

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/ 887

Dated: 4/9/2017

ORDER

Whereas, the request of Basava International School, Site No. 1, Dwarka, New Delhi-110075 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/13/231-235 dated 26.12.2016 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 Basava International 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 Basava International School on 11.05.2017 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 11.05.2017 at 11.00 AM 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 Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999, Appropriation of savings is different from (income) transfer of funds. The management is restrained from transferring any amount from the Recognized Unaided School Fund to society or trust or any other institution. a. The school is paying rent to Lord Basaveshwar Education Society (LBES), New Delhi, to meet the cost of taxes, renovation, capital purchase and	School has submitted that provision for rent to Society was for meeting the cost of taxes, renovation, Capital purchase and expansion of School. This is the book entry only and rent was never actually paid or transferred to Society account except Rs. 8,00,000 was paid	School is directed to recover Rs. 8,00,000/- within 60 days from the date of issue of this order. Further, it was upheld in Modern School case

<p>expansion of school. As the school building and infrastructure belong to the society, depreciation on the same is not charged in the books of accounts of the school.</p> <p>b. Most of the capital expenditure for the school are made by LBES. Further, the ground rent, municipal taxes, meeting fees are also being incurred through the society.</p> <p>c. The following transactions has been noted between the school and the Lord Basaveshwar Education Society:</p> <table border="1" data-bbox="267 716 876 1097"> <thead> <tr> <th>Particulars</th> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> <th>2016-17</th> </tr> </thead> <tbody> <tr> <td>Rent paid</td> <td>60 lacs</td> <td>78 lacs</td> <td>78 lacs</td> <td>78 lacs</td> </tr> <tr> <td>Repair and maintenance on Building</td> <td>3151401</td> <td>7147506</td> <td>6605199</td> <td>4800000</td> </tr> <tr> <td>Creditors*</td> <td>3876523</td> <td>9722397</td> <td>12876856</td> <td></td> </tr> </tbody> </table> <p>*Amount due to Society only.</p>	Particulars	2013-14	2014-15	2015-16	2016-17	Rent paid	60 lacs	78 lacs	78 lacs	78 lacs	Repair and maintenance on Building	3151401	7147506	6605199	4800000	Creditors*	3876523	9722397	12876856		<p>in FY 2015-16.</p> <p>In future school with not make any provision for paying rent to Society in the Books of School and all Capital expenditure of the School and ground rent fee will be paid by the School only.</p>	<p>that 'no amount whatsoever shall be transferred from the recognised unaided school fund of a school to the society or the trust or any other institution' and also, capital expenditure can only be made from the savings of the school and cannot be charged from 'increase in fees'.</p>
Particulars	2013-14	2014-15	2015-16	2016-17																		
Rent paid	60 lacs	78 lacs	78 lacs	78 lacs																		
Repair and maintenance on Building	3151401	7147506	6605199	4800000																		
Creditors*	3876523	9722397	12876856																			
<p>2. As per Clause 22 of order no. F.DE./15(56)/Act/2009/778 dated 11.02.2009, Earmarked levies shall be calculated and collected on "no profit, no loss" basis. The school has not created a separate fund for transportation charges and the surplus amount is treated as income.</p>	<p>It is submitted by School that Transportation charges shall be calculated and collected on no profit no loss basis and School will maintain separate fund for transportation charges.</p>	<p>School is directed to maintain proper books of accounts in accordance with DoE instructions and general accepted accounting principles for earmarked levies.</p>																				

**Other discrepancies:-**

<p>1.</p>	<p>Inward register is maintained by the school wherein the fixed assets purchased are accounted for. However, no separate fixed asset register is maintained by the school.</p>	<p>The school has submitted it has now started maintaining separate fixed asset register.</p>	<p>School is directed to prepare its Fixed Assets Register in proper format which shall</p>
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			include name, type, quantity/ units, purchase amount, depreciation, location, etc., of the fixed assets so as to protect the fixed assets effectively. The compliance shall be reviewed at the time of next fee increase proposal, if any.
2.	During the last 3 years under inspection, the school has accounted large amount under the head miscellaneous expenditure. The amount of such expense is given below: 2013-14 Rs.44,39,601 2014-15 Rs.59,45,211 2015-16 Rs.84,85,922	The school has enclosed head-wise details of 'Miscellaneous Expenditure' in its reply.	The school has not submitted any supporting document/ calculation in support of their response. Details of these expenditures shall be verified at the time of next fee increase proposal of the school, if any.
3.	Gratuity provision has been done without any actuarial valuation as required by Accounting Standard (AS) 15 issued by ICAI.	The school has submitted that it will provide for gratuity on the basis of actuarial valuation as required by AS 15 issued by ICAI.	School should follow DoE instructions in this regard.

And whereas, after going through the representations dated 19.01.2017 and submissions made by the school during the hearing held on 11.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having surplus of Rs. **25,14,181/-** as per the following details:-

<b>Particulars</b>	<b>Amount(Rs)</b>
Cash and Bank balances as on 31.03.16 as per Provisional Financial Statements	37,27,215
Investment as on 31.03.16 as per Provisional Financial Statements	7,00,989
Total	44,28,204
Add: Amount paid to Society during 2015-16 (as per school submission)*	8,00,000
Available Funds	52,28,204
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)	8,42,26,758
Other income for 2015-16 as per unaudited financial statement	6,94,623
Estimated availability of funds for 2016-17	9,01,49,585
Less: Budget expenses for the session 2016-17 as submitted by school management#	8,76,35,404
<b>Net Surplus</b>	<b>25,14,181</b>

#The school has submitted its total expenses for FY 2016-17. The increase in establishment expenses for the year is around 32%. It found to be unreasonable increase and accordingly, the same is not considered in above calculations and only 10% increase in establishment expenditures is considered. School has also budgeted for rent to be given to society amounting to Rs. 78,00,000 and hence, the same is disallowed. For repairs of buildings school has proposed Rs. 48,00,000 and which, considering the continuous expenditure on this head during the period under inspection, is on higher side. Accordingly, only 50% of the proposed expense on repairs and maintenance has been considered in above calculations.

It is also noted that the school has not followed prudent financial practices over the years and has not built up any reserves. Though, tangible investment/liquid assets are not available to cover retirement liabilities/ 03 months salary reserves as mandated by the Act, but still the school is proposing the capital expenditure to the tune of Rs. 1,01,00,000 which includes Rs. 25,00,000 for building construction, Rs.30,00,000 for computer accessories and Rs. 22,00,000 for furniture and fixtures. Accordingly, 100% expenditure on building, 50% expenditure on computer accessories and furniture and fixtures is not considered in above calculations.

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, it is noticed that the school has transferred funds to the society and Rs. 8,00,000/- are still outstanding from the society. The school is hereby directed to recover this amount and the deposits receipts along with copy of bank statements showing receipt of above mentioned amount should be submitted with DoE, in compliance of the same, within sixty days from the date of issuance of this order. Non-compliance of this shall be taken up as per 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, 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 29.01.2017 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.

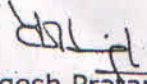
Accordingly, it is hereby conveyed that the representations for fee hike of Basava International School, Site No. 1, Dwarka, New Delhi-110075, has been rejected by the Director of Education.

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. 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

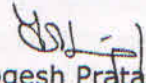
The Manager/HoS  
Basava International School  
Site No. 1 Sector- 23 Dwarka  
New Delhi-110075

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 887

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