

Briefing Session on Application for Fee Revision for the 2019/20 School Year by DSS Schools

Submission of budget and financial information

MA Section
Finance Division, EDB
11 March 2019

Budget Preparation

- Income and Expenditure Statement under Operating Reserve
 - Appendix 1 (no fee revision)
 - Schedule 2a and 2b (fee revision)

								Schedule 2a (p.1 of 4)	
(I) Income and Expenditure Statement under Operating Reserve ^(Note 1)									
Name of School: _____									
	2017/18 School Year Audited Accounts (A) ^(Note 2)	2018/19 School Year		2019/20 School Year Budget			Year on year change Increase / (Decrease) 2018/19 Vs 2017/18 [(C)-(A)]/(A)	Year on year change Increase / (Decrease) 2019/20 Vs 2018/19 [(F)-(C)]/(C)	
		Original Budget (B) ^(Note 3)	Revised Estimates (C)	Government Funds ^(Note 4) (D)	Non- Government Funds (E)	Total (F) = (D) + (E)			
	INCOME ^(Note 5)	\$	\$	\$	\$	\$	\$	%	%
1.	School fees (gross) (Schedule 2c)				N.A.				
	Less :								
	Provision for fee remission and scholarship scheme (Schedule 2d)								
2.	Reimbursement of Government rent and rates						N.A.	---	---
3.	DSS subsidy (Schedule 2c)						N.A.	---	---
4.	Interest income ^(Note 6)								
5.	Rental income				N.A.				
6.	Donations for general purpose ^(Note 7)				N.A.				
7.	Others (please provide further breakdown for 2017/18 to 2019/20 when the total for 2019/20 is over \$0.1M)								
	TOTAL INCOME								

Budget Preparation (cont'd)

- 2017/18 audited figures should agree with the 2017/18 audited accounts.
- 2018/19 original budget should follow last year's budget submitted for fee revision for 2018/19, including "Operating Reserve Balance / (Deficit) brought forward from previous year(s)"
- 2018/19 revised estimates = Actual expenditure + projected expenditure

(I) Income and Expenditure Statement under Operating Reserve <small>(Note 1)</small>								
Name of School: _____								
	2017/18	2018/19 School Year		2019/20 School Year Budget			Year on year change	Year on year change
	School Year	Original Budget	Revised Estimates	Government	Non-	Total	Increase / (Decrease)	Increase / (Decrease)
	Audited Accounts			Funds <small>(Note 8)</small>	Government	Funds		2018/19 Vs
	(A) <small>(Note 2)</small>	(B) <small>(Note 3)</small>	(C)	(D)	(E)	(F) = (D) + (E)	2017/18	2018/19
							[(C)-(A)]/(A)	[(F)-(C)]/(C)
	EXPENDITURE <small>(Note 5)</small>	\$	\$	\$	\$	\$	%	%
1.	Staff salaries and gratuities							
2.	Provident fund, Provision for long service payment or Other retirement benefits							
3.	Govt. rent and rates expense						---	---
4.	Depreciation charges <small>(Note 9)</small>							
	a. Existing premises (other than additional school buildings)							
	b. Additional school buildings							
	c. Furniture & equipment							
	d. Computer hardware & software							
	e. Air-conditioning							
	f. Others (please specify)							
5.	Repairs and maintenance <small>(Notes 9 & 10)</small> (Details as per Schedule 2b p.1)							
6.	Other operating expenses (Details as per Schedule 2b p.2)							
	(a) TOTAL EXPENDITURE (G)							
	(b) % change in total expenditure			[(C) - (B)]/(B)				
	DEFICIT OF GRANT ACCOUNT(S) (please specify by individual grant) <small>(Note 5)</small>				N.A.			
	SURPLUS / (DEFICIT) for the Year (H)							
Add :	OPERATING RESERVE BALANCE / (DEFICIT) brought forward from previous year(s) (I)							
				per (i)		per (ii)		
	Transfer from / (to) designated reserves (please specify by individual designated reserves) (J)							
	OPERATING RESERVE BALANCE / (DEFICIT) carried forward to next year (K)=(H)+(I)+(J)							
		(i)		(ii)				
	Equivalent months of expenses [(K / L*) x 12]							

Budget Preparation (cont'd)

- Financial projections made in the applications for fee revision should be reasonable and well-justified.
- Due care should be exercised to ensure that every income / expenditure item is derived on a sound basis to avoid over-estimation of operating deficit / under-estimation of operating reserve that lead to unnecessary fee increase.
- No accumulated deficit is allowed under government funds.

Budget Preparation (cont'd)

- Total expenditure (**excluding capital expenses**) for the year under:
 - (a) Reserve for Donations with Specific Purposes
 - (b) Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities
 - Table (II) in Appendix 1 (no fee revision)
 - Table (II) in Schedule 2a (fee revision)

(II) Expenditure under Designated Reserves

Reserves (Note 11)		2017/18 S.Y. Audited Accounts (Note 2)	2018/19 S.Y. Original Budget (Note 3)	2018/19 S.Y. Revised Estimates	2019/20 S.Y. Budget
		\$	\$	\$	\$
1. Reserve for Donations with Specific Purposes					
Total expenditure (excluding capital expenses) for the year	(M)	_____	_____	_____	_____
2. Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities					
Total expenditure (excluding capital expenses) for the year	(N)	_____	_____	_____	_____

Budget Preparation (cont'd)

- Total expenditure (excluding capital expenses) for the year under:
 - Reserve for Donations with Specific Purposes

7. Reserve for Donations with Specific Purposes		2017/18	2016/17
(Please refer to paras. 17 - 19 of EDBC No. 16/2012 "Delineation of Reserves and Reserve Ceiling for the Operating Reserve of DSS Schools" for detail requirements)			
		Non-government funds	Non-government funds
		\$	\$
	Balance as at 1 September 2017		
Add :	Donations received in the year (Statement 3 - Note 23)		
Less :	(i) Depreciation charged for the year, if any ^{Note a}		
	(ii) Repairs and maintenance		
	(iii) Other expenditure for the year ^{Note b}		
	Total expenditure for the year (Statement 4)		
	Balance as at 31 August 2018 (per Statement 2)		
Notes:			
a	<i>For the purchase of fixed assets and capital expenditure under this reserve, the relevant assets should be capitalised while the depreciation for the relevant fixed assets should be charged to this reserve. The depreciation should NOT be reflected in Statement 1.</i>		
b	<i>Other expenditure excludes the purchase of fixed assets.</i>		

Budget Preparation (cont'd)

- Total expenditure (excluding capital expenses) for the year under:
 - (b) Reserve for Construction, Maintenance and Upgrading of Above-standard Facilities

8. Reserve for Construction, Maintenance and Upgrading of Above-Standard Facilities			
(Please refer to paras. 20 - 23 of EDBC No. 16/2012 "Delineation of Reserves and Reserve Ceiling for the Operating Reserve of DSS Schools" for detail requirements)			
		2017/18	2016/17
		Non-government funds	Non-government funds
		\$	\$
	Balance as at 1 September 2017		
Add :	Transfer from school fee income <i>Note a</i>		
Less :	(i) Depreciation charged for the year, if any <i>Note b</i>		
	(ii) Repairs and maintenance		
	(iii) Other expenditure for the year <i>Note c</i>		
	Total expenditure for the year (Statement 4)		
	Balance as at 31 August 2018 (per Statement 2)		
<p>The transfer from school fee income to reserve for construction, maintenance and upgrading of above-standard facilities at \$ _____ is / is not * within 10 % of the total school fee income of the 2017/18 school year.</p> <p>For transfer of more than 10% of the total school fee income to the reserve or if after the transfer, the cash in the operating reserve account falls below 6 months' expenses <i>Note d</i>, the school is required to seek prior approval from the EDB. Applications will not be approved should the cash in the operating reserve account fall below 3 months' expenses after the proposed transfer.</p> <p>(* Delete as appropriate)</p>			
<i>Notes:</i>			
<i>a</i>	The percentage of school fee income transferred to reserve for construction, maintenance and upgrading of above-standard facilities is calculated as follows:		
	Amount transfer from school fee income to the reserve:	\$ _____	(a)
	Total school fee income per Statement 1:	\$ _____	(b)
	Percentage of school fee income transferred:	% _____	(a)/(b)
<i>b</i>	For the purchase of fixed assets and capital expenditure under this reserve, the relevant assets should be capitalised while the depreciation for the relevant fixed assets should be charged to this reserve. The depreciation should NOT be reflected in Statement 1.		
<i>c</i>	Other expenditure excludes the purchase of fixed assets.		
<i>d</i>	Refer to Part (B) of Statement 4 for the aggregate total of expenditures charged for the year.		

Budget Preparation – Boarding Section

- To complete separate Income & Expenditure Statement in **Appendix 7**, irrespective of proposing school fee revision or not.
- Common expenditure for the whole school (e.g. staff expenses, repairs & maintenance)
 - apportion on appropriate bases
 - disclose apportionment bases in the statement

Provision for Fee Remission and Scholarship Scheme – Schedule 2d

- Points to note:
 - To be completed by schools proposing fee revisions
- An example of computation is provided in **Appendix 6.**

Provision for Fee Remission and Scholarship Scheme – Schedule 2d (cont'd)

An example for the required provision for fee remission and scholarship schemes for the 2019/20 budget of a secondary school aged below 16 years:

Class Level	School Fee (Note 1)	Projected DSS Unit Subsidy Rate for 2018/19 school year	2/3 of DSS Unit Subsidy Rate	School Fee > 2/3 DSS Unit Subsidy Rate (Y/N)	Total School Fee (Note 1)	Projected Enrolment as at 1.9.2019	Amount set aside for class level with school fee > 2/3 DSS Unit Subsidy Rate	10% of School Fee	To adopt Amount in (f) or (g) (Note 2)	Required Provision for Fee Remission and Scholarship Scheme by Level for 2019/20
	(a)	(b)	(c) = 2/3(b)		(d)	(e)	(f) = [(a) - (c)] x (e) x 1/2 (\$)	(g) = (d) x 10% (\$)		(\$)
	(\$pppa)	(\$pppa)	(\$pppa)		(\$)					
S1	51,000	60,482	40,321	Y	6,885,000	135	720,810	688,500	(f)	720,810
S2	45,000	60,482	40,321	Y	6,930,000	154	360,257	693,000	(g)	693,000
S3	40,000	60,482	40,321	N	5,400,000	135	-	540,000	(g)	540,000
S4	35,000	73,996	49,331	N	5,880,000	168	-	588,000	(g)	588,000
S5	35,000	73,996	49,331	N	5,705,000	163	-	570,500	(g)	570,500
S6	35,000	73,996	49,331	N	5,250,000	150	-	525,000	(g)	525,000
S6 (non-local students)	108,996	73,996	49,331	Y	108,996	1	29,833	10,900	(f)	29,833
Total school fee income per accounts:					36,158,996					3,667,143

Notes:

- School fee represents the proposed school fee per pupil per annum (pppa) for the 2019/20 school year and the total school fee is the gross school fee for the year. The total school fee should match with the amount in the income and expenditure statement.
- If a DSS school charges a school fee between 2/3 and 2 1/3 of the DSS unit subsidy rate, then for every additional dollar charged over and above 2/3 of the DSS unit subsidy rate, the school should set aside 50 cents or 10% of gross school fees charged before deducting any concession, **whichever is the higher**.
- The amount required to be set aside for fee remission and scholarship scheme has to be calculated by class level.
- The school should also set aside an amount from school fee income from non-local students to provide for the fee remission and scholarship schemes. The calculation method stated in Note 2 should be followed. Please note that when different fee levels are set for non-local students not eligible for DSS subsidy, the calculation of provision for fee remission and scholarship scheme should be made in a separate row.

Other Points to Note

- Students not eligible for DSS subsidy
 - Non-local students (except those specified in EDBC No. 13/2018)
- 2017/18 audited accounts (called by EDB on 20.8.2018)
Deadline for submission: 29.3.2019
- Late submission will lead to late processing of fee revision application.

For enquiries:

- School administration operations/parent consultation requirements → Respective SSDO of the school
- Finance-related matters → Management Accounts Section (Tel: 2892 6263)

Thank You !