

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/13/969

Dated: 13/10/2017

ORDER

Whereas, the request of Cambridge Foundation School, Rajauri Garden Extension, Delhi-110027 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/13/53 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 Cambridge Foundation 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 Cambridge Foundation School on 17.05.2017 at 03.30PM 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 17.05.2017 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.	As per clause 18 of order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, caution money collected from students shall be refunded to students at the time of his/ her leaving the school along with bank interest thereon irrespective of whether he/ she requests for a refund. However, caution money of Rs. 8,18,050 pertains to ex-	The school is approaching the parents in order to refund the amount of caution money pertaining to ex-students and after a reasonable time,	School is directed to follow clause 18 of order dated 11.02.2009 in letter and spirit. Compliance shall be verified at the time of next fee increase proposal of the

West-A

	student whom the money was not refunded. The un-refunded caution money which has exceeded the stipulated period of 30 days (as required per the above mentioned clause) is being shown as security deposit (liability) and has not been treated as income.	as decided by the managing committee, the said unclaimed amount would be treated as income of the school.	school, if any.
2.	Depreciation is 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 society is registered under section 12AA of Income Tax Act, 1961 and claims depreciation as per the rates mentioned in that act. Moreover, the guidelines issued by ICAI are recommendatory in nature. However, the school will charge depreciation as per the said schedules from FY 2017-18	School should follow DoE instructions in this regard.
3.	The following amounts were of capital nature. However, the school has charged the same to Repair and Maintenance under Income and Expenditure Account instead of capitalizing it. Rs 33,58,160, Rs. 35,67,680 and Rs. 6,91,046 for the FY 2015-16, 2014-15 and 2013-14 respectively.	It is incorrect to say that the expenses are of capital nature. The school building is already in existence and any renovation thereof whether it relates to change/redoing of floor, etc., will have to be treated as renovation and charged to expense.	School is directed to follow proper accounting practices in accordance with ICAI pronouncements and Indian GAAP ensuring that all expense are properly classified and presented in books of accounts.
4.	There is a difference of Rs.1,47,442 in the amount of fee as calculated by the inspecting team with the amount	Fee collected is the actual amount collected from the students. There	Contention of school is accepted considering the immateriality of the

	booked by the school during 2015-16.	are various concessions like for sibling concessions, etc., which are given in fees	amount.																				
5.	During the inspection, they were provided with 2 sets of audited financial statements as on 31.03.2016, one dated 30.05.2016 and another dated 23.07.2016. Observations were based on the one dated 23.07.2016. However, following differences were pointed out between the two audited financials.	The financial statements provided on 30.5.2016 was unaudited and the one provided on 23.7.2016 was audited. Also, no development fee was charged from students during last 3 years. The assets purchased out of development fund are clubbed with other fixed assets.	School is directed to follow proper accounting practices in accordance with ICAI pronouncements and Indian GAAP ensuring that all transactions are properly recorded and presented in books of accounts.																				
	<table border="1"> <thead> <tr> <th>Head</th> <th>Balance Sheet date</th> <th>Balance Sheet date</th> <th>Difference</th> <th>Comments by the CA firm</th> </tr> <tr> <td></td> <td>23.07.2016</td> <td>30.05.2016</td> <td></td> <td></td> </tr> </thead> <tbody> <tr> <td>General Fund A/c</td> <td>14,246,871</td> <td>12,924,841</td> <td>1,322,030</td> <td>This difference is due to clubbing of amount outstanding under the 'Development Fund utilized against Fixed Assets', with the 'General Fund A/c'</td> </tr> <tr> <td>Balance of</td> <td>25,359,574</td> <td>20,375,027</td> <td>4,984,547</td> <td>The same</td> </tr> </tbody> </table>	Head	Balance Sheet date	Balance Sheet date	Difference	Comments by the CA firm		23.07.2016	30.05.2016			General Fund A/c	14,246,871	12,924,841	1,322,030	This difference is due to clubbing of amount outstanding under the 'Development Fund utilized against Fixed Assets', with the 'General Fund A/c'	Balance of	25,359,574	20,375,027	4,984,547	The same		
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Fixed Assets as on 01.04.2015			7	is due to clubbing of 'Fixed Assets against funds' with the 'Fixed Assets'
Excess of Expenditure over Income	7,002,590	6,651,196	351,394	This is the amount of Depreciation charge d on 'Fixed Assets against Funds' which has clubbe d with the 'Fixed Assets' in the year 2015-16. This amount of depreci ation was earlier being charge d to 'Develo pment Fund utilised against

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				Fixed Assets A/c.		
6.	I.	The school has recorded Rs 189,489 as expense under the head Festival & Function during 2015-16. Whereas, the same pertains to advance given to MDC for booking of Talkatora Stadium towards Annual Day Function to be held on 28.07.2016. The expense was booked on cash basis instead of accrual basis.			The school has incurred the said expenditure in FY 2015-16.	School is directed to follow proper accounting practices in accordance with ICAI pronouncements and Indian GAAP ensuring that all expense are properly classified and presented in books of accounts.
7.	II.	The school has accounted for Rs. 6,48,000 as School Magazine Expense during the year 2014-15. However, there is no such expense during 2015-16 though the parents have mentioned during the interview that School Magazine was provided to the students during 2015-16 also.			The expenditure for school magazine was clubbed with the printing and stationery expenses.	No supporting are enclosed to substantiate the claim. School is directed to implement proper accounting classification in accordance of ICAI pronouncements.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	Audit fee of Rs. 61,798 and Rs. 68,700 has been paid and booked in the books of Cambridge Foundation School Society for the years 2013-14 and 2014-15 respectively. However, the same has been debited in the books of the school under the head 'Legal & Professional Charges' by crediting the 'Cambridge Foundation Education Society' Account'. No justifiable reason was provided as to why the same has been booked in the school accounts. In the absence of Balance Sheet and Income Tax Returns for Cambridge Foundation Education Society, it is not possible to comment on the correctness of the same.	The said expenses are not audit fee and related to other professional work.	No supporting documents are enclosed to substantiate the claim. School is directed to implement proper accounting practices in accordance of ICAI pronouncements.
2.	The school is paying Rs. 1,25,000	Due to renovation in	Improper

	p.m. to JMD Non-Conventional Energy for Solar System hiring charges since January 2016. However, location of the solar system was not shown to the inspecting team.	the auditorium including the roof of the school, the solar system was temporarily dismantled.	response. The authenticity of this will be verified by DDE concerned and report of the same shall be submitted within 30 days from the date of issuance of this order.
3.	The School has not complied with the DOE Order No.F.DE.15/Act-I/08155/2013/ 5506 -5518 dated 04-06-2012, which provides for 25% reservation to children belonging to EWS and DG category at the entry level.	The school has complied with the order related to admission of EWS students to the extent of 25% of new admissions and the complete records are available with DOE.	Considered.
4.	The school has not maintained fixed asset register. This is in contravention to Order no: F. DE-15/ Act-I/ WPC-4109/ Part/ 13/ 10348-10356 dated 20-07-2016.	The FAR is being maintained and identification marks on Fixed Assets will be put during next summer vacations.	School is directed to maintain Fixed Assets Register so as to cover details of assets which include number of units, location, cost, depreciation, etc. and to ensure that proper internal control system are in place for safeguarding the assets.
5.	There is no break-up of fee provided as the school charges only a cumulative amount in respect to fee.	The school charges fee as per the fee schedule submitted to DOE.	School should follow DoE instructions in this regard.
6.	Provision towards liability for gratuity and leave encashment is not made on actuarial basis as required by Accounting Standard 15 of The Institute of Chartered Accountants of India.	It is calculated as per the relevant act and rules made there under and duly verified by statutory auditors.	School is directed to provide for gratuity and leave encashment as per actuarial valuation as required by AS 15 issued by ICAI.
7.	The school has not shared policy for procurement of services. Major	The school will ensure all the major	Accepted by school. School is

expenses have been incurred without tendering and comparative analysis of vendors. Further no agreements with the vendor were provided.	expenses and contracts are done after having quotation from at least 3 suppliers/contractors.	directed to implement proper internal control process in relation to procurement of goods and services.
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And whereas, after going through the representations dated 27.02.2017 and submissions made by the school during the hearing held on 17.05.2017 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. **58,10,271/-** as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16	10,561,230
Investment as on 31.03.16	17,150,228
Less: FDR in the Joint name of School & DDE	584,778
Total	27,126,680
Less: Development Fund and Depreciation Reserve Fund#	-
Less: Provision for Gratuity and Leave Encashment*	16,117,616
Available Funds	11,009,064
Actual Fees for 2016-17 as per Audited financial statement	116,072,809
Other income for 2016-17 as per audited financial statement	2,838,128
Estimated availability of funds for 2016-17	129,920,001
Less: Actual expenses for the session 2016-17 as per audited Financial Statements	124,109,730
Net Surplus	5,810,271

#In the Financial Statements of the school for FY 2015-16 the development fund and depreciation reserve fund are Nil. Further, school has submitted that it had not charged any development fee during last three years. Hence, these are not considered in the above calculations.

*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.

And whereas, in view of the above examination, it is evident that the school is having sufficient funds 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 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 in respect of development fee charged from students 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 funds to meet the financial implications for the financial year 2016-17 and the representation dated 27.02.2017 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 Cambridge Foundation School, Rajauri Garden Extension, Delhi-110027, has been rejected by the Director of Education for the session 2016-17.

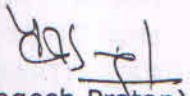
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. 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. 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. 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.
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.

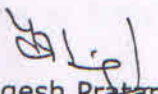

(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education

To
The Manager/HoS
Cambridge Foundation School,
Rajauri Garden Extension, Delhi-110027

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 969
Copy to:-

Dated: 13/10/2017

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 to physically verify the solar panel installed and submit the report to Director(Education) within 30 days of issuance of this order.
5. Guard file.


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