

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/ 890

Dated: 4/9/2017

ORDER

Whereas, the request of Richmond Global School, N.S. Road, Miawali Nagar, Paschim Vihar, 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 /13/48 dated 23.12.2016 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Deputy Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of Richmond Global 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 had been provided to the Manager/HoS of Richmond Global School, N.S. Road, Miawali Nagar, Paschim Vihar, Delhi on 25.05.2017 at 10:30 AM 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 10:30 AM and during the hearing, the issues raised in the representation of the school were discussed at length. The submissions made by the school is 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 receipts are issued against amount received from selling dresses & other stuff to students, particularly for Annual Shows, Sports day, etc. The collections from the sale of dresses and other stuff for Annual Day/ Sports Day by the school from students have not been accounted for in the books of accounts as income during the FY 2013-14 and FY 2015-16.	The school does not sell any dress or other stuff to the students. Therefore, reflecting the same in the financial statements does	The school should follow DOE instructions in this regard. The compliance shall be reviewed at the time of

		not arise. There is no documentary proof for these irregularities.	next fee increase proposal, if any.												
2.	<p>The school is under Mata Krishnawanti Memorial Educational Society which runs only this school i.e. Richmond Global School. The fee disclosed by the society in the return filed under rule 180 does not match with the fee shown in audited financial statements of the school. The variation is as below:-</p> <table border="1"> <thead> <tr> <th>Financial Year</th> <th>As return under rule 180 (Rs in lakhs)</th> <th>As audited financial statements (Rs in lakhs)</th> <th>Variation (Rs in lakhs)</th> </tr> </thead> <tbody> <tr> <td>2014-15</td> <td>1,946.62</td> <td>875.35</td> <td>1,071.27</td> </tr> <tr> <td>2013-14</td> <td>1,501.23</td> <td>760.03</td> <td>741.20</td> </tr> </tbody> </table>	Financial Year	As return under rule 180 (Rs in lakhs)	As audited financial statements (Rs in lakhs)	Variation (Rs in lakhs)	2014-15	1,946.62	875.35	1,071.27	2013-14	1,501.23	760.03	741.20	<p>The figures considered by CA firm are not correct. It seems that they might have considered consolidated income of the society which is running many other activities along with the school. Copies of Returns submitted under Rule 180 along with audited financial statements are enclosed.</p>	Considered.
Financial Year	As return under rule 180 (Rs in lakhs)	As audited financial statements (Rs in lakhs)	Variation (Rs in lakhs)												
2014-15	1,946.62	875.35	1,071.27												
2013-14	1,501.23	760.03	741.20												
3.	<p>The school has created a website "Parents Information Web Portal" for keeping the parents updated on children's progress. The cost of the same was Rs 50,000 + Rs 28 per student per month with annual increment of Rs.1/-per student per month On the other hand the school is collecting Rs.120/per student per month against the same.</p>	<p>To run the website, the school has to incur various expenses like web portal charges to vendor, service tax, internet expenses, salary of two computer operators and computer room maintenance. Details are enclosed for your reference.</p>	<p>The school should account properly for the earmarked levies along with the expenses incurred against the same. Separate account should be maintained for each earmarked levy to reflect the collection and expenses</p>												

			incurred from it.
4.	<p>Payments made to Duestche Motoren Pvt. Ltd. have been claimed as Repairs &amp; Maintenance expenses of transport. This company is a dealer and handles sales and services of BMW cars in Delhi. In the narration of accounting entry EMI of BMW is mentioned. No explanation was provided for this payment by the management. Also as per fixed assets register produced by the management, school does not own a BMW car. EMI includes principal &amp; interest payment and is not a part of repairs and maintenance expenses of transport. The details of year-wise payments made to Duestche Motoren Pvt. Ltd. are as given below:-</p> <p><b>FY 2015-16 - Rs. 13,52,000</b>  <b>FY 2014-15 - Rs. 19,35,360</b></p>	<p>The school, being a global school, is visited by lot of foreign dignitaries. The society had provided a car to the school for use of foreign dignitaries. After making the initial payments by the society, since the car is being used by school EMI and maintenance is being paid by the school. The society has agreed to reimburse the payments made against car to the school.</p>	<p>The purchase of luxury cars from the school fund is not allowed. The school is hereby directed to recover the amount paid for the cars from the Society amounting to Rs. 32,87,360 within 60 Days from the issue of this order.</p>

Other discrepancies:-

1.	<p>The school is collecting Tuition Fee, PIWP, Smart Classes and Activity Fees under a single head- "School Fee" by passing a resolution in managing committee on 16/03/2016.</p>	<p>A demand was being raised by the parents that all expenses of the school should be put under one head since they get income tax benefit. The matter was taken up by the management committee on 16.04.2016 and clubbing of fees under various heads was approved. This will be rectified in future.</p>	<p>Accepted by School. The school has assured to comply in future.</p>
2.	<p>The school is violating order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 which requires Earmarked Levies to be deposited in a separate</p>	<p>For caution money and development, proper accounts are maintained and the</p>	<p>The school has assured to comply in future.</p>

	bank account. The school does not maintain a separate bank account for the caution money and Development fees received.	department had never objected such maintenance as it had no financial implications. This will be rectified in future.	
3.	As per books of accounts produced by the school, salary paid to staff members is much higher than their expected salary and as per VI pay commission, no justification given by the School for the same.	The salaries paid to the teachers are as per 6 <sup>th</sup> pay commission recommendations and no fault can be found with the same.	Considered.

Besides above referred discrepancies, in the meantime, a serious complaint was further received against functioning of Richmond Global School run by the management /society alleging that the management of the society has been involved in fraud, illegal activities and allegedly not obeying the values and rules of society. To examine the complaint, a team under the chairpersonship of R.D.E(West-B) was constituted by Director( Education) to conduct detailed inspection of the school u/s 24(2) read with rule 190 of DSEAR, 1973. The school was inspected by the said team on 17.05.17. Observations of the committee constituted for inspection of the said school are as under:

1. It was observed that amount of fees shown at Rs. 8,78,85,480 for the financial year 2015-16 in its audited financial statement is understated. In forming this opinion, they have relied upon misreporting of number of students at 1574 as against 1899 students in corresponding period thereby leading to non-reporting of fees collection from 425 students being not included in the documents filed by the school with DDE. The management failed to explain and provide necessary reconciliation of the difference in receipt of fees.
2. Salary has been disbursed to the employees in cash up-to November,2016. The School could not reply to the inspecting team as to why salary was disbursed in cash during above mentioned period.
3. During the course of audit, it has been found that collection of fees of the school has been understated and expenses are overstated.
4. The audited financial statements of the school do not reflect the true picture of financial health of the school.
5. The school has paid Rs 79 lac during 2015-16 to M/s Richmond Infra Tech Pvt. Ltd., which is a related party of the school management without any evidence, voucher or supporting documents. During inspection, it was also found that a company (regd. U/s 8 of company Act /Sec 25 of Company Act 1956) is running in the identical name "Richmond Global Schools" in the same address. Prima-facie, it appears that this company has been registered just to divert the funds of school by depositing money received in the name of the school.

And whereas, as per observations of the above said inspecting team, it appears that:

- a) The school has understated the income.
- b) The school has overstated the expenditure.
- c) The school has created artificial 'net deficit'.
- d) Due propriety and prudence have not been exercised by the school while incurring expenditure from the school fund.

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 has understated the income, overstated the expenditure and created artificial 'net deficit'. Hence, representation dated 25.05.2017 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.

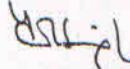
Accordingly, it is hereby conveyed that the representations for fee hike of Richmond Global School, N.S. Road, Miawali Nagar, Paschim Vihar, Delhi, has been rejected by the Director of Education for the session 2016-17.

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. The fee should be utilized as per letter and spirit of Rule 177 of the DSEA&R, 1973 and the judgment 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-1  
Private School Branch  
Directorate of Education

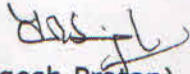
To  
The Manager/HoS  
Richmond Global School,  
N.S. Road, Miawali Nagar, Paschim Vihar, Delhi

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 890

Dated: 4/9/2017

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