

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/ 872

Dated: 22/8/2017

ORDER

Whereas, the request of Little Fairy Public School, Hudson Line, Kingsway Camp, 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/13/62 dated 23.12.2016 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 Little Fairy 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 Little Fairy Public School on 16.05.2017 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 16.05.2017 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.	Expenses of Rs. 8,78,545 have been incurred on the running and maintenance of three vehicles which are not owned by the school under the under years of inspection viz. 2013-14, 2014-15 and 2015-16.	The vehicles are reflected in the fixed assets schedule of Mohan Memorial Educational Society and the school is a unit of it.	The assets which are not appearing in the Financial Statements of the school cannot be considered as

			the assets of the school. One of the RC enclosed in the response belongs to Little Fairy Public School, Ashok Vihar.
2.	The school is making profits out of the transport fees charged from the students. The school has earned Rs. 3,77,727 in FY 2013-14; Rs. 3,83,726 in FY 2014-15 and Rs. 3,98,575 in FY 2015-16. This is contravention of Clause 22 of Order No. F.DE./15(56)/Act/2009/778 dated 11/02/2009 and Clause 6 of Order No. DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999.	The vehicles mentioned at point 1 above are used for transportation of students. The amount of expenses incurred on these vehicles are not considered in the surplus calculations. Hence, there is a surplus.	Improper justifications.
3.	The school has transferred Rs. 43 lakhs to Little Fairy Public School, Ashok Vihar over a period of time; which is under the same management. This is in contravention to Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 and Section 18 (4) of DSEA 1973 read along with Rule 176 and 177 of Delhi School Education Rules 1973.	The Governing body of the school has approved to transfer the amount to Little Fairy Public School, Ashok Vihar. Further, the governing body has also waived off the entire amount due from Ashok Vihar school due to insufficient funds.	Improper justification. As per Rule 177 of DSEAR, 1973 and Judgment of Supreme Court in Modern School Vs UOI, transfer of funds to another school under the same management is possible only if school has provided for pension/gratuity liabilities, expansion, development of school, co-curricular activities, reasonable reserve fund not being less than 10%. However, school on one side has not

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			provided committed liabilities like pension/gratuity, depreciation reserve fund, 03 month's salary reserve and is proposing fee increase, so as to fund the deficits of another school. Further, school is directed to recover the amount transferred within 60 days from the date of issue of this order.
4.	The school is charging a depreciation rate different from the rate prescribed as per the Guidance note (GN 21) on Accounting by Schools, issued by the Institute of Chartered Accountants of India. The impact of the same stands at Rs. 3,26,680.	The school has started charging depreciation as per GN 21.	Accepted by School.
5.	Payment of Gratuity Act, 1972," is applicable to the school, however, it is not recognizing Gratuity liability.	The school will provide for Gratuity as soon as the funds are available.	Accepted by School.

Other discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The school was not following accounting system consistently i.e. accrual or cash and has also not prepared receipt and payment account as required by Clause 24 of Order No.F.DE./15/Act/243/ KKK/883-1982 dated 10.02.2005. School has recognized the expenses for electricity, water and telephone of cash basis instead of accrual basis and is not maintaining book of accounts on regular	The books of accounts are maintained at accrual basis only and these are petty violations which can be rectified without any hindrance.	Accepted by School.

	basis. Books in tally (accounting software) were also updated during the course of inspection.		
2.	The school has not filed return with DoE as per the notified format as required by Section 18(5) DSEA-1973.	The school has been regularly filing the return with DOE in the notified format.	No attachment enclosed in the response.
3.	The transport services have been selected without bidding/ inviting tenders by the school. There is a two page agreement with the transporters, which is not properly drawn and the terms of the agreement are not complied with. There is no approval of the school mentioned in awarding of contract to the transporter. No register showing actual plying of vehicles was furnished.	Efforts were being made for quotation of vehicles from transporters who were having fleet of vehicles. However, since higher amounts were quoted verbally by them, individual bus operators were hired at lower prices. There are no malafide intentions at our part.	The observation stands as per the inspection report of CA firm.
4.	The school has not maintained the fixed asset and investment register during the last three financial years.	Fixed Assets register was not traceable at the time of inspection and now been retrieved.	Accepted by School.
5.	Instances were observed wherein the TDS returns have been filed after the due date. Further, PF dues have been paid after the due date.	In some cases there might be delay due to clerical carelessness.	Accepted by School.
6.	The school has not complied with the following Acts/ Rules/Judgments or Orders: (i) The school has not explored and exhausted all the possibilities of utilising the existing funds / reserves before proposing the fees increase. This is contravention of Clause 2 of Order No. 1978 dated 16.04.2010 and Clause 2 of Order No. F.DE./15(56)/Act/2009/778 dated 11/02/2009. The school has advanced Rs. 43 lakhs to another	The Governing body of the school has approved to transfer the amount to Little Fairy Public School, Ashok Vihar. Further, the governing body has also waived off the entire amount due from Ashok Vihar school	Improper justification. School recover this amount from the concerned school within 60 days from the date of issue of this order.

(ii)	<p>school under the same management. In contravention to Clause 3 of Order No. 1978 dated 16.04.2010 and Clause 11 of Order No.F.DE./15(56)/Act/2009/778 dated 11/02/2009, the school has not considered alternative ways of augmenting revenue apart from fees increase.</p>	<p>due to insufficient funds.</p> <p>The school has been trying to start coaching classes in the evening but did not get positive results.</p>	<p>Accepted by School.</p>
(iii)	<p>In contravention of Clause 8 of Order No. 1978 dated 16.04.2010 and Clause 19 of Order No.F.DE./15(56)/Act/2009/778 dated 11/02/2009, The school has charged tuition fees lower than the standard cost of establishment, including provisions of DA, Bonus, etc. and all terminal benefits, as also the expenditure of revenue nature concerning curricular activities and the shortfall has been adjusted from levies under the other head of fees charged from students.</p>	<p>The authorities are themselves admitting that the school is charging tuition fees lower than the standard cost of establishment and hence, request for enhancement at higher rate to meet out the said deficit.</p>	<p>Improper response.</p>
(iv)	<p>The School has not complied with Clause 14 of Order No. F.DE./15(56)/Act/2009/778 dated 11/02/2009 and Clause 7 of Order No. DE 15/Act/Duggal.com/203/99/ 23033-23980 dated 15.12.1999 which requires collection of income viz. development fund and income generated from investments made out of development fund to be collected in separately maintained development fund account. The development fund has been treated as revenue receipt and credited the same to Income & Expenditure Account rather than keeping it as a designated fund and has been used for the payment of salaries to staff and other regular expenses of the school. Moreover the school has not maintained Deprecation Reserve Fund.</p>	<p>Payment of salary is the priority of the school and as other funds are insufficient to mitigate salary expenses, development funds and depreciation reserve funds were utilized for the same.</p>	<p>No development fund to be charged in coming year unless funds are maintained separately and utilized as per clause 14 of order dated 11.02.2009.</p>
(v)	<p>The school does not maintain</p>	<p>he school is already</p>	

	'recognised unaided school fund' as required by Section 18(3) of DESA 1973.	maintaining a bank account with Dena Bank.	Improper response by School.
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And whereas, after going through the representations dated 03.02.2017 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. **82,30,087/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School submission	32,03,084
Investment as on 31.03.16 as per School Submission	5,26,281
Add: Amount recoverable from Little Fairy Public School, Ashok Vihar	43,00,000
Total	80,29,365
Less: Development Fund and Depreciation Reserve Fund#	0
Available Funds	80,29,365
Fees for 2015-16 as per financial statements (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	4,01,95,586
Other income for 2015-16 as per financial statements	1,80,336
Estimated availability of funds for 2016-17	4,84,05,287
Less: Budget expenses for the session 2016-17 as per proposal documents submitted by school management	4,01,75,200
Net Surplus	82,30,087

In the Financial Statements of the 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, it is noticed that the school has transferred funds to the other school managed by the society and Rs. 43,00,000/- are still outstanding from the society. The school is hereby directed Not to charge development fund in coming years unless funds are maintained separately and utilized as per clause 14 of order dated 11.02.2009. School is further directed to recover this amount and the deposits

receipts along with copy of bank statements showing receipt of above mentioned amount should be submitted with DoE, in compliance of the same, within sixty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

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 03.02.2017 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.

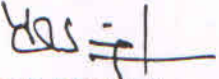
Accordingly, it is hereby conveyed that the representations for fee hike of Little Fairy Public School, Hudson Line, Kingsway Camp, Delhi-110009, has been rejected by the Director of Education. Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with 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 23.12.16 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).

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

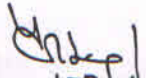
The Manager/HoS
Little Fairy Public School,
Hudson Line, Kingsway Camp,
Delhi-110009

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 872

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 (North-west-A)
5. Guard file.


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