

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/ 874

Dated: 22/8/2017

ORDER

Whereas, the request of Mira Model School, B-Block, Janakpuri, New Delhi 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/13/191-195 dated 26.12.2016 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 Mira Model 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 Mira Model School on 17.05.2017 at 11.00AM 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 17.05.2017 at 11.00AM 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.	Depreciation is charged by the school as per the Income Tax Act, 1961, however the same should be as per the Guidance note (GN 21) on Accounting by Schools, issued by the Institute of Chartered Accountants of India.	The society is registered with Income Tax under section 12A and books of account are maintained as per Income Tax Act, 1961.	The school should follow the DOE instructions in this regard.
2.	The school has made provision for gratuity and leave encashment on the basis of actual liability. No actuarial	The school has undertaken the actuarial valuation	Accepted by School.

	valuation has been done, as required by Accounting Standard (AS) 15 issued by ICAI.	for gratuity and leave encashment and the resultant valuation is higher than the amount provided in books of accounts.	
3.	The school does not maintain a separate bank account for the caution money deposited. However, the same is shown as caution money payable in the Balance Sheet of the school. The school collects Rs 500 as caution money and reflects the un-refunded caution money as income. Caution money is being refunded to students upon request. However, a process has been initiated w.e.f. 2016-17; that every child receives the amount vide cheque at the time of application of the transfer certificate or at the time of graduation in Class XII, as the case may be.	The rule does not clarify that the caution money has to be deposited in a separate bank account. The school has decided not to charge any caution money from FY 2017-18 onwards.	The school should follow the DOE instructions in this regard.
4.	Earlier development charges received was a part of the school working capital but w.e.f. 1st April 2016, a separate bank account has been opened and the amount of development charges received in the year 2016-17 has been deposited in that account. Hence, the school has not complied with clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 which requires the collection under development fund and income generated from the investment made out of this fund to be maintained in a separate development fund account.	The school was inspected three times by DOE in past and this discrepancy was pointed out only in the report dated 2.11.2015 after which the account was opened. Moreover, due to deficit and inability of the school to pay the salaries as per 6 th pay Commission recommendations, the development fund was utilised for meeting the liabilities.	The school is expected to know the legal provisions/ supreme court rulings and the school is mandated to follow the same as per recognition norms also. This explanation that DoE inspection did not point out the same is unacceptable.
5.	The school owns a property at Bakhargarh, valuing Rs. 8,81,77,763 as on 31. 03.2016. It was acquired with express purpose of setting up a school for imparting education to the students of the area. However, the property is lying vacant since the school has not been started operating yet. This seems to be a case of misappropriation of fund.	The society has refunded the amount of Rs. 8,81,77,762/- to the school against the property.	Considered. The school should submit the proof of bank transfer, to DOE.
6.	As per clause 22 of Order No. F.DE./15	The breakup of	Improper

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(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 Educational Tech fee/ computer fee from the students as earmarked fee. These are collected in excess of the expenditure. However, no separate fund for these charges are maintained.	Educational technology fee is enclosed.	Justification. The School should follow the DOE instructions in this regard.
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And whereas, after going through the representations dated 01.02.2017 and submissions made by the school during the hearing held on 17.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having a surplus fund of Rs. **7,14,18,634/-** as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per School submission	64,09,527
Investment as on 31.03.16 as per School Submission	4,32,48,586
Add: Amount recoverable from Society against purchase of Land	8,81,77,762
Total	13,78,35,875
Less: Depreciation Reserve Fund	1,25,96,969
Less: Provision for Gratuity*	3,52,19,357
Less: Provision for Leave Encashment*	1,08,17,062
Available Funds	7,92,02,487
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)	9,59,72,060
Other income for 2015-16 as per financial statement	48,94,524
Estimated availability of funds for 2016-17	18,00,69,071
Less: Budget expenses for the session 2016-17 as submitted by school management	10,86,50,437
Net Surplus**	7,14,18,634

*The school is hereby directed to make earmarked equivalent investments against provision for gratuity and leave encashment with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. And provisions for gratuity and leave encashment should be based on actuarial valuation.

**As sufficient funds are available with the school, it is hereby directed that the School shall create 3 months' salary provision amounting to Rs. 2,84,93,235 in accordance with the provisions of Right to Education Act, 2009 and to submit FDRs in joint name of Dy. Director (Education) and Manager of the School with DOE within 30 days of receipt of this order.

And whereas, in view of the above examination, it is evident that the school is having sufficient surplus funds even after meeting all the budgeted expenditure 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, 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 sufficient surplus funds to meet the financial implications for the financial year 2016-17 and the representation dated 01.02.2017 and subsequent submissions made thereafter in this regard find no merit in respect of sanction for increase in fee and hereby rejected on the basis of above mentioned observations.

With reference to Point No.4, before submission of next proposal for fee increase, the school should ensure and show compliance of norms regarding development fee usage and maintenance in accordance with DSEA&R, 1973.

Accordingly, it is hereby conveyed that the representations for fee hike of Mira Model School, B-Block, Janakpuri, New Delhi, has been rejected by the Director of Education.

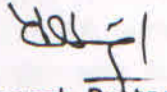
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Not to increase fee for the session 2016-17. If, in case, increased fee has already been charged from the parents, the same shall be refunded/adjusted.

2. Compliance of all the instructions as mentioned in the order dated 26.12.17 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
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.
4. 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
Private School Branch
Directorate of Education

To

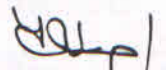
The Manager/HoS
Mira Model School,
B-Block, Janakpuri, New Delhi

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Dated: 22/8/2017

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