

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECRETARIAT, DELHI-110054

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 863

Dated: 8/8/2017

ORDER

Whereas, the request of Arya Public School, Malviya Nagar, Delhi-110017, for increase in fee for the academic session 2016-17 was rejected by Director (Education) vide order No. F.DE.15/Act-1/WPC-4109/PART/13/336-340 dated 27.12.2016 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Dy. Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of Arya Public School against the fee hike rejection order of this Directorate and had decided to give an opportunity to the school to be heard in person.

And whereas, a committee was constituted to hear the case of the school in detail with a view to assist the Director of Education to dispose of the representation.

And whereas, in this connection, an opportunity of being heard was provided to the Manager/HoS of Arya Public School on 11.05.2017 at 2:30 pm at Conference Hall, Ludlow Castle School Sports Complex, Civil Lines, Delhi-110054.

And whereas, the submissions of the schools were heard by the above said committee on 11.05.2017 at 2:30 pm and during the hearing, the issues raised in the representation of the school were discussed at length. The submissions made by the school are taken on record and analyzed in accordance with the provisions of Delhi School Education Act and Rules, 1973 and directions issued there-under.

Financial discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	As per clause 14 of order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, "Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with the income generated from the investment made out of this fund will be kept in a separately maintained Development Fund Account". The school has collected Development Fees but did not comply with the order on the following counts: The school did not maintain a depreciation reserve fund till FY 2014-15. The school has treated development fee received as revenue receipt. Development Fees received during the period under review is Rs 29,51,670 (Rs 8,32,710, Rs 9,88,960 and Rs11,30,000 for the FY 2013-14, FY 2014-15 and FY	The school accepted that it was treating development charges as revenue receipts. Also, the school had created the depreciation reserve fund from FY 2016-17 on the basis of GN 21 issued by ICAI.	Accepted by School. The School must ensure compliance in future.

	2015-16 respectively). It has been duly adjusted in our evaluation.																
2.	Depreciation is a charge against revenue and disclosed in Income and Expenditure Account. The depreciation reserve fund is created out of accumulation of this charge but there is no cash outflow unless a matching investment is done against this Fund. During the FY 2015-16, the school has created depreciation reserve fund of Rs 84,932 out of caution money.	Rectification entry was passed during FY 2016-17.	Accepted and rectified by the school.														
3.	Depreciation is being charged by the school at rates different from the rates mentioned in Guidance note (GN) 21 on Accounting by Schools, issued by the Institute of Chartered Accountants of India. The school has short charged the depreciation by Rs 2,58,088.	No response.	The school is directed to comply the same.														
4.	As per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no profit and no loss basis and should be used only for the purpose for which these are collected. The school charges transportation fees which is collected in excess of the expenditure. The surplus thus generated is not set aside in form of a fund for specific utilization later. Any subsequent downward fee revision was not effected to maintain break-even level. The surplus is merged with general surplus arising out of normal operation. The impact of the same is Rs 5,14,777 which has been duly adjusted in our evaluation.	<p>The school has submitted that it had incurred loss on account of transportation services. The year-wise details of transport receipts, expenditures and net surplus/ deficit are enclosed. The details of deficit are as follows:</p> <table><tr><td>FY (Rs.)</td><td>Loss</td></tr><tr><td>2013-14</td><td></td></tr><tr><td>Rs.1,03,107</td><td></td></tr><tr><td>2014-15</td><td>Rs.</td></tr><tr><td>2,59,327</td><td></td></tr><tr><td>2015-16</td><td>Rs.</td></tr><tr><td>3,84,284</td><td></td></tr></table>	FY (Rs.)	Loss	2013-14		Rs.1,03,107		2014-15	Rs.	2,59,327		2015-16	Rs.	3,84,284		The school does not maintain separate transport fund. The school should follow the DoE instructions in this regard.
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Other discrepancies:-

1.	The school is not having defined policy of procurement. Further, the school does not maintain any list of bid invited/ received, copy of quotations and comparative statements, etc.	The policy for procurement has now been framed for inviting bids.	Accepted by School.
2.	The school has not complied with the requirements of Order no. F.DE-15/ACTI/WPC-4109/Part/13/7914-7923 dated 16-04-2016 as the school has started charging increased Fees from the students without approval from DoE.	The school has enclosed a letter dated 11.03.2016 submitted to DOE seeking fee hike for FY 2016-17.	It is not clear whether the school has stopped to collecting increased fee or not. Also, it is not clear whether excess fee was refunded or not. The school should follow DoE instructions in this regard.
3.	The school does not maintain item-wise	The school is	Accepted by

	Fixed Asset Register. The assets do not contain any asset identification number. It cannot be concluded if the assets as per financial statements are represented by actual physical assets.	maintaining the Fixed Assets Register but the identification number are yet to be allocated. The school shall comply the same during summer vacation.	School.
4.	The school does not create any liability towards gratuity expenses as required by Accounting Standard 15 of The Institute of Chartered Accountants of India. Gratuity expense is booked at the time the gratuity is paid to the retiring employee. There would be an impact on the financials of the school, as and when appropriate liability is recognised on the basis of actuarial valuation.	The gratuity fund has also been created w.e.f January 2017 against A/c no- 3576858144.	Accepted by School. The School should follow the DoE instructions in this regard.
5.	Employees' Provident Fund and Misc. Provisions Act 1952 are applicable to all organizations employing 20 or more persons. It is mandatory (vide circular dated 28.08.2014 impacting paragraph 26 A of the above mentioned act)) in respect of the employees drawing a salary of less than Rs 15,000 per month. The school is providing provident fund benefit only to 12 employees (permanent employees). Remaining 17 employees (non permanent staff 8 and Casual staff - 9) are not covered by the school. However, The Employees' Provident Fund and Misc. Provisions Act 1952 require coverage of casual employee by principal employer and Madras High Court in its recent judgment in the case of M/s New Star English School covers the non-permanent staff.	No response.	The school is directed to comply the same.
6.	Clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 requires the school to keep the security deposit received in a separate bank account. However, the school doesn't not maintain any such separate account.	The school has opened a separate bank account for security deposit refundable to students.	Accepted by School.
7.	The Interest on Security deposit is not refunded to the students leaving the school. This is non-compliance of clause 3 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /2303323980.As per order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 issued by DoE, the non-refunded Caution Money belonging to the ex-students should be reflected as income for the next financial year and this income should be taken into account while projecting fee structure for the ensuing Academic year.	The school has opened a separate bank account for security deposit refundable to students.	Accepted by School.

And whereas, after going through the representations dated 24.01.2017 and submissions made by the school during the hearing held on 11.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having a surplus of **Rs. 3,83,599/-** as per the following details:-

Particulars	Amount (In Rs.)
Cash and Bank balances as on 31.03.2016 as per unaudited financial statement	9,42,648
Investment as on 31.03.16 as per unaudited financial statement	8,16,598
Total	17,59,246
Fees for 2015-16 as per unaudited financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	1,01,66,871
Other income for 2015-16 as per unaudited financial statement	15,69,532
Estimated availability of funds for 2016-17	1,34,95,649
Less budget expenses for the session 2016-17 as submitted by school management	1,27,72,050
Surplus fund	7,23,599
Less: Gratuity payable (as per school submission)	3,50,000
Net Surplus	3,83,599

And whereas, in view of the above examination, it is evident that the school is having meagre surplus funds after meeting all the budgeted expenditure for the financial year 2016-17.

And whereas, the school proposal for fee increase for the session 2016-17 was earlier declined vide order dated 27.12.16, on the ground that the school had sufficient funds. During the course of hearing, the school has represented that the funds are tied with gratuity fund, leave encashment fund and depreciation reserve fund and it shall not be able to manage its operational expenses for the year from the available funds.

And whereas, as per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no profit and no loss basis and should be used only for the purpose for which these are collected. Accordingly, the school is advised to maintain separate fund in respect of each earmarked levies charged from students in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under. If there are large surpluses under any earmarked levy collected from the students, the same shall be considered or adjusted for determining the earmarked levy to be charged in the next academic session.

And whereas, these recommendations alongwith relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school is having meagre surplus funds after meeting all the budgeted expenditure for the financial year 2016-17 and the representation dated 24.01.2017 and subsequent submissions made in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, the Director (Education) has decided to allow the school to increase the existing fee by 10 % for the session 2016-17.

Accordingly, it is hereby conveyed that the representations for fee hike of Arya Public School, Malviya Nagar, Delhi-110017, has been accepted by the Director of Education and the School is hereby allowed to increase the existing fee by 10 % for the session 2016-17.

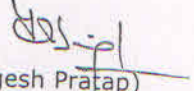
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Compliance of all the instructions mentioned in the order dated 27.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. The fee should be utilised as per true letter and spirit of Rule 177 of the DSEA & R, 1973 and the judgement of the Hon'ble Supreme Court in the case of Modern School Vs Union of India (2004).

3. In the light of Judgment of Modern School vs Union of India, the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore it is to be ensured not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA&R, 1973.

This issues with the prior approval of the Competent Authority.

Non compliance of the order shall be viewed seriously.


(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education

To

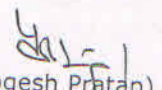
The Manager/HoS
Arya Public School,
Malviya Nagar, New Delhi-110017

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 863

Dated: 8/8/2017

Copy to:-

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.


(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education