

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/13/829

Dated: 18/07/2017

ORDER

Whereas, the request of Darshan Academy, Kirpal Bagh, Sant Kirpal Singh Marg, 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/13/296-300 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 Darshan Academy 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 Darshan Academy on 12.05.2017 at 04.00PM 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 12.05.2017 at 04.00PM 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.	The school has transferred fund to the other school functioning under the umbrella name of Darshan Academy every year on returnable basis without any interest. The amount to be recovered has been shown on the asset side of Balance Sheet under the head Advances to Others. The amount recoverable (net of	Inter-School advances had been given to tide over	The school is hereby directed to recover the amount given to

receivable and payable) as at March 31, 2016 as per the Balance Sheet of the school is Rs. 43,51,263. This is contravention of the Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 read along with Rule 176 and 177 of Delhi School Education Rules 1973. Detail of the amount outstanding at year end for the period under review as are follow:

Particulars	2013-14	2014-15	2015-16
Advances Outstanding to multiple schools under Darshan Academies (A)	1,24,64,336	1,13,03,417	1,16,72,027
Advances outstanding from multiple schools under Darshan Academies (B)	(60,44,309)	(79,18,274)	(73,20,764)
<b>Net Balance (A-B)</b>	<b>64,20,027</b>	<b>33,85,143</b>	<b>43,51,263</b>

short term financial stringency being faced by sister institutions. Such advances were given on return basis and without charging any interest.

other schools within 90 days of the issue of this order and to follow the instructions of DOE in this regard.

2. The school has provided for Rs. 50,00,000 on account of Gratuity provision in the budgeted expenses of FY 2016-17. This amount has not been specifically mentioned in the budget. Liability for Provision for Gratuity cannot be said to have properly accounted for unless it is based on actuarial valuation and as required by Accounting Standard 15 to reflect the present value of the probable liability on a specific date.

The school has a liability of Rs. 60,17,625 as on March, 2016. Though this had not been reflected in the financial statements

The school is hereby directed to make earmarked equivalent investments against provision for Retirement Benefits with LIC (or any other

	and Rs. 50 lacs has been considered in the budget statement for FY 2016-17.	agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities
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**Other discrepancies:**

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The school has made additions to the building during FY 2015-16 amounting to Rs. 17,49,484 from the school funds as per the fixed assets schedule attached with financial statements but the school is not allowed to construct building from school fund as per Clause 2 of Public notice dated 04.05.1997.	No response.	Additions to school building should be a charge on the savings of the school. The school is directed to follow Rule 177 of DSEA&R, 1973.
2.	The school has not prepared its financial statements, i.e. Receipt & Payment Account, Income & Expenditure Account and Balance Sheet along with related documents, as per the format specified by DoE. For submission of financial statements with DoE, the same were not prepared as per Delhi School Education Rules, 1973. This may be considered as contravention of Order no. F.DE.-15/ACT-I/WPC-4109/Part/13/ 7905-7913 dated 16-04-2016.	The financial statements have been prepared and submitted to the Income Tax Department without any fail every year.	The school has not submitted proper response against the quoted irregularity.
3.	The development fees is not treated as capital receipts till 2015-16 Further the school has also not maintained depreciation reserve fund. These are contraventions of Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.	The mistake has been realised and corrected.	Accepted by School.
4.	Interest on caution money/ security deposit is not refunded to the students along with the refund of the caution	It has been noted and we undertake to do the needful.	Accepted by School.

	money/ security deposit. This is contravention of Clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.		
5.	The school has charged student insurance in excess of the amount submitted with DoE as fee structure in FY 2014-15. The school has charged Rs. 90 per student whereas Rs. 80 per student was mentioned in the fee structure submitted with DoE. This is contravention of Section 17 (3) of DSEA & R 1973.	When the fee structure was submitted to the DOE the cost of insurance was Rs. 80 per student which was subsequently revised to Rs. 90 per student. After that extra Rs. 10 per student was collected.	Accepted in the light of non materiality of the amount.
6.	In contravention to Rule 172 of DSEA & R 1973, the school has not issued receipt against the miscellaneous receipts/income received from students.	Proper receipts have been issued either to students or the class teachers and the same has been properly accounted for in the books of account.	Considered.
7.	In contravention to Rule 176 of DSEA & R 1973, the excess amount received on account of picnic and 'my exam plan' services have been treated as income instead of refunding the same to students.	It is undertaken that same will be taken care in future.	Accepted by School.
8.	In contravention to Rule 177 of DSEA & R 1973, the school has merged the surplus generated out of specific levies in the normal surplus. The school also has not created reserve fund (10% of Savings) as required under the provisions of the said rule before assisting other schools under the same management under Darshan Academy.	Reserve fund has been created. FDRs is in the name of Deputy Director of Education and Manager of the School for an amount of Rs. 16,37,653 and the same is reflected in our Balance Sheet.	Compliance shall be verified at the time of next fee increase proposal of the school, if any.

And whereas, after going through the representations dated 02.02.2017 and submissions made by the school during the hearing held on 12.05.2017 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. **2,18,60,603/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School submission	1,09,64,589
Investment as on 31.03.16 as per School Submission	99,69,039
Amount Recoverable from Society/ Other School	43,51,263
<b>Total</b>	<b>2,52,84,891</b>
Less: Development Fund (As per School Submission)#	0
Less: Depreciation Reserve Fund #	0
Less: Provision for Gratuity(As per School Submission)*	68,84,647
Less: Provision for Leave Encashment (As per School Submission)*	31,20,432
Available Funds	1,52,79,812
Income during 2016-17 as per School submission	4,00,67,793
Estimated availability of funds for 2016-17	5,53,47,605
Less: Budget expenses for the session 2016-17 as submitted by school management	3,34,87,002
<b>Net Surplus**</b>	<b>2,18,60,603</b>

#In the Financial Statements of the school for FY 2015-16, development fund and depreciation reserve fund are Nil.

\*The school is hereby directed to make earmarked equivalent investments against provision for Retirement Benefits with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. And the 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 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 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 02.02.2017 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.

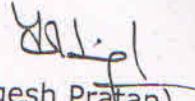
Accordingly, it is hereby conveyed that the representations for fee hike of Darshan Academy, Kirpal Bagh, Sant Kirpal Singh Marg, Delhi-110009, has been rejected by the Director of Education.

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 27.12.16 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

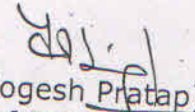
The Manager/HoS  
Darshan Academy, Kirpal Bagh,  
Sant Kirpal Singh Marg, Delhi-110009.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 829

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