

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/13/807

Dated: 03/07/2017

ORDER

Whereas, the request of The Mother's International School, Sri Aurobindo Marg, New Delhi-110016 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/13/49 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 The Mother's 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 The Mother's International School on 12.05.2017 at 10.00AM 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 12.05.2017 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.	School has been wrongly charging depreciation on fixed assets. As per Guidance note of the ICAI, the depreciation was	An erroneous entry was made with regard to depreciation during	Accepted by School.

	required to be charged on WDV. However it was found that depreciation has been charged on gross value of the assets year after year resulting in excess depreciation year after year. Depreciation on the assets which are fully depreciated in books is being charged repeatedly, resulting into overstatement of depreciation expenses and depreciation reserve fund.	FY 2014-15 and FY 2015-16 which resulted into increase of depreciation. Now the same has been rectified.	
2.	School follows the cash basis of accounting, accordingly accrued interest of approximately Rs.1,19,27,002 on fixed deposits amounting to Rs.14,66,71,300 as on 31st March, 2016 has not been accounted for as income of the FY 15-16.	Interest on FDR is taken in books of accounts on cash basis which amounts to Rs. 1,27,97,809 for FY 2015-16 whereas the amount of interest accrued for FY 2015-16 was Rs. 1,19,27,002. This has resulted in overstatement of interest income by Rs.8,70,807.	The School is required to follow instructions of the DOE in this regard.
3.	The school has utilised the development fund in the past three years. The school has the practice to utilise the development fund for all capital expenditure including purchase of furniture, fixtures & equipment's, major civil work etc. As per Clause 14 of order no. F.D.E./15(56)/Act/2009/778 dated 11.02.2009, Development fund can be utilised for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment. However, the school has utilized the fund for undertaking major civil work and other capital expenditure as well. The school has utilized	It is matter of record that a format with regard to maintenance of development fund and depreciation reserve fund as well as depreciation on assets was formulated by DOE in the order dated 16.04.2016. Since clarity was drawn by DOE only after several years of tackling and understanding this deviation from normal accounting standards the	The use of development fund was clearly defined by order no. F.D.E./15(56)/Act/2009/778 dated 11.02.2009. The School is required to follow instructions of the DOE in this regard.

	development fund to undertake civil work amounting to Rs.91,70,715 in 2013-14, Rs.83,51,010 in 2014-15 and Rs.84,74,980.	guidelines and the formats was finally formulated in April, 2016 and notified for adherence.	
4.	An amount of Rs.19,72,500 was collected by the school in FY 15-16 in cash on account of organising a school trip. However an amount of Rs.8,78,547 was left as a surplus that has been directly credited to Reserve Fund and has not been disclosed as income in the Income & Expenditure Account. (Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009)	The estimated expenditure on excursions/trips was estimated at Rs. 19,72,500 and due to financial wisdom, we saved an amount of Rs. 8,78,547. We have parked this surplus under the reserve fund to be utilized for the benefits of the user students.	The school has to follow the right procedure.
5.	The school does not maintain earmark fund against development fund & depreciation reserve fund. Accordingly, no income generated on fixed deposit is transferred to Development Fund Account.	It is matter of record that a format with regard to maintenance of development fund and depreciation reserve fund as well as depreciation on assets was formulated by DOE in the order dated 16.04.2016. The school is now adhering to the specified format.	The use of development fund was clearly defined by order no. F.D.E./15(56)/Act/2009/778 dated 11.02.2009 and the accounting of development fund should also be done in the light of the same.
6.	The tuition fee charged is marginally in excess of the standard cost of establishment, including provisions of DA, bonus, etc. and all terminal benefits, as also the expenditure of revenue nature concerning curricular activities. (Clause 19 of Order No. F.DE./ 15(56) /Act/ 2009/ 778 dated 11/02/2009)	The department is referring to Clause 19 of Order dated 11 th February 2009 whereas the said order was with reference to implementation of 6 th pay commission only. Hence, the fee hike referred to in that order was only co-relating to the	Accepted

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	increase in cost of establishment of 6 th pay commission's recommendations.	
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Other discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	School is not having any procurement policy and there were no competitive bids and comparable price were taken by the school. There were no accounting policies for financials for the year ended March 2016, March 2015 and March 2014.	It is a practice which has been followed by the school for last several years. The process is now being digitalized.	The school has assured to comply the same.
2.	School is maintaining books of accounts on cash basis of accounting instead of accrual bases.	In the view of the specific directions of the DOE the school should maintain accounts on accrual basis, the necessary steps have been taken from the current financial year.	Accepted by school.

And whereas, after going through the representations dated 28.01.2017 and submissions made by the school during the hearing held on 12.05.2017 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. **10,81,25,702/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School Financial Statements	2,01,610
Investment as on 31.03.16 as per School Financial Statements	14,66,71,300
Total	14,68,72,910
Less: Development Fund	1,12,43,298
Less: Depreciation Reserve Fund	2,49,91,657
Available Funds	11,06,37,955

Fees for 2015-16 as per financial statement(We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	16,35,40,012
Other income for 2015-16 as per financial statement	1,28,45,574
Estimated availability of funds for 2016-17	28,70,23,541
Less: Budget expenses for the session 2016-17 as per School proposal documents	17,88,97,839
Net Surplus**	10,81,25,702

**As sufficient funds are available with the school, it is hereby directed that the School shall create 3 months' salary provision 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, 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 28.01.2017 and subsequent submissions made thereafter

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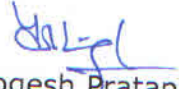
in this regard find no merit in respect of sanction for increase in fee and hereby rejected on the basis of above mentioned observations.

Accordingly, it is hereby conveyed that the representations for fee hike of The Mother's International School, Sri Aurobindo Marg, New Delhi-110016, 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 23.12.16 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 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.

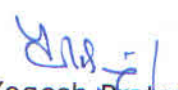
Non compliance of the order shall be viewed seriously.


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

To
The Manager/HoS
The Mother's International School,
Sri Aurobindo Marg, New Delhi-110016
No. F. DE-15/ACT-I/WPC-4109/PART/13/807
Copy to:-

Dated: 03/07/2017

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
5. Guard file.


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