit notes
- ii. Sub agents ledger for Credit sales
- iii. Duplicate bills/invoice of sub agents – Bills register
- iv. Cash sales records
- v. Cash/bank book, Bank Reconciliation statement etc.
- vi. Supporting payment advices for remittances received from distributing trade

The Auditors may where deemed necessary, call for such information directly from the parties concerned with the concurrence of the Publisher.

Auditors shall verify that Cash receipts on account of sale of the concerned publication and from all sources must be deposited with the bank intact on the following day except on a bank holiday, in which case cash receipts are to be deposited on the next working day. The auditor will satisfy himself as to the banking of cash receipts and examine the Bank Pass Book. He will also ensure that cheques deposited on account of sale of the publication have been duly realised by reference to bank reconciliation statement.

**c) Agents Confirmations:**

Principal agent/s are required to obtain from their sub agents or by any other name called documentary evidence for number of copies supplied to them. The said written evidence could either be: -

- i) Advance written indent / orders from agents in support of copies supplied to them.
- ii) Subsequent confirmation from agents in cases where advance indents are not available specifying the number of copies.
- iii) In absence of (i) and (ii), principal agent/s should obtain monthly statements from agents / sub-agents duly stamped and signed showing number of copies received and those remaining unsold, payment received by either cash, cheque, or demand draft. In such cases, it is the principal agent/s responsibility to obtain the duplicate copy of the statement of account from the agents / sub-agents duly stamped and signed. This monthly statement of accounts duly accepted by the agents / sub-agents should be kept on record for auditor's verification.
- iv) Payments received from agents / sub-agents by cheque would be deemed to be considered as confirmed. Monthly confirmations for atleast 60% of the total copies distributed per edition and/or printing centre as the case may be, if available with the publisher / principal agent/s as the case may be, would be considered to be adequate for audit verification.

Cheque payments received from agents / sub-agents would be included as part of the above 60% limit.



#### d) Agents Remittances:

All remittances from agents specially by cash or demand drafts should be supported by documentary evidence such as payment advices, covering letter or statement of accounts. All remittances from agents should be checked with the principal agent's books of accounts and bank statements.

Auditor should report all such cases and carry out detailed scrutiny specially where remittances have been made on behalf of more than one agent through a consolidated cheque by another agent

In order to have an evidence for payment received in cash by principal agent's representatives / field staff, a pay-in-slip or any other document by whatever name called, duly filled by the agent / dealer detailing name of the agent, place, Bill No. amount paid should be obtained. Auditors may seek direct confirmations from such agents as deemed appropriate.

Cash covering letters upto average 50 copies or less per day / per issue from agents / sub-agents are exempt.

### 13 BOOKS AND RECORDS TO BE MAINTAINED BY PUBLISHER MEMBERS:

#### 13.1 Various books and records :

##### A GENERAL

1. Cash Book
2. General Ledger
3. Journal

##### A GENERAL

4. Bank Statement
5. Bank Reconciliation Statement
6. Trial Balance
7. Cash Sale Records

##### C AGENTS

15. Agents' Invoice / Bill Register
16. Agents' Supply Register
17. Agents' Returns Register
18. Credit Note Register / Credit Notes
19. Agents' Ledger

##### B PAPER PRINTING & DELIVERY

8. Print Orders
9. Machine Room Returns
10. Newsprint Stock Register

##### B PAPER PRINTING & DELIVERY

11. Newsprint Consumption Register
12. Newsprint Bills
13. Wastage Records
14. Dispatch / Distribution Summary

##### D SUBSCRIPTION

20. Subscription Scheme
21. Subscribers' form
22. Subscription amount receipts
23. Subscribers Register
24. Dispatch Records

Auditors should include any adverse observation on the scrutiny of the above books and records in their reports to be annexed alongwith six monthly audit report issued to the publisher.

### 13.2 Agents Confirmations:

Publishers are required to obtain from their principal agent/s, sub agents or by any other name called documentary evidence for number of copies supplied to them. The said written evidence could either be: -

- i) Advance written indent / orders from agents in support of copies supplied to them.
- ii) Subsequent confirmation from agents in cases where advance indents are not available specifying the number of copies.
- iii) In absence of (i) and (ii), publisher should obtain monthly statements from agents duly stamped and signed showing number of copies received and those remaining unsold, payment received by either cash, cheque, or demand draft. In such cases, it is the publisher's responsibility to obtain the duplicate copy of the statement of account from the agent duly stamped and signed. This monthly statement of accounts duly accepted by the agents should be kept on record for auditor's verification.
- iv) Payments received from agents / sub-agents by cheque would be deemed to be considered as confirmed. Monthly confirmations for atleast 60% of the total copies distributed per edition and/or printing centre as the case may be, if available with the publisher / principal agent/s as the case may be, would be considered to be adequate for audit verification.

Cheque payments received from agents / sub-agents would be included as part of the above 60% limit.

### 13.3 Agents Remittances:

All remittances from agents specially by cash or demand drafts should be supported by documentary evidence such as payment advices, covering letter or statement of accounts. All remittances from agents should be checked with the principal agent/s books of accounts and bank statements.

In order to have an evidence for payment received in cash by publisher's representatives / field staff, a pay-in-slip or any other document by whatever name called, duly filled by the agent / dealer detailing name of the agent, place, Bill No. amount paid should be obtained. Auditors may seek direct confirmations from such agents if required.

Cash covering letters upto average 50 copies or less per day / per issue from agents / sub-agents are exempt.

**13.4 Newsprint Purchases and Consumption:**

In respect of newsprint purchases and / or loan of newsprint, publishers are required to maintain for Auditor's verification:

- Invoice from newsprint suppliers duly specifying the quantity, rate, amount
- If imported newsprint is used, then all documents pertaining to import of newsprint.
- Transporters bills for transport of newsprint.
- Lorry receipt, gate pass to authenticate receipt of newsprint.

**13.5 Newsprint Stocks Register:**

- Newsprint stocks register should be maintained at all times clearly mentioning the date, quantity, make and / or other particulars of newsprint purchases together details of newsprint issued to the press from time to time.
- Loans of newsprint, if any, either received or given should be clearly specified alongwith details of debit and credit notes as applicable.
- Newsprint stocks register should be up-to-date at all time and available for auditor's verification.

**13.6 Auditors are also required to cover the following areas during their circulation audit:****13.6.1 Distribution records:**

- vii. Sub agents/ hawkers supply register
- viii. Sub agents/ hawkers unsold/returns register
- ix. Sub agents written orders or subsequent confirmations for copies ordered by them
- x. Despatch distribution summary
- xi. Subscriber records wherever applicable

**13.6.2 Financial Records:**

- i) Credit note register/ Credit notes
- ii) Sub agents ledger for Credit sales
- iii) Duplicate bills/invoice of sub agents – Bills register
- iv) Cash sales records
- v) Cash/bank book, Bank Reconciliation statement etc.
- vi) Supporting payment advices for remittances received from distributing trade

The Auditors may where deemed necessary, call for such information directly from the parties concerned with the concurrence of the Publisher.

Auditors shall verify that Cash receipts on account of sale of the concerned publication and from all other sources must be deposited with the bank intact on the following day except on a bank holiday, in which case cash receipts are to be deposited on the next working day. The auditor will satisfy himself as to the banking of cash receipts and examine the Bank Pass Book. He will also ensure that cheques deposited on account of sale of the publication have been duly realised by reference to bank reconciliation statement.

### **13.6.3 Agents Confirmations:**

For an effective audit, publishers are required to obtain from their principal agent/s, sub agents or by any other name called documentary evidence for number of copies supplied to them. The said written evidence could either be:

-

- Advance written indent / orders from agents in support of copies supplied to them.
- Subsequent confirmation from agents in cases where advance indents are not available specifying the number of copies.
- In absence of (i) and (ii), publisher should obtain monthly statements from agents duly stamped and signed showing number of copies received and those remaining unsold, payment received by either cash, cheque, or demand draft. In such cases, it is the publisher's responsibility to obtain the duplicate copy of the statement of account from the agent duly stamped and signed. This monthly statement of accounts duly accepted by the agents should be kept on record for auditor's verification.
- Payments received from agents / sub-agents by cheque would be deemed to be considered as confirmed. Monthly confirmations for atleast 60% of the total copies distributed per edition and/or printing centre as the case may be, if available with the publisher / principal agent/s as the case may be, would be considered to be adequate for audit verification.
- Cheque payments received from agents / sub-agents would be included as part of the above 60% limit.

### **13.6.4 Agents Remittances:**

- All remittances from agents specially by cash or demand drafts should be supported by documentary evidence such as payment advices, covering letter or statement of accounts. All remittances from agents should be checked with the agent/s books of accounts and bank statements.
- Auditor should report all such cases and carry out detailed scrutiny specially where remittances have been made on behalf of more than one agent through a consolidated cheque by another agent.

- In order to have an evidence for payment received in cash by publisher's representatives / field staff, a pay-in-slip or any other document by whatever name called, duly filled by the agent / dealer detailing name of the agent, place, Bill No. amount paid should be obtained. Auditors may seek direct confirmations from such agents if required.
- Cash covering letters upto average 50 copies or less per day / per issue from agents / sub-agents are exempt.

### **13.7 Newsprint purchases and consumption:**

- i. Auditors to verify the publisher's newsprint purchases and loans of newsprint and paper of any other kind used for production of this publication, with reference to invoices, receipts from parties, bank statements correspondence etc. and have excluded copies, if any, printed out of newsprint and paper acquisitions not supported by vouchers.
- ii. Auditors to check the summary reconciling acquisition with consumption of newsprint and other paper with reference to the copies printed and thoroughly verified the wastage of .....% which is an overall wastage inclusive of tare, core, tear-off, cut- wastage and spoils etc.
- iii. Auditors to check the summary reconciling acquisition with consumption of newsprint and other paper with reference to the copies printed and thoroughly verified the wastage of .....% which is an overall wastage inclusive of tare, core, tear-off, cut- wastage and spoils etc.
- iv. Auditors to examine the printing capacity of the equipment in use by the Publisher(s) and/or the printer of publication; and in the later case: Auditors to also examine the printers' bills showing total number of pages/copies printed and the rate per form etc.
- v. Auditors to carry out physical verification of newsprint stocks and/or verified stocks with the Bank Certificate, and/or Certificate(s) from outside press(es), which has been found to be in conformity with the records.
- vi. Auditors to verify the newsprint consumption with reference to Print Orders, Newsprint Issue Sheets, Machine Room returns. Stock Register and/or periodic newsprint consumption statements received from outside press(es).
- vii. Auditors to verify non-payment to newsprint suppliers beyond 90 days which is considered as normal credit period. Secondary documentation like octroi payment, gate pass etc. should be verified. Auditors may seek direct confirmations from the concerned newsprint suppliers if required.



### 13.8 Distribution:

i) Auditors to check:

- a. Cash Sales with Cash Sales Register and / or Cash Book.
- b. Subscription Sales with Subscriber's Register and dispatch records.
- c. Agency Sales: Supplies to Agents with advance written orders, subsequent confirmations or statements of Account obtained from agents.
- d. Agency Sales: Agency Sales Register with Railway Road/Air /Postage/Delivery Book etc.
- e. Agents' Sales Register with Duplicate Bill Copies.
- f. Agents' Sales Register with Returns register.

ii) Auditors to adjust from Qualifying Sales:

- a. Copies involved in outstanding from agents and others in accordance with the instructions of the Bureau.
- b. Copies returned or intimated as remaining unsold by hawkers/agents/distributors. .
- c. Copies not meeting the qualifying criteria.

### 13.9 Financial Reconciliation:

Auditors to check:

a. **CASH SALES :**

- i. Cash Book with Cash Sales Register
- ii. Cash Book with Sales Account in General Ledger.

b. **SUBSCRIPTION SALES:**

- i. Cash Book with Subscriber's Register.
- ii. Cash Book with Sales account in General Ledger

**c. AGENCY SALES:**

- i. Agents' Sales Register with Agents' Ledger
- ii. Agents' Sales Register with Sales account and Agents' Account in General Ledger.
- iii. Cash Book with Agents' Ledger
- iv. Cash Book with Agents' Account in General Ledger . Agents' ledger with Credit Note Books.
- v. Totals of Credit Note Books with Agent's Account and Sales Account in General Ledger.
- vi. Journal with Agents' Ledger and General Ledger.
- vii. Cash Book with Bank Pass Books/ Statement.

**d. CASH RECEIPTS AND PAYMENTS:**

Auditors to confirm that:

Cash receipts from ALL sources including circulation receipts, advertisement receipts, receipts in respect of sister publications and miscellaneous receipts of whatsoever nature have been regularly banked intact and that payments are made from withdrawals from the bank on imprest basis or otherwise.

All payments and/or perquisites to agents have been verified with reference to Agents' Ledger, Agents' Account in General Ledger, respective Nominal accounts in the General Ledger, Credit Notes and correspondence between the Publisher and the agent(s) and that payments made or perquisites allowed have been taken into account while arriving at gross Trade Terms as per the Bureau's instructions.

**13.10 Other Information:****i) Principal Agency / ies**

Auditors to provide details of principal agency/ies

(Any agent/s who effects 20% or more of the total distribution of a publication subject to a minimum of 25,000 copies per printing centre / edition)

**ii) Variation in average qualifying sales**

Auditors to provide detailed reasoning for variations in qualifying sales (+/- 10% as compared to previous audit period)

**13.11 Direct confirmations sought by Auditors:**

Auditors are required to seek third party direct confirmations from newsprint suppliers and agents as per the addresses / details available in the publisher's books and records. In cases where such third party direct confirmations sent by registered post, speed post or courier are returned undelivered by the postal authorities / courier company for any reason, then auditors should treat such transactions as non-bonafide and accordingly those copies during the audit relevant period pertaining to the respective agents and / or newsprint supplier be deducted as unconfirmed supplies before certifying copies under qualifying sales (Part A). Details of such deduction of copies should be mentioned in the audit report / check-list submitted to the Bureau.

**14. BUREAU AUDITS:****14.1 Surprise recheck audit :**

- Circumstances under which a surprise recheck audit by Bureau's Auditors are normally caused:
  1. New Publication being enrolled to Bureau Membership.
  2. Starting of a new publication centre / edition of an existing publication.
  3. Reduction in cover price which could possibly result in change (increase) in the trade terms / NRR.
  4. Increase in circulation figures individually for an edition and / or printing centre as decided by the Bureau's Council of Management from time to time.
  5. Circulation figures of a publication for the previous audit period are either not filed or not certified by the Bureau for any reason.
  6. Result of surprise check and/or surprise recheck audit of the previous period is unsatisfactory or there are issues arising from the surprise check/surprise recheck audit report which needs to be verified for compliance before certification of circulation figures.
  7. Any other reason for which the committee feels a surprise recheck audit is necessary (reasons to be recorded).

*[applicable upto audit period July-December 2012]*

**14.2 Direct Bureau Audit:**

- Publisher members may at their discretion request the Bureau atleast a month before the end of the audit period to carry out surprise recheck audit by Bureau's Auditors at publisher's expense in order to expeditiously complete the process of surprise recheck audit in the above cases.

Publisher members to keep books and records ready for scrutiny of Bureau's Auditors by 10<sup>th</sup> January / 10<sup>th</sup> July as the case may be.

*[applicable upto audit period July-December 2012]*

#### **14.3 Surprise Recheck audit of new printing centre prior to admission:**

- New printing centre of an existing edition started during an audit period may be put through a surprise recheck audit by Bureau Auditors at publisher's expense prior to certification provided the average circulation of the said printing centre is above 25,000 copies (based on actual printing days).
- New printing centre having average circulation of less than 25,000 copies, may be put through a surprise audit by Bureau Auditors in the immediate next audit period at publishers expense.

*[applicable upto audit period July-December 2012]*

#### **14.4 Routine surprise checks by Bureau's auditors:**

- The system of Surprise Check is one of the important audit procedures instituted by the Bureau. The main purpose of surprise check is to ascertain genuineness of circulation of a publication. This is achieved through:
  - a. Verification of print runs by visiting printing presses where publications are printed.
  - b. Verification of distribution of copies by visiting distribution centres both in the towns of publication as well as outside the publishing centres, through random checks.
  - c. Verification of supporting books and records and other documentary evidence in support of (a) & (b) above.
  - d. Verification of Newsprint Stocks and Consumption records including physical verification.
  - e. Verification of distribution and financial records.
- The system authorises Bureau's Auditors / representatives to visit publishers' establishments, without prior intimation, to verify actual print runs, distribution of copies as well as books and records maintained by them.
- All publications enrolled with the Bureau will be visited for a routine surprise check by Bureau's Auditors at the discretion of the audit committee either due to adverse earlier audit report, issues arising from earlier audit report, complaints received or any other reason as deemed appropriate by the Audit Committee.

- Surprise checks will be carried out by the Partners / representatives of firms of Chartered Accountants enrolled on the Bureau's Panel of Auditors. Bureau's officers may accompany the Bureau's Auditors as and when considered.
- Prescribed books and records should always be made available by the publisher during the course of Bureau Audit.
- In case of Surprise Check, prescribed books and records should be produced on demand. If the records are not made available for any specific genuine reason, the Auditors may at his discretion wait for not more than 24 hours to enable the publisher to produce relevant records.
- Publisher members will be requested to issue Letters of Authority in favour of the Bureau to enable Bureau's Auditors and officials to visit their printing presses.
- Publisher members are requested to offer necessary co-operation to the Bureau's Auditors in carrying out surprise checks whenever they visit.
- NOT facilitating Bureau's Auditor with a valid letter of authority to visit / enter the printing press or audit the books and records of a publisher member would result in circulation figures not being accepted for certification for that particular audit period.

*[applicable upto audit period July-December 2012]*

#### **14.5 Market protocol to be followed by auditors:**

Following Market Protocol to be followed by Auditors during their market visits from time to time :

- Auditors shall visit market place/s where a particular publication is being printed, published and distributed as intimated by the Bureau. The scope of the market visit inter-alia is to observe and report the actual market practices followed by the concerned publisher member.
- Auditors to purposively cover all depots / distribution centres in the respective cities / towns where 10% or more of the publication is being distributed. Small depots / distribution centres should also be visited randomly, such random samples selected should be adequate for a meaningful and acceptable statistical conclusion. The market visit may also include visits to trade associations / unions wherever existing.
- Market visit to be undertaken by the Auditors official representatives only.
- Auditors to disclose their identity. The aim of the exercise is to ascertain the factual information without any pre-conceived notion.

- Auditors to check the number of copies received at the depots / distribution centres and verify whether the number of copies tallies with the despatch details earlier noted at the publisher's press / office.
- Information regarding location of publisher's depots / distribution centres as collected by the Bureau from time to time for different cities / towns from member publications would be provided to the Auditors to facilitate a surprise market visit.
- Auditors to check the status of actual unsold returns by sub-agents / hawkers.

Auditors report on the market visit to contain the factual observations on the following points.

- i. System of unsolds observed at the depot / distribution centres.
- ii. Trade commission at which the sub-agents / hawkers purchase the copies from the main agent both in cash as well as on credit.
- iii. In case of credit sales, details of records maintained by the main agent / depot in charge.
- iv. Interaction with the depot in charge / main agent / sub-agents / hawkers.
- v. Ascertain whether any additional incentive over and above the trade commission was offered to sub agents / hawkers based on number of copies distributed.
- vi. Ascertain whether a complete publication including all supplements is distributed to all sub-agents / hawkers.
- vii. In case of combo sales whether all publications offered under the combo offer are distributed together at the declared combo price less trade commission.
- viii. In case, where subscription copies are also being distributed by the same sub-agents / hawkers to ascertain the actual delivery charges received by them for delivery of subscription copies.
- ix. Auditor's conclusions on their market visit.

**14.6 Combined certification:**

A publisher avails of a combined ABC Certificate of circulation voluntarily as per his own discretion. However, if on a surprise check and / or surprise recheck audit of a particular edition and / or printing centre of a publication availing combined certificate is reported by the Bureau's Auditors as "unsatisfactory" and the result is confirmed by the Bureau's Audit Committee then for the relevant audit period, the combined circulation figures for the relevant publication will be treated as 'Not Accepted' and the entire relevant combined ABC Certificate will not be considered for certification.

*[applicable in case of surprise and/or recheck audit upto audit period July-December 2012 and thereafter for circulation audit]*

**14.7 Non production of books and records by publisher members:**

In cases where publisher members do not make available the required books and records for verification by Bureau Auditors during their visit to the publisher's office, then after waiting for a reasonable time i.e. upto 24 hours after the request is made by the Bureau Auditors, the circulation figures for the relevant audit period will not be considered for certification.

*[applicable in case of surprise and/or recheck audit]*

**15. SURPRISE PRESS AND MARKET VISIT BY PUBLISHER AUDITORS:**

All publisher auditors are required to carry out atleast one surprise press and market visit during a calendar year which consists of two audit periods i.e. January to June and July to December. Such surprise press and market visit to be carried out in respect of all printing and publishing units of the publisher member. Publisher auditors are required to follow the market protocol prescribed by the Bureau.

A copy of the publisher auditor's report should be submitted to the Bureau alongwith publisher's comments wherever required.

This provision is not applicable to all those titles whose average circulation is less than 15,000 copies during an audit period.

Under mentioned points should be covered in the publisher auditor's surprise press and market visit report:

**a) Press Visit:**

- Date and time of visit
- Number of copies to be printed as per print order available including break-up of print order
- Cover price of various print runs as per print order
- Number of copies printed and dispatched before Auditors arrival as per MRR and availability of dispatch records.

- Number of copies printed and dispatched during Auditors physical presence at the press
- Auditors comments on the printing speed and capacity of the printing press as actually observed
- Scrutiny of dispatch labels and dispatch details available at the press
- Mode of dispatch
- Details of maintenance of Machine Room Report
- Any other relevant matter observed by the Auditors during printing and dispatch at the press

**b) Market Visit:**

- Date & Time of visit
- Names of the centres visited and the time of visit
- Actual number of copies received at the centre
- As per publishers record number of copies dispatched to the centre
- Net price at which copies are sold to the trade at each centre, actual trade terms as a % of cover price
- Previous days unsolds
- Whether cash sale or credit sale
- Record maintained by the agent
- Any other observations

**16. MACHINE ROOM RETURN (MRR) :**

**16.1 Details contained in Machine Room Return (MRR):**

Machine room return is the record of actual printing as well as confirmation that newsprint issued to the press has been utilised for printing the publication as per the Print Order. It states the number of copies actually printed and sent for despatch.



Machine Room Return should contain the following details:

- i) Issue date with their respective print-runs (if any)
- ii) Number of pages for the respective issue
- iii) Time of receiving the plates
- iv) Start and finish time for each print run for respective editions / print runs
- v) Number of copies recorded on clock for each print run
- vi) Number of spoils and make ready copy for each run
- vii) Number of good copies printed, for each run
- viii) Number of copies to be printed as per print order
- ix) Number of paper breaks with timings and time lost in each break
- x) Number of reel changes and time taken for change
- xi) Number of good copies sent for dispatch
- xii) Number of copies spoiled etc. on hand
- xiii) Remark column for any other information by foreman in charge

Machine Room Return states the actual performance of the machine / machines on a day to day basis and should be based on actual machine running timings and signed by the foreman or supervisor in charge of printing. In case of computerized Machine Room Returns, the source documents on the basis of which computerized record is generated should be maintained and made available for atleast one full previous audit period.

The working sheet of the MRR prepared during actual printing of copies be retained alongwith the fair copy of the MRR prepared on the next day in the office records. The same to be produced for audit verification.

#### **16.2 Publications printed at outside press:**

Where a publication is printed at an outside press not owned by the publisher, printers' bills showing number of copies printed, the rate per form along with the terms and conditions laid down in the agreement between the publisher and third party printers should be maintained and produced for auditor's verification.

Where the printing press is an associate concern, or subsidiary company under the same Management or where proprietors/partners/directors of the printing unit, are also proprietors/partners/directors of the publication, printing records maintained by such printers shall also be made available for the auditors' verification.

Publisher shall arrange for verification of actual printing and distribution of copies by Bureau's Officials/ Auditors as and when required.

#### **17. PRINT ORDER:**

It is utmost essential that a print order duly signed by an authorized official of the publisher is available at the press before the start of the printing process. Any alteration / correction to the print order should be duly authorized.

The print order should contain the following information:-

- 1) Date of issue
- 2) Total number of pages – main paper + supplements + add-ons if any to be separately mentioned.
- 3) Total number of copies to be printed
- 4) Break up of total number of copies into
  - Standalone copies
  - Combo copies
  - Subscription copies
  - Institutional sales
  - Free and promotional copies
- 5) Number of copies to be printed as per different print runs (details to be provided)

Auditors have been specifically intimated to verify the print order immediately before the starting of the printing process.

## **18. CODE FOR PUBLICITY BY PUBLISHER MEMBERS:**

### **1. PREAMBLE**

Membership of the Bureau entitles a publisher-member to use the fact of his membership and circulation figures certified by it, for publicity and promotion of his publication/s, in conformity with the rules as set out in Sections 2, 3 and 4 hereunder. These must be read in conjunction with each other and not in isolation.

The rules apply to publicity and promotion carried out by a publisher member himself as well as to publicity and promotion carried out on his behalf by any other person or organisation.

These rules are intended to ensure that all publicity and promotion related to circulation are carried out by publisher-members only on the basis of the circulation figures certified by the Bureau.

Membership of the Bureau requires members to abide by these rules and not to use any figures or claims related to circulation in publicity and promotion that are not certified by the Bureau.

### **2. DEFINITIONS / SCOPE**

#### **a) CIRCULATION.**

- i) **'Circulation'** shall always mean the Average Qualifying Sales of Daily & Weekly Newspapers shown in Part A of the ABC Certificate of Circulation OR Net Paid Circulation of Magazines of the entire audit period as certified by the Bureau for the last completed ABC Audit period.



- ii) Circulation figures given under Part B of the ABC Certificate of circulation in case of Daily and Weekly Newspapers are intended for information purpose only and should not be used, added together with any other certified circulation figures for any publicity / promotion campaign in any form whatsoever.
- iii) Publisher Members may if they so desire, publicise their average Weekday, average Sunday circulation figure provided the figure of average Qualifying Sales / Net Paid Circulation is also shown in the publicity as prominently as (same font size) the average Weekday or average Sunday circulation figure.
- iv) Provided month-to-month circulation figures for the **entire** six-monthly audit period are quoted along with the Average Qualifying Sales / Net Paid Circulation for the period, monthly average circulation figures shall not be used selectively for the purpose of publicity and promotion. If so desired, copies of ABC Certificates issued by the Bureau may be circulated or used for publicity without any alterations.
- v) Distribution data appearing in the Area Breakdown Statement of the same audit period, certified by the Bureau may be used for publicity and promotion.

#### **b) PUBLICITY AND PROMOTION.**

**Publicity and Promotion'** shall always mean the providing of any information whatsoever relating to circulation, through the release of advertisements in any medium and in any other form, such as Ad rate cards, brochures, leaflets, circulars or handouts etc.

The term '**in any other form**' referred to above will also cover one-to-one communication addressed by publisher members to more than one person. Such one-to-one communication shall **not** contain information relating to or based on circulation figures, or any other figures not certified by the Bureau - for example, no reference will be allowed to print order figures or projections made on circulations whether certified by the Bureau or not.

### **3. RULES**

- a) Membership of a publisher with the Bureau can be publicised and used only after confirmation of membership and issue of first ABC Certificate and not while the application is under consideration.



- b) Publisher member may use the ABC insignia and the statement **"Member of Audit Bureau of Circulations"** for publicity and promotion of his publication/s as long as he is a member of the Bureau. No reference shall be made either to the ABC or the circulation figures certified by it for any audit period for the purpose of publicity or promotion after he ceases to be a member. Violation of this requirement may disqualify the concerned publisher from seeking re-admission to Bureau membership. The Council shall, however, retain its discretion to re-admit a member if it so desires.
- c) When a publisher member uses circulation figures in publicity and promotion, he shall only use circulation figures as defined in para 2(a).

Publisher may also, if he so desires, use circulation figures of any previous period/s as certified by the Bureau along with the certified circulation figures of the last ABC Audit Period. The period/s to which they relate must be specified. Where circulation figures for the last ABC audit period have not been certified by the Bureau for any reason, the publisher must indicate the same in his publicity and promotion.

- d) Publisher member must not use any figures which are not certified by the Bureau such as print order figures, for the purpose of publicity and promotion.
- e) Publisher member may use comparative circulation figures in respect of other member publications for the purpose of publicity and promotion, along with his own, provided circulation figures are such as have been certified by the Bureau for the last completed ABC audit period. (along with those for any previous period as certified by the Bureau, if so desired, shown separately.)

Publisher member may use circulation figures relating to his own publication/s based on the ABC certificates issued to him. In case of data of other member publications, such data will be sourced from the Preliminary Lists of Circulation, Serial Volumes, Bureau's website or any other publication released by the Bureau.

Comparisons must be made on the basis of circulation figures relating to the same audit period/s.

If for any reason, circulation figures for any publication/s are not certified, the fact as stated in the Preliminary Lists, Serial Volumes, Bureau's website e.g. 'Not a Member', 'Not Accepted', 'Under Consideration', 'Not Certified', 'Not Filed' etc. must be clearly specified.

In case of comparison with multi-centre publications, all respective editions of such member publication(s) enrolled with the Bureau alongwith the circulation figures as certified must be separately specified.

In case a mutli-centre / multi-edition publication desires to publicise all India certified circulation figures of average Qualifying Sales / Net Paid Circulation, then such publication will be required to mention in the publicity that the circulation figures quoted are the total average circulation figures of a publication published from various centres (all centres to be stated along with the respective circulation figures).

Further, in case of publicity of all India certified circulation figures by a publication / title in a specific geographic viz. any Town / District / State, it will be necessary to state the certified circulation figures of the relevant Town / District / State as per the Area Breakdown Statement for the relevant period.

Necessary details as above are to be provided even though no comparison is made with any other member publication.

Where circulation figures of any edition / printing centre of any publication are not certified, the same should be so indicated. However, totalling across circulation figures certified by the Bureau of remaining editions / printing centre of a title will then be permitted.

- f) Whenever a publisher wishes to make a statement or claim relating to his circulation in a specific region (e.g. State, Town, District, etc.), such statement or claim shall be made only on the basis of the Area Breakdown Statement of the corresponding audit period as certified by the Bureau.

Further such statement shall be made only on the basis of his circulation in the stated region and not on the basis of total circulation of the publication or edition emanating from the region.

- g) Publisher member shall not make any statement or claim relating to circulation of his publication or that relating to other member publication/s which cannot be substantiated by circulation figures certified by the Bureau.

Publisher member shall not make ambiguous claims relating to any member publication. Unless, claims such as 'leading' 'number one' etc. are otherwise qualified, these will be treated as circulation claims and will be subject to the rules set out in this Code.

- h) Whenever a publisher member publicises circulation figures, a copy of such publicity /promotional material shall be sent to the Bureau for information.

#### 4. OTHER PUBLICITY

All Correspondence exchanged by members with the Bureau on any matter shall be deemed as **CONFIDENTIAL** and no copies thereof shall be published/circulated by them to any person whether ABC member or not, without prior approval of the Bureau.

## 5. CONTRAVENTION OF THE CODE

Cases of contravention of Bureau's Code for Publicity will be considered by the Bureau's Disciplinary Committee formed specifically to deal with such cases where necessary. The matter may also be referred to the Bureau's Council of Management for its consideration, if required.

Following action would be considered by the Bureau's Disciplinary Committee/Bureau's Council of Management in cases of contravention of Bureau's Code for Publicity by Publisher Members.

- i) In case of contravention of the provisions of the Publicity Code for the first time, the concerned Publisher member will be called upon to publish a corrigendum advertisement as per the text provided by the Bureau in size 20 x 3 cc on page 3 of the publication within a period of 15 days from the date of intimation by the Secretariat.
- ii) In those cases where the concerned Publisher member does not publish the corrigendum advertisement within the stipulated time, as above, and / or in case of a second violation by a publication / group within a period of one year the Bureau would then in such cases, inform all members through a circular the factual position in relation to contravention of the Bureau's Code for Publicity and also issue a press release to this effect.

The erring Publisher member will however be required to publish the corrigendum advertisement despite the above actions by the Bureau.

- iii) In case of multiple instances of contravention of the provisions of the Bureau's Code for Publicity by a publication / group in a period of two years or Publisher's failure to comply with the Bureau's directives in (i) & (ii) above, then the Bureau's Council of Management may show cause the concerned Publisher member as to why their Bureau Membership should not be terminated under the provisions of Article 44(a) of the Bureau's Articles of Association.

## 19. OTHERS:

### 19.1 Number of votes – Publisher members:

**Each edition** of a title having a **separate RNI registration number** would be considered as a separate publication irrespective of the fact whether a publisher member avails a separate or a combined ABC certificate of circulation for various editions of a title. Accordingly, each edition would be registered separately in the Bureau's register of members and entitled **to one vote** for **each separately registered edition** with the Bureau.



## **19.2 Proxy:**

In case a proxy is to be issued, then **separate (individual) proxies** for each publication / edition as registered separately would be necessary to be filed with the Bureau. Proxies would be considered as valid only after they are stamped and signed by the authorized signatory whose name appears on the Bureau's register of members.

## **19.3 Article 5 – Privileges of membership not transferable:**

"The privileges of membership shall not be transferable; every member shall cease to be a member on death or retirement or if in the opinion of the Council (which opinion shall be conclusive) he shall cease to be a person qualified to be admitted to membership under Article 3 (i) (b) hereof or in the event of the Council proceeding under Article 44 hereof".

## **19.4 Article 5A – Not availing and / or not filing audited circulation figures :**

"Notwithstanding anything inconsistent herewith contained in any other article hereof, the Council shall, by notice in writing, terminate the membership of any member of the class referred to in Article \*3(i)(b)(i) hereof in the event of such member failing to submit to the Association in the prescribed form the circulation figures of his newspaper or periodical concerned for two consecutive audit periods, within one month of the due date fixed for the purpose in respect of the second of such consecutive audit periods, or in the event of such member failing to obtain from the Association, the ABC Certificates of Circulation in the prescribed form in respect of his newspaper or periodical concerned for three consecutive audit periods, for any reasons whatsoever for which such member is himself to blame or is otherwise responsible".

## **19.5 Article 44(a) – Termination of membership :**

"The Council shall be entitled without assigning any reason to terminate at any time the membership of any member by resolution passed on a majority of not less than three-fourths of the Council present at a special meeting of the Council at which not less than half the members thereof shall be present. A member whose membership has been terminated under this clause shall forfeit all rights in and claims upon the Association and its property and shall not be entitled to a refund of any proportion of his subscription".



**19.6 Article 44(b) – Non receipt of membership fees or any other dues :**

“If any member shall fail to pay any entrance fee, annual or other subscription or other sum payable to the Association within two months of the date when the same became payable then upon the expiration of such two months such member shall cease to be a member of the Association, provided nevertheless that if such member should subsequently seek re-election and pay up all arrears and other monies due by him to the Association the Council shall be entitled to re-elect him as a member, if still eligible without requiring payment of any entrance fee which might otherwise be payable”.



## ANNEXURES

- 1) Format of **Check-list** to be submitted by appointed publisher auditors
- 2) Format of **Press & Market Visit report** to be submitted by appointed publisher auditors
- 3) Specimen of **Letter of Authority**
- 4) Specimen of Publishers **confirmation letter**



ANNEURE 1

[CHECK-LIST TO BE SUBMITTED ON AUDITORS LETTER HEAD]

**CHECK-LIST TO BE COMPLETED AND SUBMITTED TO THE BUREAU  
BY EMPANELLED AUDITORS**

<b>Name of the Publication:</b>					
<b>Address:</b>					
<b>Audit Period:</b>					
<b>Name of the Audit Firm:</b>					
<b>Name of the Partner supervising the audit:</b>					
<b>Details of audit staff who were involved in this audit:</b>					
	<b>Partner</b>	<b>Audit Staff</b>			
	<b>Mr./Ms.</b>	<b>Mr./Ms.</b>	<b>Mr./Ms.</b>	<b>Mr./Ms.</b>	
	<b>No. of Hrs</b>	<b>No. of Hrs</b>	<b>No. of Hrs</b>	<b>No. of Hrs</b>	<b>Total</b>
<b>Date</b>					
<b>Total</b>					
<b>1</b>	<b>PRINT ORDER:</b>				
1.1	Whether the Print order for normal issues was available on daily basis?				
1.2	Whether print order for supplements were available?				
	<b>*NA – NOT APPLICABLE</b>				



SR. NO.	PARTICULARS	YES / NO / NA* / REMARKS
1.3	Whether the print orders (normal issues and supplements) were signed by authorized officials and contained all the information such as date of issue, total number of pages, total number of copies to be printed, breakup by different print runs etc as contained in the "A Guide to ABC Audit"?	
1.4	Whether the print orders of normal issues as well as supplements were correlated with machine room return (MRR)?	
1.5	Whether there are any wide fluctuations in the print order? If so reasons to be provided.	
1.6	Whether the print orders were checked for the entire audit period or test checked. If test checked please provide the month(s) which were checked?	
1.7	Any other observations	
<b>2</b>	<b>MACHINE ROOM RETURN (MRR):</b>	
2.1	Whether the machine room returns for normal issues were prepared on daily basis?	
2.2	Whether the machine room returns for supplements were prepared?	
2.3	Whether the machine room returns contained all the information such as issue date, number of pages, time of receiving the plates, start and end time of respective print runs, number of copies printed, number of stoppages and time taken for each stoppage alongwith the reasons etc as mentioned in "A Guide to ABC Audit"?	
2.4	Whether the printing timings of respective edition(s) were commensurate with the installed capacity of the machine?	
2.5	Whether the MRR as prepared from the rough copy maintained at the press. If yes, were the rough copy of MRR maintained alongwith the fair copy of the MRR. If rough copies were not preserved, please provide the reason for not preserving the rough MRR as prescribed in the audit guidelines?	
	<b>*NA – NOT APPLICABLE</b>	



SR. NO.	PARTICULARS	YES / NO / NA* / REMARKS
2.6	Whether the machine room returns were reconciled with the Newsprint consumption register?	
2.7	Whether as per MRR there was any difference in copies of supplements and normal issues?	
2.8	Whether the machine room returns were checked for the entire audit period or test checked? If test checked please provide the month(s) which were checked.	
2.9	Any other observations	
<b>3</b>	<b>DISPATCHES:</b>	
3.1	Whether the dispatch list was prepared on a daily basis containing the name of the agents and the number of copies to be supplied?	
3.2	Whether the trip wise delivery challans were prepared on daily basis?	
3.3	Whether the delivery challans contained the details of vehicle time out, driver signature, no. of bundles supplied etc.?	
3.4	Whether the dispatch list tallied with the Print order and machine room returns?	
3.5	Whether the dispatch list and delivery challans were checked for the entire audit period or test checked? If test checked please provide the month(s) which were checked.	
3.6	Whether the entire copies alongwith supplements were despatched?	
3.7	Any other observations	
<b>4</b>	<b>DISTRIBUTION - AGENCY SALES:</b>	
4.1	Whether Agents sales register were verified with the duplicate bills?	
4.2	Whether agents were paid any other allowances / incentives apart from the trade terms and the same were added while calculating the NRR?	
	<b>*NA – NOT APPLICABLE</b>	



SR. NO.	PARTICULARS	YES / NO / NA* / REMARKS
4.3	Whether the copies were supplied as per agents written indents, if not whether the subsequent / monthly confirmations were obtained from the agents?	
4.4	Whether the returns were checked with return register and necessary credit notes issued?	
4.5	Whether the above records were checked for the entire audit period or test checked? If test checked please provide the month(s) which were checked.	
4.6	Whether books and records reflects the same number of copies as observed at the sales centre during market visit?	
4.7	Any other observations	
<b>5</b>	<b>BOOKS AND RECORDS - BANK &amp; CASH BOOK:</b>	
5.1	Whether the cash book was written on a day to day basis?	
5.2	Whether the cash receipts from all sources were deposited in the bank on next working day?	
5.3	Whether the cash deposits in the bank cross verified with the cash memo, cash receipt and bank statement(s)?	
5.4	Whether there were any cash payments of large amounts which should normally have been paid by cheques?	
5.5	Whether physical cash verification was carried out? If yes, please mention the date.	
5.6	Whether the bank / cash book were checked for the entire audit period or test checked? If test checked please provide the month(s) which were checked.	
5.7	Any other observations	
<b>6</b>	<b>GENERAL LEDGER:</b>	
6.1	Whether the scrutiny of the ledger was done to verify which accounts would have a bearing on the circulation figures and trade terms?	
6.2	Any other observations	
	<b>*NA – NOT APPLICABLE</b>	



SR. NO.	PARTICULARS	YES / NO / NA* / REMARKS
<b>7</b>	<b>AGENTS LEDGER:</b>	
7.1	Whether the agents bills were properly recorded in the agents ledger?	
7.2	Whether the credits in the ledger account especially pertaining to sales promotion expenses, commission, allowances and reimbursement of expenses etc were verified?	
7.3	Whether copies were deducted on account of outstanding from agents?	
7.4	Any other observations	
<b>8</b>	<b>SUBSCRIPTION RECORDS:</b>	
8.1	Whether subscription forms were available for subscriptions booked?	
8.2	Whether the subscription amount was received in advance in case of subscription booked for less than six months and within two months in case of subscription booked for more than six months?	
8.3	Whether any gift was given with the subscription? If yes, please specify the nature of the gift and its valuation.	
8.4	Whether the valuation of the gift was done as per Bureau's guidelines?	
8.5	Whether the gift was given in the form of cash or cash equivalent?	
8.6	Whether publisher had retained atleast 10% of the cover price after taking into account discount on cover price, value of gifts, delivery charges etc.?	
8.7	Whether copies were deducted for unpaid subscription or non-compliant schemes?	
8.8	Any other observations	
	<b>*NA – NOT APPLICABLE</b>	



SR. NO.	PARTICULARS	YES / NO / NA* / REMARKS
<b>9</b>	<b>PURCHASE OF NEWSPRINT:</b>	
9.1	Whether purchase of newsprint was verified with invoices, transport documents goods inwards receipt, octroi payments etc.?	
9.2	Whether all newsprint purchases were entered in the stock book / register?	
9.3	Whether newsprint loan transactions were supported by relevant correspondence?	
9.4	Whether physical verification of stock was done? If newsprint was stored in bank godown whether the bank certificate(s) were available on record?	
9.5	Whether the newsprint consumption and stock register was updated on day to day basis?	
9.6	Whether consumption of newsprint was reconciled with the number of copies printed including waste copies?	
9.7	Whether wastage records were properly maintained?	
9.8	Whether disposal of wastages were properly accounted?	
9.9	Whether all newsprint bills were accounted in the newsprint supplier ledger account?	
9.10	Whether the newsprint records were checked for the entire audit period or test checked? If test checked please provide the month(s) which were checked.	
9.11	Any other observations	
<b>10</b>	<b>NET REALISATION RATE (NRR):</b>	
10.1	Whether the calculation of NRR was done on day to day basis?	
10.2	Whether the number of pages of supplements were considered while calculating NRR?	
	<b>*NA – NOT APPLICABLE</b>	



SR. NO.	PARTICULARS	YES / NO / NA* / REMARKS
10.3	Whether there were any instances of non compliant days in an average weekly compliant week?	
10.4	Whether there was any excess circulation on non complaint days? If yes, which fully compliant week was chosen to compare the excess circulation.	
10.5	Whether the calculation of excess circulation [if any] has been verified?	
10.6	Whether there were any non compliant weeks? If yes, please state which weeks were not compliant.	
10.7	Whether the trade terms, allowances, incentives, commission etc given to the agents was considered while calculating NRR?	
10.8	Any other observations	
<b>11</b>	<b>OTHER POINTS:</b>	
11.1	Whether the bank reconciliation statements of all banks were completed on month to month basis?	
11.2	Whether the trial balance was made available and verified?	
11.3	Whether there were any combo offers? If yes, whether all rules pertaining to combo copies were followed?.	
11.4	Whether there were any institutional sales? If yes, were they appropriately shown under the heading institutional sales (upto 10% of Average qualifying circulation) for newspapers?	
11.5	Whether there were any institutional subscription copies?. If yes, were they appropriately shown under the heading institutional subscription (upto 5% of Average qualifying circulation) for newspapers?.	
	<b>*NA – NOT APPLICABLE</b>	



SR. NO.	PARTICULARS	YES / NO / NA* / REMARKS
11.6	Whether there were any substantial increase / decrease in circulation? If yes, please provide reasons for such increase/decrease.	
11.7	Whether any gift was given to a reader on non subscription copies? If yes, whether it complied with the Bureau's audit guidelines?	
11.8	Whether any gift in the nature of cash or cash equivalents were offered to the reader on non-subscription copies? If yes, whether all such copies were deducted from average qualifying circulation?	
11.9	Whether there were any agent(s) who qualified as principal agent(s)?	
11.10	Whether the books and records were maintained by the principal agents as per Bureau's audit guidelines and was available for verification?	
11.11	Whether the cash covering letters were maintained by the publisher for cash received in majority of cases?	
11.12	Whether the adjustment of agents deposits against agents outstanding dues were done as per Bureau's audit guidelines with intimation to the agent?.	
11.13	Whether the add back and deduction of copies on account of outstanding was as per Bureau's audit guidelines? Please provide details of average number of copies added back and deducted.	
11.14	Whether the press and market visit was carried out in the current audit period? If yes, please attach a detailed report on the findings of press and market visit.	
11.15	Whether the Area Breakdown Statement was verified and compiled as per the Bureau's audit guidelines?	
11.16	Whether the publication were printed at outside press? If yes, whether the printers bills were available for verification?.	
	<b>*NA – NOT APPLICABLE</b>	



SR. NO.	PARTICULARS	YES / NO / NA* / REMARKS
11.17	Whether the publication was subjected to a surprise check or surprise recheck audit in the previous period. Whether such reports were made available for your reference (applicable only for the audit period January-June 2013)?	
11.18	Whether there were any adverse comments in the Bureau's auditor report? If yes, what were the steps taken by the publisher to overcome these adverse comments, please specify the steps taken by the publisher?	
11.19	Please mention the local raddi rate per kg. ascertained by you from the market.	

11.20	<b>Reader schemes:</b>								
	Name of the readers scheme	Scheme period	Individual cover price	Total cover price during the scheme period	Details of products offered as gifts	MRP of the product if it is a branded products	Cost to publisher plus 15% mark up in case of customized products	Average no. of copies included as Qualifying Sales	Average no. of copies NOT included as Qualifying Sales



11.21	<b>Scheme for Trade:</b>			
	Brief particulars of nature of the scheme for trade	Value of incentive, gift etc.	Whether incentive amount added to the trade term of the respective agent	

Date:  
Place:

Stamp & Signature of the Auditor

## ANNEXURE 2

**[CHECK-LIST TO BE SUBMITTED ON AUDITORS LETTER HEAD]**

**CHECK-LIST FOR PRESS AND MARKET VISIT  
TO BE COMPLETED AND SUBMITTED TO THE BUREAU  
BY EMPANELLED AUDITORS**

<b>Name of the Publication: (edition/printing centre)</b>		
<b>Address of the printing press:</b>		
<b>Name (s) of the Audit Staff who undertook the Press &amp; Market Visit:</b>		
<b>Name of the Press In-charge/Printer/ responsible official of the publisher or printer present at the printing press at the time of auditors visit:</b>		
<b>Name of the machines (s):</b>		
<b>Number of folders (s):</b>		
<b>Installed printing capacity of the machine (s):</b>  <b>Please state separately for each machine:</b>		
<b>Whether the machine has auto pasting facility?</b>		
<b>VISIT TO THE PRINTING PRESS:</b>		
<b>1)</b>	<b>PRINTING:</b>	
1.1	Date & Time of visit to the press.	
1.2	Whether entry to the press was immediately allowed, if not, when was entry allowed to the press?	



1.3	Whether print order was available with the printer at the time of entry of auditors to the press?  Details of the print order (no. of copies etc) for relevant issue date (please specify)	
1.4	Whether print order contained all information as mentioned in "Guide to ABC Audit" i.e. number of pages etc?  Please also provide details of supplements, add-ons printed, to be distributed along with the issue	
1.5	Number of copies as per machine counter already recorded before the arrival of auditors (please record the time).	
1.6	Whether the MRR was available at the press, details recorded by the person in-charge during actual printing?	
1.7	Number of copies actually printed at the end of the printing (please record the time)	
1.8	How many and which printing machines were actually working at the time during auditors presence?	
1.9	Whether any unusual activity was observed at the printing press?	
1.10	Any other observations.	
<b>2)</b>	<b>DESPATCHES:</b>	
2.1	Whether dispatch list showing name of the agents and their respective supplies was available at the press?	



2.2	Whether pre-printed labels were available at the press?  In case of labels prepared manually, please specify details.	
2.3	Whether the number of copies mentioned on the labels tallied with the number of copies as per dispatch list?	
2.4	Whether any copies were dispatched before the arrival of the auditors at the press? If yes, please specify number of copies	
2.5	Number of copies dispatched during the presence of the auditor	
2.6	Whether copies were supplied alongwith supplements? (if any)	
2.7	Whether delivery challans were available at the press? Whether all the necessary details were filled in delivery challans?	
2.8	Any other observations.	
<b>3)</b>	<b>MARKET VISIT:</b>	
	(columnar table may be prepared to cover more than 1 sales centre as per the below mentioned details)	
3.1	Name of the centre visited (location): (Date of visit).	
3.2	Time at which Auditors reached the Sales Centre and left the sales centre. (please specify names of the audit staff)	

3.3	Whether copies had already arrived or yet to be arrived at the sales centre?	
3.4	Number of copies actually received at the sale centre.	
3.5	Whether sale was done through agents or directly by the publisher?	
3.6	Whether the copies received tallied with the dispatch list which was available at the press?	
3.7	Whether any unusual activity was observed at the sales centre?	
3.8	Cover price of the publication.	
3.9	Rate at which agents receive copies.	
3.10	Rate at which agents sell copies to hawkers.	
3.11	Whether unsolds were accepted at the sale centre?	
3.12	Whether the sale was in cash or credit basis?	
3.13	If the sale was on credit basis whether necessary records were prepared by the sales in charge?	
3.14	If the sale was done on cash basis whether cash tallied with the number of copies sold	
3.15	Number of copies of current issue lying (balance) at the sales centre (time to be recorded).	



3.16	Number of copies of previous issues lying at the sales centre.	
3.17	Any other observations.	

Date:  
Place:

Stamp & Signature of the Auditor



**ANNEXURE (3)**

**LETTER OF AUTHORITY  
(On Publisher's letter head)  
Separate letter for each Printing Press**

Date:

To

(Name, Address and Designation of the  
Official in-charge of Printing Press)

Please admit the bearer of this letter to the printing press, they being an official, or an Auditor of Audit Bureau of Circulations, alongwith their colleagues and assistants. Also kindly afford them necessary facilities for inspection of printing, binding, distribution, despatch etc. of

---

(name of the publication(s)).

Signature of the Publisher/ Authorised Person  
(Name and Designation)

Signature of the Manager/Proprietor  
of the Press if the publication is printed  
at an outside Press.



## ANNEXURE (4)

**FORM OF PUBLISHERS CONFIRMATION TO THE BUREAU**

(to be sent on publisher's letter-head)

**For Daily & Weekly Newspapers**

Date:

The Secretary General,  
Audit Bureau of Circulations,  
Wakefield House, 4<sup>th</sup> Floor,  
Sprott Road,  
Ballard Estate,  
MUMBAI 400 001

Dear Sir,

**Re: Membership – Audit Procedure**

(Name of Publication/s)

-----

We hereby confirm that we are in a position to comply with all requirements relating to maintenance of essential books and records inter-alia covering the following audit procedures as detailed in the "Guide to ABC Audit", a copy of which is available with us:

- i) Average daily paid sales in respect of the above mentioned publication works out to more than 50% of the total daily sales.
- ii) Most of the copies distributed comply with the Net Realisation Rate rules (NRR) as prescribed by the Bureau.
- iii) Cash payments or payments received by way of demand drafts from agents are duly supported by proper documentary evidence such as payment advices, correspondence or statement of account.
- iv) Advance written indents/orders from agents in support of copies supplied to them are obtained. Wherever advance indents are not available, subsequent confirmation of supplies made to agents and/or monthly statements from the agents showing number of copies received and sold to them and those remaining unsold are available.
- v) Cash receipts on account of sale of newspapers and from ALL other sources including advertisements and loans etc. is deposited with the bank intact on the following day except on a bank holiday. In such cases, these are deposited on the next working day.

Thanking you,

Yours faithfully,

Authorised Signatory  
(Name & designation)



## **PART II**

# **MAGAZINES**

## PART II - MAGAZINES

In respect of audit of circulation figures of magazines, most of the audit guidelines pertaining to Daily & Weekly Newspapers as mentioned in detail in Part I of the Guide would be applicable. However, specific differences pertaining to magazine publisher members are only listed below:

### 1. CONCEPT OF NET PAID SALES:

Concept of Net Paid Sales to continue for magazines.

#### Definition of Net Paid Sales:

**NET PAID SALES:** That portion of a publication's circulation which meets the following requirements.

- a) Has been sold by the publisher, and has been paid for by, genuine readers at not less than the normal declared newsstand and/or subscription price and / or combo price.

and/or

- b) Has been sold to the distributing trade by a Publisher or by his agent/agents within trade terms which may be specified by the Bureau from time to time and which may reasonably be supposed to have been sold by the distributing trade to and paid for by genuine readers at not less than the publisher's normal declared newsstand, subscription or combo price. (*Unless Auditors/Bureau having any evidence to the contrary*).

#### Net Paid Sales shall not include:

- Sale of Back copies:
- Copies remaining as unsold/short receipt out of copies indented as notified by the distributing trade and accepted by publisher.
- All copies reported as unsold in cases where additional copies supplied without agents' indents even though such claims are not accepted by the Publisher.
- Copies equivalent to outstanding dues beyond the credit period as prescribed by the Bureau provided such copies have not already been deducted on account of unsold etc.
- Free and complimentary copies
- Copies sold to the trade above the maximum trade terms
- Subscription copies not meeting the subscription criteria

Net Paid Sales shall include add back of copies deducted on account of outstandings during the **immediate previous period** the amount of which is realised in the following period.

## 2. CERTIFICATION CRITERIA FOR MAGAZINES:

Atleast 50% of the total circulation of a magazine should qualify for certification as Net Paid Sales.

## 3. TRADE TERM:

Commission and allowances etc. mutually agreed to between a publisher and the distributing trade and paid continuously and consistently. **Copies sold upto maximum trade term of 65% of the cover price** would be included as Net Paid Sales subject to compliance with all other audit guidelines.

Other provisions of earlier paras 6.1, 6.2 and 6.3 (Newspapers) would also apply to magazines.

## 4. SUBSCRIPTION SALES:

All provisions under subscription sales, para 3.1 relating to Newspaper subscription offers (single and joint) would also apply to magazines.

Gift / incentive / discounts offered to subscribers in aggregate not to exceed 90% of the cover price of a magazine.

*(valuation of gifts as per para 1.27)*

### **Distribution / delivery charges on subscription copies:**

- i) If copies are delivered through trade, then maximum delivery charges payable to the trade capped at **65% of the cover price**.
- ii) Delivery charges paid to the trade not to be included in the overall 90% limit on the cover price.
- iii) Actual delivery charges incurred through courier / postage not to be included in the overall limit of 90% of the cover price.
- iv) Recognising the various means available to a magazine publisher due to technological innovations, request received for subscriptions either through SMS, internet, email, telephone or through any other electronic media will be accepted for the purpose of audit.

Additionally, publisher may be required to pay service charges to the service provider for subscriptions booked thru internet and receive the **net amount** from the service provider i.e. subscription price less services charges as may be payable to the service provider.

The service charges as paid to be included in the overall 90% limit for subscription copies.

Discounts / gifts / incentives / service charges paid to a service provider for subscriptions booked thru internet should not exceed 90% of the cover price of the publication.

*(valuation of gifts as per para 1.27)*

Full particulars of a subscriber namely, name, address, telephone number, period of subscription etc. should be obtained and available with the publisher for scrutiny by auditors.

## 5. SCHEMES FOR READERS - Non subscription copies :

All provisions under para 5.1, 5.2, 5.3, 5.4 and 5.5 (Newspapers) would also apply to magazines.

- **Gift on newsstand sales / subscription copies:**

Adhoc gifts which are offered alongwith a magazine on newsstand mostly as inserts valued upto 50% of the cover price of a magazine will now also be permissible on subscriber copy. Value of such adhoc gifts to subscribers will not be included in the 90% limit on cover price.

*(valuation of gifts as per para 1.27)*

## 6. BULK SALES/INSTITUTIONAL SALES:

Copies of magazines which are either sold directly by the publisher and/or his distributing trade to organisations not connected with newspaper distribution trade provided bonafides of the organisation(s) involved in Institutional Sales are established to the satisfaction of the auditors (Unless Auditors/Bureau having any evidence to the contrary).

Maximum limit for institutional sales would be **25% of the total net paid sales.**

Copies could be sold directly to the institutions at cover price less discount upto maximum **65% of the cover price** and delivered directly by the publisher to the institutions in bulk other than thru the trade.

If magazines are supplied to institutions in bulk through the trade then maximum trade commission paid to the distribution trade should **not exceed 65% of the cover price.**

## 7. INSTITUTIONAL SUBSCRIPTION SALES:

A new category of institutional subscription sales introduced wherein institutions can subscribe in bulk for magazines. Such institutional subscription scheme will qualify for certification if the publisher retains atleast 10% of the cover price of the magazine after offering discounts / gifts / incurring service provider's charges, if any.

*(valuation of gifts as per para 1.27)*

Institutions availing the institutional subscription scheme will be required to maintain a list of the recipients of the magazine including full particulars of the recipient namely, name, address, telephone number etc. These details to be made available to the publisher so that the same can be verified by the auditors.

The upper limit for overall institutional subscription sales is **10% of the total Net Paid Sales**

Also, details of individual addressees in case of bulk supplies to institutions where individual readers cannot be identified e.g. hotels, airlines, libraries etc. may not be necessary.

#### 8. BANKING OF CASH COLLECTIONS:

Cash collected from all sources is required to be banked intact by a publisher on the next working day.

Magazine Publisher Members who do not generate any cash receipts for sale of copies through any means may be exempt from the above provision subject to a condition that such Publisher should also not have any cash payments / cash reimbursements to agents.

#### 9. PRINTING AT OUTSIDE PRESS:

Third party printing presses where magazines are printed are required to maintain and produce for Bureau Auditors verification, production records pertaining to a Member Publisher. If no printing activity is in progress at the time of Bureau Auditor's visit to a third party printing press then at least an "intent to publish" the magazine for the respective issue should be made available to the Bureau Auditor e.g. printing plates, part pages printed, print order, cover page, required newsprint, or any other verifiable evidence which the Bureau Auditors could rely on which shows the "intent of the publisher" to print the relevant issue of the magazine and the number of copies to be printed.

#### 10. OUTSTANDINGS:

Whilst calculating the qualifying copies of the ABC certificate of circulation outstanding payment for copies supplied to agents at the end of the audit period as under have to be excluded.

- Local agents - outstanding for more than one month's supply
- Outstation agents – copies outstanding for more than two months supply
- Railway book stalls – copies outstanding for more than four months supply

Qualifying Copies which were outstanding for payment in the previous audit period and excluded but payments for which have been received in the immediate subsequent audit period are to be added back as qualifying sales for certification in the immediate subsequent period equally over the entire audit period of six months.

Wherever there is separate billing for **magazines**, the period for calculating outstanding period may be revised to:

Local Agents	60 days
Upcountry agents	90 days

**11. ONACCOUNT PAYMENTS BY AGENTS:**

Onaccount payments received from agents / sub-agents without mentioning the name of the publication may be appropriated on pro-rata basis amongst ABC as well as non-ABC publications in cases where both ABC as well as non-ABC publications are billed together.

-----