

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/ 979

Dated: 13/10/2017

ORDER

Whereas, Vanasthali Public Sr. Sec. School, Mayur Vihar Phase-3, Delhi-96 had submitted its online proposal for fee hike for the academic session 2016-17.

And whereas, the proposal of Vanasthali Public Sr. Sec. School was considered by the Director (Education) vide order No. F. DE-15/ACT-I/WPC-4109/PART/13/517-521 dated 27-02-17, and directed that the fee hike proposal of the school will be finally considered by the department only after rectification of all the deficiencies/irregularities mentioned in the said order and subject to furnishing of compliance of the same before Deputy Director of Education concerned.

And whereas, in response to the said order dated 27.02.17, the school had submitted its compliance report on 09.03.17. Detail of submissions of school along with remarks of this branch is as under:

**Financial Irregularities:**

Sl. No	Details of irregularity	Submission of School	Remarks
1	The Society or Vanasthali Public School has not paid ground rent of Rs.1,12,285 per annum from 2007 onwards to the DDA. The amount outstanding is around Rs.11,22,850 plus penalty as imposed by the DDA. No provision for ground rent liability was made in the Financial Statement of the school up to 31.03.2016.	The school has informed that they have not paid ground rent and no provision was made for the ground rent considering the facts that they have to pay either ground rent or MCD tax to the government. They are paying MCD tax regularly. Further that they have not received any demand till date for the ground rent from DDA since 2007, if it is payable to DDA, it will be paid in due course.	School should evaluate the legal provision in this regard that whether they are liable to pay this amount. Proper disclosure in notes of accounts should be made till the time

			liability of the school is ascertained.
2	As per the lease deed, the land has been leased to "All India Digamber Jain Society". Nowhere in the deed has it been mentioned that the land can be sub-leased to the school. The land has been transferred to school and disclosed in the balance sheet as donated asset as on 31.03.2016. While the value as per lease deed is Rs.43,54,819, the amount as per Balance sheet is Rs. 43,51,370.	The school has not taken land on sub-lease from All India Digamber Jain Society. The school has just disclosed the value of land in the Financial Statement of school for the purpose of better presentation of the school status. The land belongs to the school's society and the school is working under the aegis of the society only.	The clarification of the school is not satisfactory. The school may be asked to clarify the same.
3	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, up-gradation and replacement of furniture fixtures and equipment's. 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 and income generated from the investment made out of this fund will be kept in a separately maintained Development Fund Account. Development fee is treated as revenue receipt by the school. No development fund is	Development fee received from the student during the F.Y. 2013-14, 2014-15 & 2015-16 is treated as revenue receipt instead of capital receipt in the financial statement of the school. The capital expenditure was incurred by the school more than the development fees received taken from the students. It is further submitted that DSER-73 says that the development fee charged from the students should be utilized in the development activities i.e up-gradation of furniture and fixtures and equipments of the school. The school have done capital expenditure accordingly. Hence there is no illegality. However the school has assured that Development Fees will be treated as Capital Receipts in future.	Compliance may be seen during scrutiny of the fee hike proposal for the Academic Session 2017-18.

	<p>created by the school for the period under review. The details of utilisation of such development fees was not provided, thus, it could not be commented upon. Development fees collected by school is as follows:</p> <ul style="list-style-type: none"> <li>• 2013-14 Rs.42,66,190</li> <li>• 2014-15 Rs.49,52,813</li> <li>• 2015-16 Rs.56,89,260</li> </ul>																																			
4	<p>As per Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, earmarked levy will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which there are being charged. The school has charged earmarked levies-transportation fee, computer fees and etc. but no utilisation of such fee has been given by the school separately. Fees collected are accounted for as income and the related expenditure is booked under the expense heads. The school has earned surplus from these levies which has been used by the school for other general expenses.</p>	<p>As per clause 22 of Order No. F. D.E./15(56)/ACT/2009/778 dated 11.02.2009 All the earmarked levies like-Transportation Fee and Computer Fees which have been received are used only for the purpose for which these have been charged. The school have not earned any surplus against the same. As such all collection received against such levies have fully utilized towards the expenditure for which the school have charged.</p> <table border="1" data-bbox="808 1182 1300 1630"> <thead> <tr> <th>Earmarked Levies</th> <th>Transport Fees</th> <th>Computer Fees &amp; IT Charges</th> </tr> </thead> <tbody> <tr> <td></td> <td>22,47,800</td> <td>27,57,65</td> </tr> <tr> <td>Less: Related Expenses</td> <td></td> <td></td> </tr> <tr> <td>Transport Charges</td> <td>10,74,105</td> <td>-</td> </tr> <tr> <td>Bus Hire Expenses</td> <td>5,66,400</td> <td>-</td> </tr> <tr> <td>Salary of Drivers</td> <td>5,60,500</td> <td>-</td> </tr> <tr> <td>Repair of Computer</td> <td>-</td> <td>9,39,386</td> </tr> <tr> <td>It Expenses</td> <td>-</td> <td>5,03,600</td> </tr> <tr> <td>Depreciation on Computer</td> <td>-</td> <td>13,25,690</td> </tr> <tr> <td></td> <td>-</td> <td>-</td> </tr> <tr> <td>*Shortfall</td> <td>4,60,910</td> <td>11,001</td> </tr> </tbody> </table> <p>*The above shortfall adjusted against fees collected from the students.</p>	Earmarked Levies	Transport Fees	Computer Fees & IT Charges		22,47,800	27,57,65	Less: Related Expenses			Transport Charges	10,74,105	-	Bus Hire Expenses	5,66,400	-	Salary of Drivers	5,60,500	-	Repair of Computer	-	9,39,386	It Expenses	-	5,03,600	Depreciation on Computer	-	13,25,690		-	-	*Shortfall	4,60,910	11,001	<p>Compliance may be seen during scrutiny of the fee hike proposal for the Academic Session 2017-18.</p>
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5	<p>The schools states Fixed Asset at WDV since 2013-14. From</p>	<p>The school has stated that they have disclosed the Fixed</p>	<p>Compliance may be</p>																																	

2015-16, it has started disclosing fixed asset at cost. Opening balance for 2015-16 is the WDV of 2014-15 as actual original cost of the block and accumulated depreciation is not ascertainable. There was a balance of Rs.37.34 lakhs in depreciation reserve fund from before 2013-14 details of which are unknown. An addition of Rs.7,699 to this fund in FY 2013-14 is not explained. To re-state the assets & depreciation in the balance sheet from FY 2015-16, opening balance of accumulated depreciation which is Rs.37,42,305 should be reverted to general reserve.

Assets of school at WDV since 2013-14 as per the requirement of Income Tax Act but from F.Y. 2015-16 the new format was suggested by Directorate of Education. The school have disclosed the opening value of Gross block of fixed assets by carrying the closing written down value of Fixed Assets & from this year the depreciation charged from the revenue account and corresponding shown in liability side under the head of Depreciation reserve fund. Further a very old balance of Rs.37,42,305 was standing in fixed assets fund account which now shown under the depreciation reserve fund account. However as per DoE observations, the school will transfer the accumulated depreciation balance to general reserve by reducing the deprecation reserve fund account in the balance sheet of F.Y. 2016-17.

ensured before processing the fee hike proposal for the Academic Session 2017-18.

6 On review of the Financial Statement of the school, it was noticed that the school had made capital expenditure in excess of capital receipt. The details are as follows:

Year	Capital Receipt	Capital expenditure	Excess Spent
2013-14	42,66,190	51,91,080	9,24,890
2014-15	49,52,816	42,87,665	6,65,151
2015-16	56,89,260	96,87,061	39,97,801
<b>Total</b>	<b>1,49,08,266</b>	<b>1,91,65,806</b>	<b>42,57,540</b>

As per the clause 14 of order No. F.D.E./15(56)/Act/2009/778 dated 11.02.2009, Development Fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture and fixtures and equipments. Details of the capital receipt and capital as per financials of school is mentioned as follows for reference.

Year	Capital Receipt	Capital Expenditure	*Shortfall
2013-14	*41,90,063	51,91,080	10,01,017

Supporting documents may be asked in support of statement furnished by the school before processing the fee hike proposal for the Academic

4

	2014 -15	*50,28,9 65	42,87,665	7,41,300	Session 2017-18.
	2015 -16	56,89,26 0	96,87,061	39,97,80 1	
*Shortfall : Shortfall of development fees was adjusted against collected fees from the students.					

Other Irregularities:-

S No	Details of irregularity	Submission of School	Remarks
1	Fixed Asset Register was not maintained by the school during the F.Y. 2013-14, 2014-15 and 2015-16.	The school has informed that they have maintained the Fixed Assets Register value wise during the F.Y. 2013-14, 2014-15 & 2015-16. However the school was not maintaining these fixed assets register item wise. But after being pointed by DoE, the school now has started to prepare the fixed assets register item wise.	Compliance may be ensured before processing the fee hike proposal for the Academic Session 2017-18.
2	That the school has not made any provision of gratuity and leave encashment for teachers.	Due to insufficient surplus during the last three years, the school has not made any provision of gratuity and leave encashment for the teachers. However in F.Y. 2016-17 it has been stated by the school that they will make the provision of gratuity and leave encashment for the teachers and other staff as per fund available in the school.	The school may be directed to strictly follow the provisions laid down under DSER, 1973. Further, compliance may be ensured at the first instance before processing the fee hike proposal for the Academic Session 2017-18.

And whereas, after going through the representations dated 09.03.2017 and submissions made thereafter by the school as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **17,33,829/-** as per the following details:-

Particulars	Amount (Rs.)
Cash and Bank balances as on 31.03.16 as per Financial Statements	9,79,609
Investment as on 31.03.16 as per Financial Statements	1,60,000
Total	11,39,609

5

Less: Provision for Gratuity and Leave Encashment*	0
Less: Development Fund and Depreciation Reserve Fund#	0
Available Funds	11,39,609
Fees for 2015-16 as per financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	5,48,99,528
Other income for 2015-16 as per financial statement	13,71,547
Estimated availability of funds for 2016-17	5,74,10,684
Less: Budget expenses allowed for the session 2016-17 **	5,91,44,513
<b>Net Deficit</b>	<b>17,33,829</b>

\*School has not provided for gratuity and leave encashment and accordingly, the same are not considered in the above calculations.

\*\* School has proposed increase in establishment cost in FY 2016-17 by 16.46% as compared to FY 2015-16. However, the same has been restricted to 10% for the purpose of this calculation.

#School has not utilized development fee in accordance with clause 14 of the order dated 11.02.2009 and hence, the same is not considered in above calculations. Also, school has not created any investments against the depreciation reserve fund and accordingly, same is not considered in above calculations.

And whereas, in view of the above examination, it is evident that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17.

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, as per clause No. 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, up-gradation and replacement of furniture, fixture 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 reserved fund, equivalent to the deprecation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.' Accordingly, school is advised to maintain separate

development fund and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, it is evident that the school is not maintaining depreciation reserve fund in proper manner in accordance with clause 14 of Order No. F.DE./15 (56)/Act /2009 /778 dated 11/02/2009. The school has followed unsustainable financial practices and improper accounting procedures and using development fund for non permissible items. Hence, development fee already charged @15% has in reality been used for other purposes, and in effect already tantamount to a hike on tuition fee. School shall not be allowed to charge development fee unless it follows the directions of this Directorate.

And whereas, these recommendations along with 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 does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 09.03.2017 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. It was further decided by the Director(Education) to allow the school to increase the existing fee by 5 % for the session 2016-17.

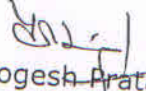
Accordingly, it is hereby conveyed that the representations for fee hike of Vanasthali Public Sr. Sec. School, Mayur Vihar Phase-3, Delhi-96, has been accepted by the Director of Education and the school is hereby allowed to increase only the existing fees by 5 % for the session 2016-17.

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

1. To Comply with all the instructions as mentioned in this order.
2. 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.
3. The fee should be utilised as per 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).

Non compliance of the order shall be viewed seriously.

This issues with the prior approval of the Competent Authority.

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

7


The Manager/HoS  
Manasthali Public Sr. Sec. School,  
Mayur Vihar Phase-3, Delhi-96.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 979

Dated: 13/10/2017

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

8