

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/ १३१

Dated: 13/10/2017

ORDER

Whereas, the request of Cambridge School, Srinivaspuri, Ring Road, New Delhi-110065 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/13/136-140 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 Cambridge School, Srinivaspuri 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 Cambridge 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.	In accordance with the clause 17 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, no admission fee of more than two hundred rupees at the time of admission shall be charged. The school is charging more than two hundred rupees from student at the time of admission.	School has never charged registration fees exceeding Rs. 200/-. Observation is incorrect factually.	School should follow DoE instructions in this regard. Compliance shall be verified at the time of next fee increase proposal of the school.
2.	In accordance with clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, caution money	Caution money is an interest free deposit collected	Improper response. School should follow DoE instructions in this

	<p>shall be deposited in a scheduled bank in the name of concerned school and shall be returned to the student at the time of his/ her leaving the school, along with bank interest thereon irrespective of whether or not he/she requests for refund. At the end of FY 2015-16 there were 1,899 students and accordingly balance at the end of FY 2015-16 shall not exceed Rs. 9,49,500. The remaining balance in caution money amounting to Rs. 2,97,925 as on 31 March 2016 should be transferred to income account and be considered before increase in fees, as per DoE order dated 09/09/2010. It was also reported that amount of Rs.1,62,220 was transferred to development fund from caution money.</p>	<p>by the school. The school follows Guidance Note-21 which states that it is in the nature of deposit and should not be treated as income.</p> <p>The school entertains the parents request for the refund of caution money even beyond the stipulated period.</p>	<p>regard. Compliance shall be verified at the time of next fee increase proposal of the school.</p>
4.	<p>Depreciation is charged by the school as per the Income Tax Act, 1961, however the same should be as per the Guidance note (GN 21) on Accounting by Schools, issued by the Institute of Chartered Accountants of India.</p>	<p>The recommendation has been noted and will be implemented in future after approval of our internal and statutory auditors and subject to compliance of law.</p>	<p>Accepted by School. Compliance shall be verified at the time of next fee increase proposal of the school, if any.</p>
5.	<p>The school is booking its income under various head after netting off them with the related expenditure. This has resulted into understatement of both income and expenditure by Rs. 36,77,736, Rs. 33,40,338 and 26,59,585 in FY 2013-14, 2014-15 and 2015-16 respectively.</p>	<p>We shall implement the suggestion and show the receipt and payment separately, in consultation with our auditors.</p>	<p>Accepted by School. School is directed to follow proper accounting practices while maintaining its books of accounts.</p>
6.	<p>In FY 2014-15, the school has adjusted its losses of earlier years amounting Rs. 5,91,87,731 with the development fund which is in contravention of clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.</p>	<p>We will ensure that in future we will comply with Clause-14 of DoE order.</p>	<p>Improper response. As per clause 14 of the said order development fee cannot be utilised for purposes other than mentioned in the said order. School is directed to make necessary correction entry in the books of accounts in the next financial year. Compliance shall be verified at the time of next fee increase</p>

			proposal of the school, if any.
7.	The school has treated 'capital expenditure' for Rs. 12,36,171 as 'revenue expenditure' in FY 2013-14 and 2014-15.	We have conducted major repairs over the years and these repairs were of expensive nature and cumulated into big amount. As per generally accepted accounting principles capital items below Rs.5000/- should be fully depreciated in the year of purchase.	Any major repair which enhances the useful life of the assets should be capitalized as per GAAP. School should follow ICAI pronouncements in this regard and to follow proper classification of expenses while preparing its books of accounts.
8.	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 made payments to the Teacher Development Centre of Society for Advancement of Education (SAE), which is the parent body of the school, during the period under inspection. Rs. 11,35,000, Rs. 12,06,000 and Rs. 16,31,000 were paid in FY 2013-14, 2014-15 and 2015-16 respectively. Also, no tax was deducted from these payments.	The teacher development centre of the society for advancement of education has been established to conduct training for teachers and students and centralized teacher centre. The collective trainee uses economies of scale to bring down cost which is shared by the all the participating schools. TDS was not deducted as this was reimbursement of expenses.	It was upheld in Modern School case 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'. Further, school is to submit relevant documents to showcase due propriety was observed while awarding such contracts and that the payments were made to the society for the said expenses at arm's length prices only. Compliance shall be verified at the time of next fee increase proposal of the school, if any.

Other discrepancies:-

1.	The management has in its discretion offered contracts to a particular contractor without inviting quotes/bids from	In future all the records will be maintained separately as per your order to show that the contracts are not biased.	Accepted by School. School is directed to follow proper internal control systems in relation to procurement of goods and services. Compliance shall be verified
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	other parties for the particular contract.		at the time of next fee increase proposal of the school, if any.
2.	Tax was not deducted on payments made to SAE for the training of teachers and students.	TDS was not deducted as this reimbursement expenses was of	No supporting submitted by the school to substantiate its claim. Compliance shall be verified at the time of next fee increase proposal of the school, if any.

And whereas, after going through the representations dated 23.01.2017 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 a surplus fund of Rs. **50,34,704** /- as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School submission	13,903,810
Investments as on 31.03.16 as per School Submission	67,566,613
Total	81,470,423
Less: Development Fund#	-
Less: Depreciation Reserve Fund	2,00,95,614
Less: Capital Expenditure Allowed	44,40,352
Balance Fund	<u>1,56,55,262</u>
	20,095,614
Less: Provision for Gratuity*	41,854,070
Less: Provision for Leave Encashment*	11,994,045
Available Funds	7,526,694
Fees for 2016-17 as per Unaudited Financial Statements (as per school submission)	116,753,163
Other income for 2016-17 as per Financial Statements (as per school submission)	6,010,000
Estimated availability of funds for 2016-17	130,289,857
Less: Expenses for the session 2016-17 as submitted by school management	125,255,153
Net Surplus	5,034,704

#The school has adjusted its development fund against its accumulated losses. This is in contravention of clause 14 of the order dated 11.02.2009. Hence, in the absence of correct balance of development fund, it cannot be considered in above calculations.

*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. And provisions for gratuity and leave encashment should be based on actuarial valuation

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 funds to meet the financial implications for the financial year 2016-17 and the representation dated 23.01.2017 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 Cambridge School, Srinivaspuri, Ring Road, New Delhi-110065, 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. To comply with all the instructions as mentioned in this order.
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

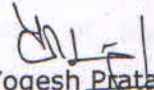
To
The Manager/HoS
Cambridge School,
Srinivaspuri, Ring Road,
New Delhi-110065

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 971

Dated: 12/10/2017

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