

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/13/815

Dated: 03/07/2017

ORDER

Whereas, the request of Masonic Public School, Sector-B-1, Vasant Kunj, New Delhi-110070 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/13/366-370 dated 27.12.2016 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 Masonic 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 Masonic Public School on 15.05.2017 at 02.30PM 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 15.05.2017 at 02.30PM 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	of the Financial are	Remarks
1.	Complete set of financial statements for the FY 2013-14, 2014-15 and 2015-16 were not made available by school. The list of documents submitted by the school along with its fee increase proposal are given below. <b>For 2013-14</b> Unaudited Receipts and Payments Account  <b>For 2014-15</b> Unaudited Balance Sheet Unaudited Income and Expenditure Account	Audited Statements enclosed.	Financial are	Considered. Receipts and Payment Accounts for all three years are not submitted.



	Unaudited Fixed Assets Schedule  <b>For 2015-16</b> Unaudited Fixed Assets Schedule		
2.	Instances of mismatch in amounts for the same item of financial statements among separate set of records presented by the school, were observed, namely books of account maintained on Tally at the site, details provided to DOE and Financial Statement presented to the Auditors. Such instances were noted for all the periods under review i.e. FY 2013-14, FY 2014-15 and FY 2015-16 In view of above, adequate reliance cannot be placed on financial status reported by the school.	No mismatches are there in the accounts.	Justification is inconclusive and hence, the observation stands as per the inspection report issued by the CA firm.
3.	As per clause 8 of order No. DE.15/Act/Duggal.com/ 203/99/23033-23980 dated 15/12/1999 and further reiterated by clause 23 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, no amount shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution. However, the school has entered into a MoU with the parent society of the school and agreed to pay rent of Rs. 4 Lakhs, Rs. 6 Lakhs Rs. 7 Lakhs per month respectively for the FY 2013-14, FY 2014-15 and FY 2015-16. The aggregate payment over this 3 years is Rs. 204 lakhs. This payment is in contravention to clause 8 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15/12/1999 and clause 23 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.	The School is a private and unaided school without any type of aid or assistance being provided by the Government or any agency. It is further being clarified that in no way the funds so being generated have been diverted or ever will be diverted outside the sphere of school/society except for the development of educational activities.	Justification is not in line with legal framework and hence, it cannot be considered. The School should follow the DOE instructions in this regard.
4.	As per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, earmarked levies should be collected on no-profit and no loss basis and should be used only for the purpose for which these are collected. The school has generated surplus of Rs. 19.54 lakhs over 3 years under review from FY 2013-14 to FY 2015-16 on account of Transport Fees.	It is submitted that there is no surplus from the transport charges after considering salaries to drivers and helpers, repairs, insurance and depreciation of buses.	Considered.
5.	The school is collecting development fees from the students but is not disclosing the same separately in the Receipts and	The development charges though have been merged into	The School should follow the



	Payments Account for the FY 2014-15 and FY 2015-16. Also, the school has not complied with the provisions of Rule 152 of the Delhi School Education Rules, 1973 with respect to maintaining a separate bank account for development fee collected.	tuition fees, the same have been utilized only for the development purpose of the school.	DOE instructions in this regard.
6.	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. However, school is treating the development fees as revenue receipt and the school is not maintaining any depreciation reserve fund. The school has collected Rs. 26.68 Lakhs as development fees during FY 2013-14. For FY 2014-15 and 2015-16, the school has not made separate disclosure of the development fees.	The development charges though have been merged into tuition fees, the same have been utilized only for the development purpose of the school.	The School should follow the DOE instructions in this regard.
7.	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 pertaining to many students who have left the schools is being not refunded along with bank interest. The un-refunded caution money is being reflected as security deposit (liability) and has not been treated as income. The same is also not being considered at the time of projecting fee structure for ensuing academic year.	The amount which is not payable to students or not claimed by the students has been transferred to the 'Student Development Fund'.	The School should follow the DOE instructions in this regard.

#### Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	As per section 17(3) of the DSEAR, 1973 read along with order no. F.DE-15/ACT I/WPC4109/13/6750 dated 19.02.2016, the school shall not increase the rates of fees without the prior sanction of Director of Education. However, the school has started to charge Fees at the proposed fee structure from the students without approval from the DoE for financial year 2016-17.	As per practice over the years, after getting approval from PTA and SMC the proposal was sent to DOE and was considered as deemed approval.	The School should follow the DOE instructions in this regard.
2.	The school is generally regular in payment of employees' dues and depositing statutory dues in accordance with the applicable rules and regulations governing the school except that	Payment has been made to EPFO as a statutory liability of the school being	Improper submission by the School.

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	demand, interest and penalty raised by Employees' Provident Fund office amounting to Rs. 35.13 Lakhs in the FY 2015-16.	contribution towards employees PF.	
3.	The school is not maintaining fixed assets register in proper format and manner. The FAR prepared by the school does not contain details of fixed assets as at the beginning of the year, assets purchased during the year. Only details of closing balances of fixed assets as at 31.03.2016 are recorded in the FAR.	Proper records of Fixed Assets are being maintained in the school.	Improper submission by the School.
4.	The school is preparing its financial statements on cash basis of accounting which is the contravention of Guidance Note 21 Accounting by Schools as issued by The Institute of Chartered Accountants of India. Further, the school has not made disclosures in respect of related party transactions.	There is no related party transactions and hence, not reported.	Incomplete submission by the school.
5.	The school has not complied with the following conditions of the DDA land allotment letter: As per the land allotment letter, before taking up any construction activity school is required to get its building plans approved from the local body/ DDA. The land shall not be transferred/ sub-leased to any other organization/ department by the society without prior approval of DDA in writing. However, the society has entered into a MoU with the school and is charging rent from the school. No approval from DDA in this regard was made available by the school.	The School is a private and unaided school without any type of aid or assistance being provided by the Government or any agency. It is further being clarified that in no way the funds so being generated have been diverted or ever will be diverted outside the sphere of school/ society except for the development of educational activities.	Justification is not in line with legal framework and hence, it cannot be considered. The School should follow the DOE instructions in this regard. Further, school is directed to recover the rent paid to the society.
6.	As per order no. F.DE-15/ACT-I/WPC-4109/part/ 13/7905-7913 dated 16.04.2016, the school is required to prepare and submit returns and documents in accordance with Appendix -II to this order. However, the School has not prepared the Balance Sheet, Income and Expenditure Account and Receipts and Payments Account for the FY 2013-14, FY 2014-15 and FY 2015-16 in the prescribed format. Following are the discrepancies: Uploaded Financial Statements for the year 2015-16 were not certified by the Chartered	No response	The compliance against this shall be verified during the next fee increase proposal, if any.



Accountants. Income from sale of admission forms not shown separately but clubbed in sale of other items. Different types of fees e.g., Tuition fees, annual charges, development fees and miscellaneous fees were not shown separately and clubbed in one head.		
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And whereas, after going through the representations dated 07.02.2017 and submissions made by the school during the hearing held on 15.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having surplus of Rs. **19,149,490** /- as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	4,373,429
Investment as on 31.03.16 as per audited Financial Statements	661,779
Add: Amount recoverable from society against rent paid during inspection period	20,400,000
Total	25,435,208
Development Fund	1,251,131
Depreciation Reserve Fund	2,140,595
Available Funds	22,043,482
Actual Fees for 2016-17 as per Financial Statements (as per School submission)	45,602,605
Other income for 2016-17 as per Financial Statements (as per School submission)	172,901
Estimated availability of funds for 2016-17	67,818,988
Less: Expenses for the session 2016-17 as per Financial Statements (as per School submission)	48,669,498
<b>Net Surplus</b>	<b>19,149,490</b>

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, an amount of Rs. 2,04,00,000/- was charged to income and expenditure account during period under inspection on account of 'Rent of School' which was paid to the Society. This amount should be immediately recovered and deposited in school funds within 60 days of the issue of this order. The school shall



submit a copy of receipt acknowledging the amount received along with bank statements of the school in which the amount so recovered is deposited with DoE. In case of non-compliance of this, the action shall be taken as per the provisions of the DSEA & R, 1973.

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 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 surplus funds to meet the financial implications for the financial year 2016-17 and the representation dated 07.02.2017 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 Masonic Public School, Sector-B-1, Vasant Kunj, New Delhi-110070, 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 27.12.17 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 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).

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  
Private School Branch  
Directorate of Education

To

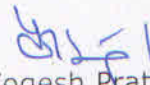
The Manager/HoS  
Masonic Public School,  
Sector-B-1, Vasant Kunj,  
New Delhi-110070.

No. F. DE-15/ACT-I/WPC-4109/PART/13/815

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