

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/ 976

Dated: 13/10/2017

ORDER

Whereas, the request of Jaspal Kaur Public School, B Paschimi, Shallimar Bagh, Delhi-88 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/13/101-105 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 Jaspal Kaur 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 Jaspal Kaur Public School on 25.05.2017 at 12.00 Noon 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 25.05.2017 at 12.00 Noon 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.	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, upgradation and	The school has exempted staff wards from the payment of tuition fee but they have obligation to pay annual fees and development fees.	It shall be verified at the time of subsequent fee increase proposal, if any. The school is

<p>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. With regard to above, following observations were made :</p> <p>(i) In F.Y. 2013-14, 2014-15 and 2015-16, the school has charged development fees more than 15% of the tuition fees which amounts to Rs. 1,20,838, Rs. 3,47,547 and Rs. 3,03,595 respectively.</p> <p>(ii) The school has utilized development fund for the purpose of repair and maintenance of auditorium, library building, purchase of car and for charging depreciation on fixed assets. A sum of Rs. 29,47,469, Rs. 75,81,080 and Rs. 84,84,532 were utilised against development fund in FY 2013-14, 2014-15 and 2015-16 respectively in violation of above order.</p> <p>(iii) Depreciation reserve fund was not created by the school. Further, for FY 2013-14 and 2014-15, depreciation was charged against development fund, amounting Rs. 33,59,638 and Rs. 59,50,794 respectively, and the same has now been deducted from general reserve.</p>	<p>The excess amount collected under the development fund pertains to the same.</p> <p>The utilisation of development fund is exclusively for imparting better quality education under a safe, secure and conducive environment.</p> <p>The observation has been considered and depreciation reserve fund account was created in our books of accounts as on 31.03.2016.</p>	<p>directed to follow DoE instructions in this regard.</p> <p>The school should follow DoE instructions in this regard. Amount utilised for purchase of car is to be recovered from the society within 60 days from the date of issuance of this order.</p> <p>School is directed to maintain depreciation reserve fund account in accordance with the provisions of DSEA& R, 1973. Compliance shall be verified at the time of next fee increase proposal of the school, if any.</p>
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2.	The school has created Staff Terminal Benefit fund in the FY 2013-14 by debiting Income and Expenditure Account on adhoc basis and showing the balance of the same as on 31.03.2016. The liability for gratuity on actuarial valuation basis is Rs. 5,61,53,705. For leave encashment, amount of Rs. 1,68,94,851 is debited, which is not on actuarial basis. The closing balance of the fund as on 31.03.2016 is Rs 1,26,00,000. It implies that the school had not provided staff liabilities accurately and there is shortfall in provision by Rs. 6,04,48,556. Further, Gratuity & Leave Encashment given to 10 drivers on their retrenchment, were paid out of school's revenue Income as these drivers were not covered under LIC policy.	The school has got the actuarial valuation done and there is shortfall in the provisions created in the books of account. The school has paid Rs. 83.84 Lacs from the school funds. All the drivers covered under LIC scheme but due to sudden decision of retrenchment we had to pay all dues immediately.	Accepted by school. School should develop proper system for assessing its retirement liabilities more accurately. The compliance shall be verified at the time of subsequent fee increase proposal, if any.
3.	Depreciation being 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 CA firm is unable to quantify the impact due to limited information made available to them by the school.	The observation has been considered and necessary changes were made at the time of finalisation of books of accounts for FY 2015-16.	Accepted by School.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	School is not following accounting policies in a consistent manner. There are no written accounting policies which are followed by the school. Further, different rates of depreciation have been applied in different years.	The observation has been considered and necessary changes were made at the time of finalisation of books of accounts for FY 2015-16.	Accepted by School. School is directed to disclose its accounting policies with its financial statements in accordance with general accepted accounting principles and ICAI pronouncements.
2.	The land allotment letter states that the school is	DDA had allotted land vide letter no. 18(8)/83-	It shall be verified at the time of subsequent

authorized to run school for girl students only. However, the school is running as a co-ed school. The school has not provided any permission letter which allows them to run a co-ed school.	LB(INSTL) dated 14.06.1987. it is no where specified in the said letter that it is to be used for Girls' School only. Copy of letter enclosed.	fee increase proposal, any.
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And whereas, after going through the representations dated 31.01.2017 and submissions made by the school during the hearing held on 25.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **1,36,93,133/-** as per the following details:-

Particulars	Amount (Rs.)
Cash and Bank balances as on 31.03.16 as per School submission	2,059,302
Investment as on 31.03.16 as per School Submission	45,952,022
Add: Amount recoverable from Society against purchase of Car	1,166,975
Total	49,178,299
Less: Amount against Provision for Gratuity (50% of amount provided for as on 31.03.2016)*	2,13,91,568
Less: Amount against Provision for Leave Encashment (50% of amount provided as on 31.03.2016)*	84,47,425
Available Funds	1,93,39,306
Fees for 2016-17 as per audited Financial Statements (including capital receipts)	122,785,927
Other income for 2016-17 as per audited Financial Statements	2,477,138
Estimated availability of funds for 2016-17	14,46,02,371
Less: Actual expenses for the session 2016-17 as per audited Financial Statements (Revenue)*	148,352,753
Less: Actual expenses for the session 2016-17 as per audited Financial Statements (Capital)	9,942,751
Net Deficit	(1,36,93,133)

#The school has not maintained equivalent investments against development fund and depreciation reserve fund in accordance with clause 14 of the order dated 11.02.2009. Hence, these are not considered for above calculations.

*The school has provided for gratuity and leave encashment amounting to Rs. 4,27,83,137/- and Rs. 1,68,94,851/- respectively. However, 50% of the amount provided for has been allowed in computation of above calculations as the total

den of the same cannot be allowed to be borne by the students in one single year. Further, as per audited Financial Statements for FY 2016-17, school has provided for gratuity and leave encashment amounting to Rs. 1,88,32,158/- and Rs. 21,72,384/- respectively and the same are considered in the above calculations. The school is hereby directed to make earmarked equivalent investments against provision for Gratuity and Leave Encashment for the balance amount with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities.

And whereas, the school proposal for fee increase for the session 2016-17 was earlier declined vide order dated 26.12.16, on the ground that the school has sufficient funds. During the hearing, the school has represented that it do not have adequate funds to provide for retirement benefits to the employees and it shall not be able to manage its operational expenses for the year from the available funds.

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 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 does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 31.01.2017 and subsequent submissions made thereafter in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, it has been decided by the

Director (Education) to allow the school to increase the existing fee by 10% for the session 2016-17.


Accordingly, it is hereby conveyed that the representations for fee hike of Jaspal Kaur Public School, B Paschimi, Shalimar Bagh, Delhi-88, has been accepted by the Director of Education and the School is hereby allowed to increase the existing fee by 10 % 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.

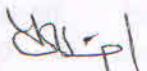

(Yogesh Pratap)
Deputy Director of Education
Private School Branch
Directorate of Education

To
The Manager/HoS
Jaspal Kaur Public School,
B Paschimi, Shalimar Bagh, Delhi-88
No. F. DE-15/ACT-I/WPC-4109/PART/13/ 976

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-
Private School Branch
Directorate of Education