

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/ 972

Dated: 13/11/2017

ORDER

Whereas, the request of Happy Model School, 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/13/57 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 Happy 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 Happy Model School on 16.05.2017 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 16.05.2017 at 03.30PM 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.	No provision for gratuity has been created by the school. As per the actuarial valuation, the provision for Gratuity should be Rs. 3,00,00,000 as at March 31, 2016.	The school was in losses up to FY 2011-12. It started to make some surplus from FY 2012-13. Therefore adequate provision for Gratuity was not created in books of accounts.	Accepted by School. School is directed to follow proper accounting practices in accordance with ICAI pronouncements and create appropriate provisions in the books of accounts.

West-A

h.

**Other discrepancies:**

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	In contravention to Clause 14 Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, the school has charged development fund in excess of 15%. The school has charged development fee of Rs. 500 from the students of Nursery to Class - VIII against tuition fee of Rs. 3,200 and Rs. 575/- from students of Class VIII onwards against tuition fee of Rs. 3745 during academic session of 2015-16. The development fee charged amounts to 15.625% and 15.353% of the tuition fee respectively.	For Nursery to Class VIII - Tuition fees charged by school amounts to Rs. 3,400 (it includes Rs. 200/- on account of computer aided learning) and the school is eligible to charge development fees of Rs. 510 per month. Similarly, from Class - VIII onwards, tuition amounts to Rs. 3,495 and accordingly, Rs. 591/- per month can be charged as development fees.	Improper response. Earmarked levies cannot be merged and charged with tuition fee. School is directed to follow DoE instructions in this regard and cannot charge more than 15% of tuition fee as development fee. Excess amount charged is to be refunded/ adjusted to the concerned students.
2.	The school has not refunded the caution money to the students and has not considered the un-refunded caution money belonging to the ex-students as income in the next financial year. An amount of Rs.16,44,000 is shown as liability on account of Caution money payable to students as per the provisional financial statement of FY 2015-16. This is in contravention to Clause 18 of Order No. F.DE./15(56)/Act/2009/778 dated 11/02/2009.	The school has transferred Rs. 12.61 lakhs to Income & expenditure account during FY 2016-17. Balance amounting to Rs. 3.78 lakhs is treated as liability against students still pursuing studies.	The school is directed to follow clause 18 of order dated 11.02.2009 and deposit the un-refundable amount to the Income and Expenditure Account.

And whereas, after going through the representations dated 04.02.2017 & 29.05.2017 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:-

School is having a surplus of Rs. **1,36,03,837/-** as per the following details:-

<b>Particulars</b>	<b>Amount(Rs)</b>
Cash and Bank balances as on 31.03.16	13,26,578
Investment as on 31.03.16	2,03,70,755
Less: Specific Investments as per requirements of CBSE, DoE, etc.	25,12,471
<b>Total</b>	<b>1,91,84,862</b>
Less: Development Fund	1,32,10,125
Less: Depreciation Reserve Fund#	0
Less: Provision for Gratuity*	0
Less: Provision for Leave Encashment*	0
<b>Available Funds</b>	<b>59,74,737</b>
Fees for 2015-16 as per unaudited financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	6,27,35,080
Other income for 2015-16 as per financial statement	3,11,680
Estimated availability of funds for 2016-17	6,90,21,497
Less: Budget expenses for the session 2016-17 as submitted by school management (Revenue)	5,54,17,660
<b>Net Surplus</b>	<b>1,36,03,837</b>

#There are no equivalent investments against the depreciation reserve fund. Hence, these are not considered in the above calculations.

\*As per Financial Statements of school as submitted to DoE, no provisions for gratuity and leave encashment has been created by school as at 31.03.2016, hence not considered in above calculations. However, since sufficient surplus is available, school is hereby directed to make earmarked equivalent investments against the 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. The provisions for retirement benefits should be based on actuarial valuation.

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/2009/7 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 along with 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 04.02.2017 and subsequent submissions made in this regard find no merit in respect of sanction for increase in fee and hereby rejected on the basis of above mentioned observations.

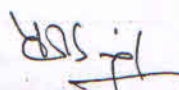
Accordingly, it is hereby conveyed that the representations for fee hike of Happy Model School, Janakpuri, New Delhi, has been rejected by the Director of Education.

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 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-1  
Private School Branch  
Directorate of Education

To

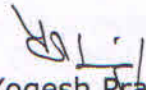
The Manager/HoS  
Happy Model School,  
Janakpuri, New Delhi

No. F. DE-15/ACT-I/WPC-4109/PART/13/972

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-1  
Private School Branch  
Directorate of Education