

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/13/812

Dated: 03/07/2017

ORDER

Whereas, the request of Sadhu Vaswani International School for Girls, 2<sup>nd</sup> Street, Shantiniketan, New Delhi-110021, 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/13/256-260 dated 26.12.2016 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 Sadhu Vaswani International School for Girls 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 Sadhu Vaswani International School for Girls, on 08.05.2017 at 11.00am 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 08.05.2017 at 11.00am 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 14 of order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, development fee shall be treated as capital receipt and development fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture fixtures and equipment's. However, School was treating the development fee as revenue receipt in	The school has incurred capital expenditure of Rs. 2,10,86,177/- whereas the receipt on account of development fee was Rs. 83,86,279/- which	The school response is improper and incomplete in light of discrepancy quoted. The submission of school that it

	F.Y. 2013-14 and 2014-15. Moreover, the school is charging the development fees for undertaking daily expenses like cleaning charges, electricity charges, bank charges, etc.	results in the deficit of Rs. 1,26,99,898/-. Further, the school has incurred expenditure of Rs. 79,82,049/- and charged against development fees.	had incurred Rs. 2.11 crore as capital expenditure out of development fund is not in line with the statutory provisions for DSEA&R, 1973 for utilization of development fund as the school has spent Rs. 1.76 crores on building.
2.	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. During the evaluation of financial statements as submitted by the school, it was observed that school was collecting user charges/ fee under various heads and was able to generate considerable surplus by collecting more fee than the actual expenditure.	User charges have collected on 'no profit no loss' basis. However, nominal surplus or deficit may occur in a year and is adjusted against the deficit or surplus of future period. The school has taken surplus on revenue account and the same should not be considered as surplus of school.	As the school is neither maintaining fund based accounting nor disclosing the consequent impacts in the Notes to Accounts, in relation to user charges, the submission of the school to adjust the surplus/ deficit in future period cannot be justified.
3.	The school had not considered interest on Investments amounting to Rs 58,68,644 while preparing budget for 2016-17.	No response	The school should consider DOE instructions in this regard.

And whereas, after going through the representations dated 30.01.2017 and submissions made by the school during the hearing held on 08.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having surplus of Rs. **4,92,01,482/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School submission	99,26,187
Investment as on 31.03.16 as per School Submission	7,72,18,998
Total	8,71,45,185
Less: Development Fund (As per School Submission)	4,57,030
Less: Depreciation Reserve Fund (other than depreciation on Building transferred from Society)	1,88,94,443
Less: Provision for Gratuity*	2,50,08,256
Less: Provision for Leave Encashment*	99,12,234
Available Funds	3,28,73,222
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)	11,21,28,803
Other income for 2015-16 as per unaudited financial statement	75,69,097
Estimated availability of funds for 2016-17	15,25,71,122
Less: Budget expenses for the session 2016-17 as submitted by school management	10,33,69,640
<b>Net Surplus**</b>	<b>4,92,01,482</b>

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

\*\*As sufficient funds are available with the school, it is hereby directed that the School shall create 3 months' salary provision amounting to Rs. 2,18,25,000 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, the school has submitted that the society has transferred building amounting to Rs. 6.27 crores along with accumulated depreciation of Rs. 2.87 crores to the school on 31<sup>st</sup> March, 2016. Accordingly, the school has created corresponding liability towards the society against the same. The school cannot capitalize the assets, the ownership of which does not vest with the school. The school is hereby directed not to capitalize the above mentioned building amounting to Rs. 6.27 Crores in its books of accounts and to extinguish the liability created in the name of society amounting to Rs. 6.27 Crores along with depreciation reserve fund created against the building amounting to Rs. 2.87 crores.

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 is any surplus 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 and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, the school is also advised to create appropriate provisions for gratuity and leave encashment based on actuarial valuation.

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 30.01.2017 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 Sadhu Vaswani International School for Girls, 2<sup>nd</sup> Street, Shantiniketan, New Delhi-110021 has been rejected by the Director of Education.

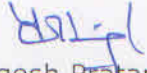
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

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 26.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.

3. The fee should be utilised as per true 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).

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

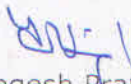
The Manager/HoS  
Sadhu Vaswani International School for Girls,  
2<sup>nd</sup> Street, Shantiniketan, New Delhi-110021

No. F. DE-15/ACT-I/WPC-4109/PART/13/812

Dated: 03/07/2017

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