

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/13/82A

Dated: 18/07/2017

ORDER

Whereas, the request of Guru Tegh Bahadur Public School, Model Town Northex, Delhi-110009 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/13/271-275 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 Guru Tegh Bahadur 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 Guru Tegh Bahadur Public School on 16.05.2017 at 11.30AM 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 16.05.2017 at 11.30AM 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. | Salaries are being presently paid on mutually agreed terms and not as per 6th pay commission. Further, the school has paid arrears to the tune of Rs. 29.86 Lakhs to 12 teachers and | Salaries are now being paid as per 6 th Central Pay Commission's recommendations. | Accepted by School. |

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| | revised salaries effective January 2016 on mutually agreed terms. | | |
| 2. | The School has purchased Furniture & Fixture and equipment of Rs. 7,46,826 and Rs. 7,13,643 during FY 2013-14 and FY 2014-15 respectively. However, purchase of furniture & fixtures and equipment was not adjusted against the development fund. Also, the School has not maintained Depreciation reserve account. Further the amount of development fund is not completely represented by the equivalent investments/ bank balance (in development fund bank account) and the interest income earned on the development fund bank account has not been credited to the development fund account. This is contravention of Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. Further, depreciation reserve fund is not appearing in the Balance Sheet. | All the objections have been removed as mentioned in order. | The School has not attached any document to substantiate its claim. Compliance against this shall be verified at the time of next fee increase proposal of the school, if any. |
| 3. | The school has not charged depreciation on the assets acquired out of the Development Fund and which is in contravention of generally accepted accounting practices which states that the fixed assets should be capitalized and depreciation should be charged on the same over its useful life. | Fixed assets acquired out of development fund are now capitalised and depreciation is being charged in books of accounts. | Accepted by School. |
| 4. | The purchase of furniture & fixture and equipment during FY 2015-16 has not been capitalized as fixed assets which is in contravention of Generally Accepted Accounting Practices which states that the fixed assets should be capitalized and depreciation should be charged on the same over its useful life. | Furniture and fixtures and equipment are now capitalised and depreciation is charged over its useful life. | Accepted by School. |
| 5. | The school has charged the income & expenditure account of FY 2015-16 with 'Reserve of 3 months' Salary' amounting to Rs. 51,00,000 but there was no profits during the FY 2015-16 to make such provisions. As per Clause 10 of Form II of Right of | The school has withdrawn the 3 months salary reserves and ensured to follow the DOE instruction in this regard. | Accepted by School. |

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| | Children to free and compulsory education Act, 2009 the management of the school shall create a reserve fund in the form of a fixed deposit in the joint name of Manager & Dy. Director of Education equivalent to 3 months' salary of staff or Rs. 1 lakh plus Rs. 80 per student within 3 months of date of issue of letter. Also, the school did not provide any evidence of fixed deposits made against this reserve as stipulated by above provision. | | |
| 6. | The school has provided for leave encashment of Rs. 5,00,000 on adhoc basis in the Income & Expenditure account of FY 2015-16. | The school has withdrawn the provision for leave encashment as there are not sufficient funds with the school. | Accepted by School. |
| 7. | The school is regular in depositing statutory dues. However, there is a liability on account of Property Tax payable for Rs. 24.73 lakhs and this amount is outstanding for more than three years. | The liabilities will be taken care of as soon as financial condition of the school is improved. | Accepted by School. |
| 8. | 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 is charging computer fees and lab charges from the students and no separate account maintained for these levies. The surplus generated from computer fee and lab charges have been used other recurring expenditure of the school. This is contravention of Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 along with Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999. | The charges were collected on 'no profit no loss' basis. The surplus amount was used for other expenses as the school is facing the financial crisis. | The school should follow the DOE instructions in this regard. |
| 9. | The school has taken loan of Rs. 3.60 crores from M/s Religare and this amount of loan was subsequently transferred to the society for | The said loan was taken for school purpose and depreciation on the | Improper response by the school. The School should |

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| | construction of building. However, interest on loan taken for construction of building and principal amount of the loan was paid by the school. Interest amount of Rs. 45,58,305 was charged to Income & Expenditure account by the school and Rs. 1,75,629 was paid towards the principal amount of loan during 2015-16. These transactions are in contravention of Clause 2 of Public Notice dated 04.05.1997 and Order No. DE 15/ Act/Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 and may be considered as indirect diversion of funds from school to society. | same has not been claimed. Hence, there is no contravention of clause 2 of Public Notice dated 04.05.1997. | follow the DOE instructions in this regard. The School should recover the interest paid on loan taken for building from the society within 45 days. |
| 10. | There are transfer of funds between the school and society because of the building construction work undertaken during the period under consideration. The net effect of transfer entries between school and society in the three years results into credit balance of the society amounting Rs. 5,36,016. | The amount will be reverted back. | Accepted by School. The School should recover the amount from the society within 45 days. |
| 11. | Interest earned on the savings bank account of the Development Fund Account amounting to Rs. 1,09,846 has not been credited to the account. | The interest has now been credited to development fund account. | Accepted by School. |
| 12. | Separate bank account for development fund was opened on 27.03.15 to which development fund collected were transferred from time to time. As on 31.03,2016, without adjusting the fixed assets purchased in 2013-14 and 2014-15, the balance in bank is lower than the fund balance as reflected in the revised provisional accounts of 2015-16. | The necessary accounting principles pertaining to this account shall be followed. | Accepted by School. |
| 13. | The school has discontinued the collection of security deposit since September 2011 and there is an outstanding liability of Rs. 16,35,890/- towards security deposit. Student-wise details are available in a register, but ex-students are not identifiable. The school has not written to the parents of the ex-students to seek refund. This | The management is still returning the security amount to those students who are coming to school to get refund of their amount. Necessary correspondence to ex-students is under | The School should follow the DOE instructions in this regard. |

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| can be considered as a contravention to Clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. In 2010-11 and till September 2011 security deposit was being collected at the rate of Rs. 1000 and prior to that it was being collected at the rate of Rs. 500. Further, security deposit was not deposited in a scheduled bank and therefore, interest was not refunded to the student leaving the schools. | process. | |
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Other discrepancies:

| S. No. | Detail of discrepancy | Submissions of the school | Remarks |
|--------|--|--|---|
| 1. | In the year 2013-14 and 2014-15 revenue has been booked on cash basis and this system has been changed to accrual basis from FY 2015-16. | In FY 2015-16, the system has been corrected by adopting accrual basis of accounting. | Accepted by School. |
| 2. | The school has started collecting the increased fee of Rs. 29, 21,599 for the academic session of 2016-17 without obtaining prior approval of the DoE. This needs to be refunded or adjusted by school as per order No. : F.DE-15/ACT-1/WPC-4109/Part/13/ 7914-7923 dated 16-04-2016 of DoE. | The school has sent a letter to DOE for approval of fee increase as per its past practice. No response was received from DOE and hence, it is presumed that the request is accepted. | The School should follow the DOE instructions in this regard. |

And whereas, after going through the representations dated 17.02.2017 and submissions made by the school during the hearing held on 16.05.2017 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. **18,27,797/-** as per the following details:-

| Particulars | Amount(Rs) |
|--|------------|
| Cash and Bank balances as on 31.03.16 as per School submission | 14,74,835 |
| Investment as on 31.03.16 as per School Submission | 1,74,018 |
| Add: Amount recoverable from Society against interest paid on loan taken for building construction | 47,33,934 |

| Particulars | Amount(Rs) |
|---|-------------------|
| Add: Amount recoverable from the Society | 5,36,016 |
| Total | 69,18,803 |
| Less: Development Fund and Depreciation Fund# | 0 |
| Less: Liability towards property tax | 24,73,000 |
| Available Funds | 44,45,803 |
| 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) | 3,27,98,291 |
| Other income for 2015-16 as per financial statement | 4,19,402 |
| Estimated availability of funds for 2016-17 | 3,76,63,496 |
| Less: Budget expenses for the session 2016-17 (approved) | 3,58,35,699 |
| Net Surplus | 18,27,797 |

#In the financial statement of school for FY 2015-16, Development fund and depreciation reserve fund are Nil.

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 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.' 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 17.02.2017 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.

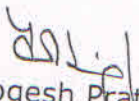
Accordingly, it is hereby conveyed that the representations for fee hike of Guru Tegh Bahadur Public School, Model Town Northex, Delhi-110009, has been rejected by the Director of Education.

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 26.12.16 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).

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
Private School Branch
Directorate of Education

To

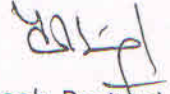
The Manager/HoS
Guru Tegh Bahadur Public School,
Model Town Nothex, Delhi-110009.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 82A

Dated: 18/07/2017

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