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GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECRETARIAT, DELHI-110054

No. F.DE.15(209) / PSB / 2019 / 1155-1159 Dated: 29/03/2019

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ORDER

WHEREAS, this Directorate vide its order No. DE.15 (318)/PSB/2016/19786 dated 17 Oct 2017 of Directorate of Education, Govt. of NCT of Delhi, has issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private unaided recognized schools in Delhi' and required that private unaided schools, which are running on land allotted by DDA/other govt. agencies with the condition in their allotment letter to seek prior approval of Director (Education) before any fee increase, need to submit its online fee increase proposal for the academic session 2017-2018. Accordingly, vide circular no. 19849-19857 dated 23 Oct 2017 the fee increase proposals were invited from all aforesaid schools till 30 Nov 2017 and this date was further extended to 14 Dec 2017 vide Directorate's order No. DE.15 (318)/PSB/2016/20535 dated 20 Nov 2017 in compliance of directions of Hon'ble High Court of Delhi vide its order dated 14 Nov 2017 in CM No. 40939/2017 in WPC 10023/2017.

AND WHEREAS, attention is also invited towards order of Hon'ble High Court of Delhi dated 19 Jan 2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others where it has been directed by the Hon'ble Delhi High Court that the Director of Education has to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA.

AND WHEREAS, The Hon'ble High Court while issuing the aforesaid direction has observed that the issue regarding the liability of Private unaided Schools situated on the land allotted by DDA at concessional rates has been conclusively decided by the Hon'ble Supreme Court in the judgment dated 27 Apr 2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others wherein Hon'ble Supreme Court in Para 27 and 28 has held as under:-

"27....

(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...

28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools.......

.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble Supreme Court in the above said Judgment also held that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of Delhi School Education

Rules, 1973, Directorate of Education has the authority to regulate the fee and other charges to prevent commercialization of education.

AND WHEREAS in response to this directorate's circular dated 23 Oct 2017 referred to above, **ASN Senior Secondary School (School ID-1002273), Mayur Vihar, Phase I, Delhi-110091** submitted its proposal for enhancement of fee for the academic session 2017-2018 in the prescribed format including the impact on account of implementation of recommendations of 7th CPC.

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, necessary records and explanations were also called from the school through email. Further, school was also provided an opportunity of being heard on 14 August 2018 at 3 PM to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase and subsequent documents submitted by the school were thoroughly evaluated by the team of Chartered Accountants and key findings noted are as under:

A. Financial Discrepancies

1. As per direction no. 2 included in the Public Notice dated 4 May 1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30 Oct 1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, clause (vii) (c) of Order No. F.DE/15/Act/2K/243/ KKK/883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"
   Accordingly, based on the aforementioned public notice and High Court Judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

   The financial statements of the school for the FY 2014-2015, 2015-2016 and 2016-2017 revealed that the school has incurred expenditure on additions to building out of school funds and has capitalized expenditure totalling to INR 1,74,58,171 under the category of 'Building' in its audited financial statements of the aforesaid financial years, which is not in accordance with the aforementioned provisions. Further, this capital expenditure was incurred on the building without complying the requirements prescribed in Rule 177 of

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DSER, 1973. Though the financial statements of the school reflect opening block of building, adjustment in the fund position of the school has been done to the extent of additions made in the past three financial years (based of financial statements obtained for evaluation of the fee increase proposal for FY 2017-2018).

Accordingly, this amount of INR 1,74,58,171 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

2. Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure….. capital expenditure/investments have to come from savings.*" During review of financial statements of the school for FY 2016-2017, it was noted that the school had incurred capital expenditure on purchase of 2 buses of INR 47,67,280 along with payment of interest on loan of INR 48,800 taken to purchase the vehicles and had reported outstanding loans of INR 34,23,816 as on 31 March 2017. Details relating to purchase and loan are tabulated below:

Purchase Price (INR) (A)	Interest on Loan (INR) (B)	Total (INR) (A+B)
47,67,280	48,800	48,16,080
Less: Outstanding Loan Amount as at 31 Mar 2017		34,23,816
Net Cost of Vehicles met out of School Funds during FY 2016-2017		**13,92,264**

Further, while the school is following fund based accounting and has created fund account against transport service provided to students by the school, it was noticed that the expenditure reported in the transport fund examined for FY 2014-2015, 2015-2016 and 2016-2017 does not include salaries to staff involved in transport service (drivers, conductors, etc.). Also, depreciation on vehicles used for transport was not allocated against the transport fund for creation of fund for replacement of fixed assets. Further, it was noted that transport fund as reported in the financial statement for FY 2014-2015, 2015-2016 and 2016-2017 does not indicate adequate surplus for funding purchase of new buses.

Also, it was noticed that the school has not complied with the requirements of Rule 177 of DSER, 1973, but has purchased capital assets (buses) and utilised school funds for providing service only to specific users of the transport service.

The school explained that the buses were purchased to meet the needs of the school. Thus, it has been observed that the school has purchased buses and submitted proposals for increase of fee from students, which translates to constituting capital expenditure as component of the fee structure of school and hence non-compliance.

Accordingly, the amount spent by the school on purchase of buses from school fund of INR 13,92,264 is hereby added to the fund position of the school (enclosed in later part of this order) considering the same as funds available with the school and with the direction

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to the school to recover this amount from the Society within 30 days from the date of this order.

The school is further directed to ensure that capital assets are not procured from school funds unless savings are derived in accordance with Rule 177 or the cost of the capital assets is recovered by way of earmarked levy collected from the user students over the life of the asset.

3. Directorate's order no. F.DE-15/WPC-4109/Part/13/7914-7923 dated 16 Apr 2016 regarding fee increase proposals for FY 2016-2017 states "*In case, the schools have already charged any increased fee prior to issue of this order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal.*"

The school was allowed to increase fee by 10% by the Directorate vide Order No. F.DE-15/ACT-I/WPC-4109/PART/13/871 dated 22 Aug 2017 issued post evaluation of fee increase proposal for FY 2016-2017 submitted by the school. However, it was noted that the school had already increased fees from students by more than 10% during first quarter of FY 2016-2017 before obtaining prior approval of the Directorate. During personal hearing, the school submitted that it had adjusted the increased fee collected from students after receipt of the aforementioned order of the Directorate dated 22 Aug 2017. However, on review of the updated fee structure for FY 2016-2017 and information provided by the school, it was noted that the school did not adjust/refund increased annual charges collected from the students in FY 2016-2017 and has continued to charge increased annual charges in FY 2017-2018 and FY 2018-2019 as detailed hereunder:

Fee Head	Class	Amount (FY 2015-2016)	Amount (FY 2016-2017)	Fee Increase (INR)	% increase
		(A)	(B)	(C)=(B-A)	(D)=(C/A)
Annual Charges	KG	5,160	16,190	11,030	214%
	I to XII	5,160	6,190	1,030	20%

During personal hearing, it was explained by the school that it missed to adjust annual charges. Based on the details of number of students and fee structure of FY 2016-2017 submitted by the school, an amount of INR 28,44,110 was derived towards increased collection of Annual Charges during FY 2016-2017, which was beyond the fee increase approved by the Directorate for FY 2016-2017.

Accordingly, the amount of increased annual charges collected from students of INR 28,44,110 has been considered while deriving the fund position of the school (enclosed in the later part of this order) with the direction to the school to adjust/refund the same within 30 days from the date of this order. Further, the school is directed to rectify its fee structure for FY 2016-2017 and onwards in compliance with the fee approved by the Directorate and adjust/refund any amount collected in excess of the approved fee in FY 2017-2018 or onwards. Also, the school is strictly directed not to increase any fee going forward without receiving prior approval of the Directorate.

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B. Other Discrepancies

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states *"The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."*

   Further clause 21 of the aforesaid order states *"No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school."*

   Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

   Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

   Sub-rule 3 of Rule 177 of DSER, 1973 states "*Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2).*" Further, Sub-rule 4 of the said rule states "*The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered.*"

   Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

   Further, the aforementioned Guidance Note lays down the concept of fund based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column).

   Based on the audited financial statements of the school for FY 2016-2017, it was noted that the school has been following fund based accounting for the a number of earmarked levies i.e. technology fund, Sports & Cultural Fund, Transport fund, etc. However, based on the details provided by the school, it was noted that expenses against the fund accounts maintained for earmarked levies were allocated in totality from ledger accounts instead of segregating exact expense incurred against the purpose and students from whom the fee was collected. It was further noted that the school had not allocated in the transport fund, the salaries paid to staff involved in transport service (drivers, conductors, etc.) and has also not apportioned depreciation on vehicles used for transport for creation of fund for

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replacement of fixed assets. Accordingly, no adjustment has made towards balance of fund accounts appearing in the financial statements of the school for FY 2016-2017 while deriving the fund position of the school (enclosed in the later part of this order).

The school also charges earmarked levies in the form of registration & examination fees and Medical Fee from students, but has not maintained separate fund account for these earmarked levies and has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) which has been met from other fees/income. Details of calculation of surplus/deficit is provided below:

Earmarked Fee	**Income (INR)**	**Expenses (INR)**	**Surplus/(Deficit) (INR)**
	A	B	**C=A-B**
Registration & Examination charges	5,85,320	5,85,320	-
Medical Fee^	16,07,000*	-*	16,07,000

^ From the proposal for fee hike and fee structure submitted by the school for FY 2016-2017, it was noted that the school was charging this fee only from Nursery & KG class till FY 2015-2016 and starting levying the same from class I during FY 2016-2017 and has proposed to charge this fee from students of class II.

* Based on the fee reconciliation provided by the school, this levy was clubbed partly under Tuition Fee and partly with Annual Charges, which has been included based on the breakup provided by the school. However, based on details of number of students submitted by the school, the amount of income under this levy should have been much lesser. School did not provide details regarding the same. Further, no details/breakup of expenses incurred against this earmarked levy was provided by the school.

The school explained that tuition fee collected from students is not sufficient to meet the establishment cost. Thus, the surplus generated from the earmarked levies mentioned in table above have been applied towards meeting establishment cost on account of which fund balance of the above earmarked levies could not separated from the funds maintained by the school.

Also, from the audited financial statements for FY 2016-2017, it was noted that the income from the earmarked levy of 'Acumen Development Fee' was increased from INR 10,68,800 during FY 2015-2016 to INR 14,54,500 during FY 2016-2017. On perusal of the fee structure of the school and proposal for fee increase, it was noted that the school levied this fee from the students of one additional class during FY 2016-2017.

On the basis of aforementioned orders, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The school is charging Technology Fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user based fees. Thus, based on the nature of the Technology Fee and details provided by the school in relation to expenses incurred against the same, the school should not charge

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such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and annual charges, as applicable collected from the students.

The school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Also, the school should only apportion actual and complete expenses incurred towards the earmarked levies for deriving correct fund balances. Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

2. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/203/99/23033-23980 dated 15 Dec 1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:
   - Registration Fee
   - Admission Fee
   - Caution Money
   - Tuition Fee
   - Annual Charges
   - Earmarked Levies
   - Development Fee

   Further, clause no. 9 of the aforementioned order states "*No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order ......*"

   The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

   It was noted that the school's fee structure include pupil fund, which is collected from all the students and based on details submitted by the school, utilised on Educational tours and excursions, Function expenses, etc. Details of collection and utilization of pupil fund provided by the school for FY 2016-2017 is included hereunder:

Particulars	Amount (INR)
Balance as on 1 Apr 2016	77,537
Add: Received during the year	8,26,525
Add: Interest accrued during the year	7,251
Total	**9,11,313**
Less: Educational Tours & Excursion	4,85,550
Less: Function Expenses	1,56,000
Less: Inter School Olympiad	2,34,535
Less: Bank charges & General Expenses	195
Balance as on 31 Mar 2017	**35,033**

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Further, pupil fund was not disclosed by the school in the proposal for fee hike. Also, the same was not included in the fee structure submitted by the school.

Based on the fact that the fee head of 'Pupil Fund' has not been defined for recognised private unaided school and the purposes for which the school has utilised the same is covered under 'Annual Charges' collected by the school from students, the school is directed not to collect pupil fund from students with immediate effect. For the purpose of evaluation of the fee hike proposal for FY 2017-2018, the above-mentioned fee has been included in budgeted income while deriving the fund position of the school (enclosed in the later part of this order).

3. Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*" Further, Para 102 of the aforementioned Guidance Note states "*In respect of funds, schools should disclose the following in the schedules/notes to accounts: (a) In respect of each major fund, opening balance, additions during the period, deductions/utilisation during the period and balance at the end;*
(b) Assets, such as investments, and liabilities belonging to each fund separately;
(c) Restrictions, if any, on the utilisation of each fund balance;
(d) Restrictions, if any, on the utilisation of specific assets."

Further, clause 11 of the Guidance Note on Accounting by Schools issued by ICAI which states "*whether an asset, such as a photocopying machine, is used by a school or a business entity, the measure of charge by way of depreciation depends primarily upon the use of asset rather than the purpose for which the organisation is run i.e. profit or not-for-profit motive. Accordingly, the measurement principles for income, asset and liabilities should be the same for business entities and not-for-profit organisations such as schools.*"

Further, para 58(i) of the Guidance Note states "*A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note.*"

Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school transferred an amount equivalent to the purchase cost of the assets purchased from development fund, depreciation reserve fund, Transport Fund and Transport depreciation reserve fund to general reserve instead of accounting treatment as indicated in the guidance note cited above.

It was also noted that the school is utilizing the depreciation reserve fund for purchase of fixed assets, which is an incorrect practice since the school is charging development fund from students for purchase, up-gradation and replacement of furniture, fixture and equipment and though development fund maintained by the school has been adjusted for deriving the fund position of the school, depreciation reserve (that is to be created

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equivalent to the depreciation charged in the revenue accounts as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009) is more of an accounting head for appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note 21 issued by the Institute of Chartered Accountants of India. Hence, the school has not reported depreciation reserve as on 31 Mar 2017 equivalent to the amount of accumulated depreciation reported in the fixed assets schedule annexed to the audited financial statements for FY 2016-2017. Also, the school is not crediting amount equivalent to depreciation on assets purchased out of development fund as income as required by guidance note citied above.

Order no. F. DE-15/ACT-I/WPC-4109/PART/13/871 dated 22 August 2017 issued post evaluation of the proposal for enhancement of fee for the academic year 2016-2017 submitted by the school noted that the school was not charging depreciation in the financial statements. From the audited financial statements for FY 2016-2017, it was noted that the school did not charge depreciation for FY 2016-2017 in the Income & Expenditure Account, while depreciation amount was reported in the fixed assets schedule annexed to the financial statements for FY 2016-2017. Also, it was noted that the school has enclosed a consolidated fixed assets schedule giving details of all assets carried over by the school in its audited financial statement for FY 2016-2017 and has not prepared separate fixed assets schedules for assets purchased against development fund/other funds and those purchased against general reserve.

Accordingly, the school is instructed to comply with the directions included in orders above regarding development fund, depreciation reserve and make necessary rectification entries relating to development fund and presentation of fixed assets to comply with the accounting treatment indicated in the Guidance Note cited above. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/other funds.

4. Para 7.13 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:
(a) Assets held by a long-term employee benefit fund; and
(b) Qualifying insurance policies.

Also, the school was directed by the Directorate vide order no. F. DE-15/ACT-I/WPC-4109/PART/13/871 dated 22 Aug 2017 to make earmarked investments of INR 55,04,089 against provision for retirement benefits with LIC (or any other agency) within 90 days of receipt of the order. Based on the details submitted by the school, it deposited INR 35,00,000 and INR 15,00,000 in group gratuity scheme and leave encashment scheme respectively of the LIC during FY 2017-2018.

Based on the actuarial valuation report submitted by the school as on 31 Mar 2017, amount equivalent to 20% of the liability determined by the actuary (i.e. INR 1,06,82,983 towards gratuity and INR 29,76,717 towards leave encashment) has been considered and the corresponding amount budgeted towards provision for gratuity and leave encashment has been adjusted from the budgeted expenses for FY 2017-2018 submitted by the school while deriving the fund position of the school (enclosed in the later part of this order) as

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FY 2017-2018 is the year of implementation of recommendations of pay scales as per 7th CPC along with arrears for previous years.

Accordingly, the school is directed to deposit amount of INR 71,82,983 (i.e. INR 1,06,82,983 minus INR 35,00,000 already deposited during FY 2017-2018) in the group gratuity scheme and INR 14,76,717 (i.e. INR 29,76,717 minus INR 15,00,000 already deposited during FY 2017-2018) in the leave encashment scheme within 30 days from the date of this order. The remaining liability should be made up by the school in subsequent financial years.

5. During the personal hearing, the school confirmed that it was not preparing a Fixed Asset register (FAR). The school should ensure that FAR capturing details such as Asset Description, Quantity, Supplier name, invoice number, purchase date, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.
The school confirmed that it will prepare the FAR as per the recommendations of the Directorate in FY 2018-2019. Accordingly, the school is directed to prepare the FAR with relevant details mentioned above. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

6. Review of the fee structure for FY 2016-2017 submitted along with the proposal for fee by the school indicated that the school had filed incorrect details of tuition fee for FY 2016-2017. The details for the same are provided hereunder:

Class	Monthly fee for FY 2016-2017 reported in proposal (INR)	Actual monthly fee for FY 2016-2017 as per fee structure of school (INR)
Nursery	5,300	4,860
II	3,530	3,520

The school is advised to be cautious while submitting details with the Directorate and ensure that the same is not repeated in subsequent proposals. The above being a disclosure related matter, no financial impact is warranted for deriving the fund position of the school.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

i. The total funds available for the year 2017-2018 amounting to INR 19,12,90,216 out of which cash outflow in the year 2017-2018 is estimated to be INR 19,88,01,278. This results in net deficit of INR 75,11,062. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	54,41,008
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	22,20,457

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Particulars	Amount (INR)
Total Liquid Funds Available with the School as on 31 Mar 2017	**76,61,465**
Add: Estimated Fees and other incomes for FY 2017-2018 based on audited financial statements of FY 2016-2017 of the school [Refer Note 1]	17,63,62,024
Add: Recovery of amount spent on additions to Building to be recovered from the society [Refer Financial Finding No. 1]	1,74,58,171
Add: Recovery from society against purchase of Buses [Refer Financial Finding No. 2]	13,92,264
Add: Net fee arrears for FY 2016-2017 on account of fee increase approved by DoE vide order dated 22 August 2017 to be collected in FY 2017-2018 (as included in the Budgeted Receipt and Payment Account for FY 2017-2018 submitted by the school)	79,60,000
Gross Estimated Available Funds for FY 2017-2018	**21,08,33,924**
Less: FDR against specific funds (FDR with CBSE)	3,66,463
Less: Development Fund as on 31 Mar 2017 (as per audited financial statements of FY 2016-2017)	63,282
Less: Atal Tinkering Lab Fund (as per audited financial statements of FY 2016-2017)	12,10,653
Less: Caution Money (Net of transfer to income in FY 2017-2018) [Refer Note 2]	13,99,500
Less: Refund/adjustment of annual charges increased more than approval given by DoE for FY 2016-2017 [Refer Financial Finding No. 3]	28,44,110
Less: Retirement Benefits - Gratuity [Refer Other Finding No. 4]	1,06,82,983
Less: Retirement Benefits - Leave Encashment [Refer Other Finding No. 4]	29,76,717
Net Estimated Available Funds for FY 2017-2018	**19,12,90,216**
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 3]	17,49,31,145
Less: Arrears of salary as per 7th CPC for Jan 2016 to Dec 2017 (as per separate computation submitted by the school) [Refer Note 3]	2,38,70,133
Estimated Deficit	**75,11,062**

Notes:

1. Fee and income (other than earmarked levies i.e. technology fund, Sports & Cultural Fund, Transport fund, etc.) as per audited financial statements of FY 2016-2017(along with increase of 10% approved by DoE) with adjustment for Interest on TDS refund of INR 15,794 being one time income and increased fee of INR 28,44,110, which is required to be refunded/adjusted in accordance with Financial Finding No. 3, has been considered with the assumption that the amount of income during FY 2016-2017 will at least accrue during FY 2017-2018.
2. Unclaimed caution money of INR 4,34,827, as declared by the school being treated as income during FY 2017-2018, has been adjusted from the liability towards caution money as on 31 Mar 2017 of INR 18,34,327 (as per audited financial statements of FY 2016-2017) and net balance of INR 13,99,500 refundable to students has been considered for deriving the net estimated available funds with the school for FY 2017-2018.
3. Per the Budgeted Receipt and Payment Account for FY 2017-2018 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure other than for earmarked levies levies i.e. technology fund, Sports & Cultural Fund, Transport fund, etc. as the same was not included in the Budgeted Receipt and Payment Account for FY 2017-2018) during FY 2017-2018 of INR 23,80,22,059 (including arrears of salary as per 7th CPC

from Jan 2016 to Dec 2017 of INR 2,38,70,133, which has been considered separately in the table above), which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, some of the expenses heads as budgeted were considered, establishment expenses restricted to 115% of the expense incurred during FY 2016-2017 while other expense heads were restricted to 110% of the expense incurred during FY 2016-2017 or considered as per actual expenditure incurred by the school during FY 2017-2018 giving consideration to general rise in cost/inflation and especially because FY 2017-2018 is the year of implementation of 7th CPC where additional financial burden of increase salary of staff is already there. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2017-2018:

Expense Heads	FY 2016-2017	FY 2017-2018	Amount Disallowed	Amount Allowed	Remarks
Establishment Expenses (with Jan 18 to Mar 18 as per 7th pay)	13,65,81,907	1,412,84,926	20,560,992	120,723,934	Expense include provision for retirement benefits, which has been disallowed from budgeted expenses as the same has been considered separately in the fund position table above. Further, 15% increase has been considered on salary of FY 2016-2017 (without provision for retirements benefits), which would comprise increase on account of 7th CPC from Jan to Mar 2018.
Student Scholarship & Welfare	14,09,311	18,00,000	2,49,758	15,50,242	No reasonable justification was provided by the school for such increase in expenses as compared with FY 2016-2017. Thus, expense with 10% increase over reported expenditure of FY 2016-2017 has been considered.
Science Lab Expenses	2,11,746	14,00,000	11,67,079	2,32,921	
Home science expenses	1,57,951	9,50,000	7,76,254	1,73,746	
Water, Electricity and expenses	32,04,027	66,00,000	27,55,168	38,44,832	
Sports consumables, activity and competition	7,09,342	19,50,000	10,98,790	8,51,210	
Education and publicity	9,86,300	16,00,000	5,15,070	10,84,930	
Conveyance expenses	67,998	4,50,000	3,75,202	74,798	
Medical & First Aid expenses	43,934	11,50,000	10,97,279	52,721	
Printing & Stationary	8,62,199	18,00,000	8,51,581	9,48,419	

Expense Heads	FY 2016-2017	FY 2017-2018	Amount Disallowed	Amount Allowed	Remarks
School Maintenance	26,25,810	48,00,000	19,11,609	28,88,391	
R&M Art work block	84,242	9,00,000	8,07,334	92,666	
R&M Science block	2,03,712	10,00,000	7,75,917	2,24,083	
ERP Software expenses	9,92,686	18,00,000	7,08,045	10,91,955	
Air Conditioners	25,54,310	28,00,000	(6,27,172)	34,27,172	Actual expenditure incurred by the school during FY 2017-2018 as per details from its submitted by the school have been considered.
Furniture & Fixture	11,47,559	18,00,000	(3,92,229)	21,92,229	
Office Equipment	1,27,500	4,00,000	2,44,000	1,56,000	
Sports Equipment	-	14,00,000	10,55,768	3,44,232	
Library books	-	9,00,000	7,23,203	1,76,797	
Educational Aid Expenses	-	7,50,000	3,64,025	3,85,975	
Electrical Equipment	17,52,135	17,00,000	2,45,558	41,54,442	
CCTV Camera & NVR	-	15,00,000			
Music Sound System	-	12,00,000			
Teaching Aids	4,98,260	10,00,000	4,33,756	5,66,244	
Computer & Lab	13,45,695	24,00,000	1,53,794	22,46,206	
Solar Plant	-	42,00,000	2,70,000	39,30,000	
Furnishing & Finishing	16,76,112	12,00,000	12,00,000	-	As explained by the school, this relates to construction of new block in the building, which is not allowed since it is the responsibility of the society. Hence, this expenditure has not been considered.
Library block	-	8,00,000	8,00,000	-	
Language lab	-	11,00,000	11,00,000	-	
Total	**15,72,42,736**	**19,06,34,926**	**39,220,781**	**151,414,145**	

ii. It seems that the school may not be able to meet its budgeted expenses from the existing fee structure and accordingly, it should utilise its existing funds/reserves and other resources. In this regard, Directorate of Education has already issued directions to the schools vide circular no. 1978 dated 16 Apr 2010 that,

"All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

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And whereas, in the light of above evaluation, which is based on the provisions of DSEA, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial irregularities that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings which were also noted (appropriate instructions against which have been given in this order), the fee increase proposal of the school may be accepted.

And whereas, recommendations of the team of Chartered Accountants along with relevant materials were put before Director of Education for consideration and who after considering all material on record has found it appropriate to allow increase in tuition fee by 10% with effect from April 2019.

Accordingly, it is hereby conveyed that the proposal of enhancement of fee of **ASN Senior Secondary School (School ID-1002273), Mayur Vihar, Phase I, Delhi-110091** has been accepted by the Director of Education with effect from April 2019 and the school is hereby allowed to increase tuition fee by 10%. Further, the management of said school is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

1. To increase the tuition fee only by prescribed percentage from the specified date.
2. To rectify the financial and other irregularities as listed above and submit the compliance report within 30 days from the date of this order to D.D.E.(PSB).
3. To ensure implementation of recommendations of 7^{th} CPC in accordance with Directorate's order dated 25 Aug 2017.
4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of Delhi in its Judgment of Modern School vs Union of India. Therefore, school not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA, 1973.
5. To utilise the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

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Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This order is issued with the prior approval of the Competent Authority.

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

To:
The Manager/ HoS
ASN Senior Secondary School
School ID 1002273
Mayur Vihar, Delhi-110091

No. F.DE.15(209) / PSB / 2019 / 1155 – 1159 Dated: 29/03/19

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 Spl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.

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