(5)

5

58

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

No. F.DE15(581)/PSB/2018/30320-24

Dated: 10/12/2018

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

59

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, **Ahlcon Public School (School ID-1002276), 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 with effect from 1 Apr 2017.

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 expert 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.

WHEREAS, the team of Chartered Accountants have referred to the Directorate's "previous orders" (No. F. DE-15/ACT-I/WPC-4109/PART/13/41 dated 23 Dec 2016 and No. F.DE-15/ACT-I/WPC-4109/PART/13/977 dated 13 October 2017) issued to **Ahlcon Public School (School ID-1002276), Mayur Vihar Phase I, Delhi - 110091** in relation to evaluation of the proposal for enhancement of fee for the academic session 2016-2017, wherein it was mentioned that the compliances to the instructions/directions given in the said orders will be seen/examined during the scrutiny of fee hike proposal for session 2017-2018 including recovery of amounts from its Society.

AND WHEREAS, necessary records and explanations with regard to compliance by the school to the instructions/directions included in previous orders were called from the school through email. Further, school was also provided an opportunity of being heard on 8 June 2018 at 2:00 PM to present its justifications/ clarifications on the status of its compliance to the instructions/directions included in the previous orders 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 status of the compliance to the instructions/directions included in the previous orders are as under:

S. No.	OBSERVATIONS IN PREVIOUS ORDER	DIRECTIONS IN PREVIOUS ORDER	SUBMISSIONS OF THE SCHOOL	REMARKS
A.	**Financial Discrepancies:**			
1.	As per the Delhi School Education Act & Rules, 1973 there is no provision for collection of fee in the name of "One Time Periodic Maintenance and Activity Charge". The management informed that the fee is collected	The school is not allowed to create new head of fee as per its own convenience and is directed not to collect any fee under this head.	The education directorate on the issue of fee have time and again issued guidelines inter alia asking the school to explore ways and means to	The school was specifically directed, through the order of this directorate, referred to above, not to collect any fee under this head. However.

60

S. No.	Observations in Previous Order	Directions in Previous order	Submissions of the school	Remarks
	for the purpose of repair and maintenance. In the absence of any accounting policy, the amount so collected has been transferred to the Repair and Maintenance fund as capital receipt in 2013-2014. In the year 2014-2015 it was treated as revenue receipt and in the year 2015-2016 it was transferred to the Development Fund Account.		augment its finances. The school management committee way back in 2006 had debated on the issue and had taken a considered decision that the school should start charging one time periodic maintenance charges at the time of admission only. The management committee was duly represented by the Director of Education's nominees and they were part of the decision. The school had all along been submitting the fee structure to the Education Directorate all these years and we hold the view that the education director's nominee represent the Director and any decision with their concurrence automatically carries the	the school has continued collection of "One Time Periodic Maintenance and Activity Charge" from students in FY 2016-2017, 2017-2018 and 2018-2019 resulting in non-compliance of the directions included in the orders of the directorate. Thus, the school is liable for necessary action in accordance with section 24(4) of the DSEA, 1973.

6\

S. No.	Observations in Previous Order	Directions in Previous order	Submissions of the School	Remarks
			approval of the director.	
2.	During the year 2014-2015 a term loan of INR 5,00,00,000 was taken in the name of Shanti Devi progressive education society for alteration/renovation and repair/maintenance work of "Ahlcon Public School". As per the financial statements a sum of INR 1,50,00,000 has been repaid by the school leaving the balance of INR 3,50,00,000 in the head 'secured loan' as on 31 Mar 2016. School has also paid interest of INR 18,62,648 for the year 2014-2015 and INR 48,57,051 for the year 2015-2016 as per the ledger account. As the loan was given to the society, the amount of loan, its repayment and interest paid should also appear in the Books of society and not in the books of the school.	As per Public Notice dated 04.05.1997, it is the sole responsibility of the society to construct the building of the school as the immovable property of the school is the sole property of the society. Further, As upheld in Modern School case read along with Rule 177 of DSEA & R, 1973 capital expenditure can only be made out of the savings of the school and cannot be made part of fee structure. However, school is continuously incurring huge expenditures for alteration/ renovation of building. This has resulted into depletion of school reserves and funds over the years.	The school had earlier also clarified that the loan sanctioned to the tune of INR 50,000,000/- was for the renovation/repair & maintenance and related works and since the school had no entity for the purpose was sanctioned to the society and disbursed to the school. The repayments have been made directly to the bank and only booked through the society.	The school has not complied with the directions of the order and is directed to recover the amount of loan together with interest thereon. Thus, the school is liable for necessary action in accordance with section 24(4) of the DSEA, 1973.

S. No.	Observations in Previous Order	Directions in Previous order	Submissions of the School	Remarks
3.	As per Receipts and Payments Account for the year 2014-2015, the school has taken loan for INR 6,30,00,000. The analysis of receipts and payments account shows that the same was utilised for repayment of another loan and INR 3,60,55,731 was repaid during the year.	The school has not submitted complete response. The details in respect of repayments of loan shall be verified at the time of next fee increase proposal, if any.	No response.	No response has been provided by the school to substantiate the transactions. Thus, the school is liable for necessary action in accordance with section 24(4) of the DSEA, 1973.
4.	As per Clause No. 23 of order no-F.DE./15(56)/Act/ 2009/778 dated 11 Feb 2009, no amount whatsoever shall be transferred from the recognised unaided fund/ school fund to a society or trust or any other institution. In schedule 10 of loans and advances under current assets, amount of INR 3,54,41,899.79 was shown as advance paid in 2013-2014 in the name of Shanti Devi Progressive Education Society under which the school is functioning. After receipt of INR 25,00,000 in F.Y. 2015-2016 the balance of INR 3,29,41,899.79 is still appearing against the society. It is in contravention to above guidelines as interest free	It was upheld in Modern School case that 'no amount whatsoever shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution'. Accordingly, the school is directed to recover this amount from the society within 30 days from the date receipt of this order.	We have already clarified in our earlier communications that the amount of INR 3,54,41,899 was not advanced during the year 2013-2014 as was pointed out in the inspection report but is a cumulative balance which relate to the period prior to 2009 and reflect the position during the 2013-2014. The school has since received a sum of INR 75,00,000 out of the said amount. We will utilize the dues received for the terminal benefit reserve.	The school has provided evidence for receipt of INR 75,00,000 from the society. However, as mentioned in the response of the school, the school has not recovered the remaining balance of INR 2,80,58,634 standing as on 31 March 2017 as per the directions of the order. Thus, the school is liable for necessary action in accordance with section 24(4) of the DSEA, 1973.

63

S. No.	OBSERVATIONS IN PREVIOUS ORDER	DIRECTIONS IN PREVIOUS ORDER	SUBMISSIONS OF THE SCHOOL	REMARKS
	fund has been transferred to the society.			
5.	As per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11 Feb 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. Computer fees, sports fee, transport fees and other specific fees collected are earmarked levies. However, in the absence of proper presentation of expenditure against these levies, the surplus/ deficit of funds can't be ascertained for these earmarked levies.	The school has not submitted any supporting calculations and documents to substantiate its response. School is directed to charge user charges on 'no profit no loss' basis only in accordance with the provisions of clause 22 of the said order.	The school has noted the guidelines relating to the earmarked funds and will be taking requisite action accordingly.	Till date, the school has not complied with the directions of the order as under: - The school has not followed fund based accounting for earmarked levies and has not maintained separate ledgers in books of account in respect of earmarked levies so that the surplus/deficit can be ascertained. - Based on the summary of collections and expenses incurred towards earmarked levies, total surplus of INR 26,06,676 has been derived by the school during the FY 2016-2017. - Further, the school has not considered or

S. No.	Observations in Previous Order	Directions in Previous order	Submissions of the School	Remarks
				adjusted the surplus for determining the earmarked levy to be charged in the next academic session. Thus, the school is liable for necessary action in accordance with section 24(4) of the DSEA, 1973.
6.	The school has not maintained specific investments against the development fee received, which is a contravention of clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated11/02/2009.	Improper response. The School should follow the proper accounting process and maintain requisite funds in accordance with clause 14 of the said order. School is not to charge any development fee in FY 2017-2018 unless it is able to comply the DoE instructions in this regard.	The school had earlier explained in detail about the financial position of the school. As it emerges the school all along was running in deficit- the tuition fee receipts invariably fell short of expenditures on salaries. The position was duly explained in our earlier submissions made. We had also explained the position on 15th May, 2017 during the course of personal hearing.	The school has not created any specific investments against unutilized development fund. Further, the school has continued to charge development fee from students during FY 2017-2018 and 2018-2019 without complying with the directions of the order. Thus, the school is liable for necessary action in accordance with section 24(4)

65

S. No.	OBSERVATIONS IN PREVIOUS ORDER	DIRECTIONS IN PREVIOUS ORDER	SUBMISSIONS OF THE SCHOOL	REMARKS
				of the DSEA, 1973.
7.	Depreciation is being 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. Inspecting team is unable to quantify the impact due to limited information made available to them by the school.	The school should follow DOE instructions in this regard.	The school has complied with the directions from FY 2016-2017 onwards.	Considered.
8.	The School has incurred expenditure for alteration or renovation of building amounting to INR 68,550,948/- during the last three financial years. The same has been booked as revenue expenditure instead of capital expenditure.	As upheld in Modern School case read along with Rule 177 of DSEA & R, 1973 capital expenditure can only be made out of the savings of the school and cannot be made part of fee structure. However, school is continuously incurring huge expenditures for alteration/ renovation of building. This has resulted into depletion of school reserves	No response.	No response has been provided by the school. The school is directed to follow proper accounting procedures and recognize the amount highlighted as capital expenditure. Further, the school should ensure compliance with Rule 177 of DSER, 1973 for incurring expenditure of capital/ developmental nature.

S. No.	Observations in Previous Order	Directions in Previous order	Submissions of the School	Remarks
		and funds over the years.		
B.	**Other Discrepancies:**			
1.	A penalty of INR 2,20,000 was imposed by Dy. Conservator of Forest vide order dated 18.4.2013 on school for illegal pruning of trees. The amount was paid on 23.4.2013.	The responsibility regarding imposition of fine should be fixed and the amount should be recovered from the responsible person within 30 days from the date of issue of this order.	The school had earlier taken up the matter with the Department of Forests, Govt. of NCT of Delhi raising the safety concerns and to grant permission to prune the trees and hedges as per the provisions. The department however did not consider the request for want of procedural requirements. The school meanwhile had to take immediate action so that there is no danger to life or property. The school had acted in the best interest of the students, staff and school property. The school is not able to allocate the responsibility for such fine imposed by the school.	The school has not recovered the amount from the person responsible or the society till date as per the directions of the order. Thus, the school is liable for necessary action in accordance with section 24(4) of the DSEA, 1973.
2.	No physical verification of fixed assets for the F.Y. 2013-2014, 2014-2015	The school should maintain proper internal control	The school is already working on the physical	The school has not submitted the report as per the

67

S. No.	Observations in Previous Order	Directions in Previous order	Submissions of the School	Remarks
	and 2015-2016 was done. Hence, shortage and excesses, if any, can't be reported.	systems, which includes carrying out physical verification of fixed assets, to safeguard its fixed assets. Compliance shall be verified at the time of next fee increase proposal of the school, if any.	verification of the fixed assets and will soon send the report in this regard.	directions of the order.
3.	School has not complied with the Order no. F.DE-15/ACT-I/WPC4109/Part/13/7905-7913 dated 16-04-2016. For example, the school is required to follow accrual system of accounting for maintaining its books of accounts and to disclose relevant accounting policies in its financial statements. However, these provisions are not adhered by the school.	The school is directed to follow proper accounting system for maintaining its books of accounts and to disclose relevant accounting policies in its financial statements.	The school has adopted the accrual system of accounting from FY 2017-2018.	The school has not submitted any documents to validate the compliance to the directions of the order. The school is directed to follow proper accounting system for maintaining its books of accounts and to disclose relevant accounting policies in its financial statements.
4.	The weaknesses in the internal control system of the payment process of the School were also reported. For example, payments are processed before signing of vouchers by principal an	The school should maintain proper internal control systems so as to strengthen its payment process and to ensure that payments are	The school has further strengthened its payment policy and submitted list of payments for March 2017.	The school has not submitted relevant documents to validate compliance to the order.

S. No.	Observations in Previous Order	Directions in Previous order	Submissions of the School	Remarks
	manager, paid and cancelled stamp was not marked on the vouchers after making payments, purchase procedure was not followed, sanction letter of the competent authority not attached, corrections and overwriting in the bills are made etc.	made after following the due process.		The school is directed to maintain proper internal control system.
5.	-	The school was directed not to increase fee for the session 2016-2017. If, in case, increased fee had already been charged from the parents, the same shall be refunded/adjusted.	We would like to reiterate that the fee for 2016-2017 was increased with the approval of the school management committee with the due representation of the Director of Education Nominees. The school's position in this regard has been made clear time in our various communications to the directorate made between 30 Sep 2016 to 27 Nov 2017. We have already clarified that the school was all along running in deficit in collections of Tuition Fees vis a vis Salary expenses. The	As per the response submitted by the school, the school has collected increased fee during academic sessions 2016-2017, 2017-2018 and 2018-2019 without prior approval from the directorate. Further, the school has not refunded/adjusted the excess fee collected as per the directions of the order. Thus, the school is liable for necessary action in accordance with section 24(4) of the DSEA, 1973.

69

S. No.	OBSERVATIONS IN PREVIOUS ORDER	DIRECTIONS IN PREVIOUS ORDER	SUBMISSIONS OF THE SCHOOL	REMARKS
			cumulative deficit had been to the tune of INR 10,65,20,040 and to meet this had to arrange funds from the other heads.	

Though the school did not comply with most of the directions of this Directorate included in its previous orders, basis which the proposal for enhancement of fee submitted by the school for the academic session 2017-2018 should have been out-rightly rejected. However, the Directorate has gone further and carried out a preliminary analysis of the audited financial statements submitted by the school for FY 2016-2017 and budgeted income and expenditure for FY 2017-2018 in order to derive the fund position of the school in relation to FY 2017-2018 for which proposal for enhancement of fee has been submitted by the school. Based on the preliminary financial analysis, it has been derived that total funds available with the school for the financial year 2017-2018 are estimated to be INR 35,27,17,735 out of which cash outflow during FY 2017-2018 is estimated to be INR 31,76,51,712. This results in net surplus of INR 3,50,66,023 after meeting all the expenses for FY 2017-2018 (including financial implication of implementing 7th CPC) as detailed hereunder:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	38,05,017
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	6,82,09,884
Total Liquid Funds Available with the School as on 31 Mar 2017	**7,20,14,901**
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]	23,72,54,224
Add: Recovery from society for advance given [Refer Financial Discrepancy No. 4]	2,80,58,634
Add: Loan amount repaid along with interest for renovation of building [Refer Financial Discrepancy No. 2 and Note 2]	3,51,52,996
Add: Amount to be recovered for penalty imposed by Dy. Conservator of Forest [Refer Other Discrepancy No. 1]	2,20,000
Gross Estimated Available Funds for FY 2017-2018	**37,27,00,755**
Less: FDR against specific funds [FDRs submitted to DOE and CBSE]	11,16,515
Less: FDR against Gratuity Reserve Fund [Refer Note 3]	-
Less: FDR against Salary Reserve [Refer Note 4]	1,60,00,000
Less: Development fee receipt during FY 2016-2017 (as per audited financial statements of FY 2016-2017)	10,02,470

Particulars	Amount (INR)
Less: Caution Money (Net of transfer to income in FY 2017-2018) [Refer Note 5]	18,64,035
Net Estimated Available Funds for FY 2017-2018	**35,27,17,735**
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 6]	27,23,63,272
Less: Arrears of salary as per 7th CPC since January 16 (as included in the Budget Estimate for FY 2017-2018 by the school) [Refer Note 6]	4,52,88,440
Estimated Surplus as on 31 Mar 2018	**3,50,66,023**

Notes:

1. Fee and income as per audited financial statements of FY 2016-2017 has been considered with the assumption that the amount of income during FY 2016-2017 will at least accrue during FY 2017-2018.

2. This includes principal amount repaid till 31 March 2017 of INR 2.47 crores and interest paid on loan till 31 Mar 2017 of INR 1.04 crores totalling to INR 3.51 crore approximately.

3. The school has indicated that it has created fixed deposits with bank against its liability towards gratuity. However, the school has not obtained actuarial valuation of its liability towards staff retirement benefits and has not made corresponding investment under 'plan asset' in accordance with Accounting Standard-15 issued by the Institute of Chartered Accountants of India. Hence, the provision created towards retirement benefits has not been considered while arriving at the Net Estimated Available Funds for FY 2017-2018. However, actual expenditure, if any, in relation to payment of Gratuity and Leave Encashment on retirement of staff has been considered.

4. The school indicated that it has earmarked fixed deposits amounting to INR 4,24,45,349 towards salary reserve on the basis of Directorate's order no. F.DE-15/ACT-I/WPC-4109/PART/13/977 dated 13 Oct 2017. While the direction to create 3 months' salary reserve was given to the school by the directorate, it was without the consideration of implementation of salary as per 7th CPC during FY 2017-2018. Giving consideration to the fact that implementation of the salary recommendation included in CPC occur once in 10 years for which schools have been allowed by the Directorate to utilise its existing reserves in accordance with circular no. 1978 dated 16 Apr 2010. Thus, the school may utilize the same for meeting the financial implication of 7th CPC. Accordingly, salary reserve equivalent to approx. 1 month salary has been considered.

5. Unclaimed caution money of INR 13,93,000, as proposed to be treated as income during FY 2017-2018 (based on budget estimates for FY 2017-2018 submitted by the school), has been adjusted from the liability towards caution money as on 31 Mar 2017 of INR 32,57,035 and the net balance of INR 18,64,035 refundable to students has been deducted for deriving the net estimated available funds with the school for FY 2017-2018.

6. 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 of INR 31,76,51,712 (including arrears for salary as per 7th CPC of INR 4,52,88,440), which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, all the expense heads as budgeted have been considered even though certain expenditures were increased substantially by the school as compared to FY 2016-2017.

In view of the above examination, it is evident that the school has sufficient funds for meeting all the budgeted expenditure for the financial year 2017-2018.

71

Whereas, the school has not complied with clause no. 23 of order no-F.DE/15(56)/Act/2009/778 dated 11 Feb 2009, which states "No amount whatsoever shall be transferred from recognized unaided school fund to a society or trust or any other institution" as the school had transferred funds to its parent society amounting to INR 3,29,41,900 out of which INR 2,80,58,634 is still outstanding to be received from the society. The school was directed to recover total amount receivable from the society within 30 days of receipt of the previous order of this directorate. However, the school has failed to comply with the instructions/directions of this directorate.

And whereas, the school's society obtained a loan amount of INR 5,00,00,000 for renovation of the building, which is the sole responsibility of the society and reflected the liability against same in the books of account of the school. Thus, while the society had taken huge advance of INR 3.2 crores without interest from the school, it transferred its liability towards the secured loan of INR 5 crores and charged the interest due on the loan as an expense of school. This has been seen as a major non-compliance by the school. Accordingly, the school was directed to recover the amount of loan repaid till date along with interest from the society, which has not been complied with by the school till date.

Further, the school was also directed in the previous order to recover an amount of INR 2,20,000 from the person responsible for illegal pruning of trees towards which penalty was paid by the school to Dy. Conservator of Forest. The school has not complied with this direction also and has failed to recover the amount in question.

And whereas, the school has continued its practice of charging "One Time Periodic Maintenance and Activity Charge" during the academic sessions 2016-2017, 2017-2018 and 2018-2019 against the directions included in previous orders of this directorate and has continued the non-compliance.

And whereas, the school was specifically directed, through previous order of this directorate, not to increase the fee for the session 2016-2017 and in case, increased fee has already been charged from the parents, the same shall be refunded/adjusted. The school has failed to comply with this direction as well and has charged increased fee from students during session 2016-2017 and has continuously charged increased fee in academic session 2017-2018 and 2018-2019. This is continuous non-compliance by the school of the directions of this directorate.

And whereas, as per clause No. 14 of Order No. F.DE./ 15(56)/ACT/2009/778 dated 11 Feb 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." The school has not complied with the directions in this regard included in the previous order of this directorate.

And whereas, as per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11 Feb 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." The school has continued to charge earmarked fee higher than the expenses incurred against the same and has utilised the surplus earned for meeting other expenses of the school and has thus continued its non-compliance. 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. Surpluses under each earmarked levy collected from the students shall have to be adjusted for determining the earmarked levy to be charged in the academic session 2018-2019.

And whereas Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses." Further, the Accounting Standard 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.

The school has been directed to ensure compliance with Accounting Standard 15 including measurement of its liability towards retirement benefits of the staff by a qualified actuary and making the investment against the liability so determined in the mode specified under the said Accounting Standard.

And whereas, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that the school has failed to comply with most of the directions given to the school after evaluation of the fee hike proposal for the academic session 2016-2017 and that the funds available with the school for implementation of recommendations of 7th CPC and to carry out its operations for the academic session 2017-18 are sufficient and the fee increase proposal of the school may be rejected.

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 that the school has faltered in complying in the directions of this directorate and has sufficient funds for meeting the financial implications of 7th CPC salary and other expenses for the financial year 2017-2018. Therefore, Director (Education) rejects the proposal submitted by the school for enhancement of fee for the academic session 2017-2018.

Accordingly, it is hereby conveyed that the proposal of enhancement of fee for session 2017-2018 of **Ahlcon Public School, School ID-1002276, Mayur Vihar Phase - I, Delhi - 110091** 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:

13

1. Not to increase any fee/charges during FY 2017-2018 and to refund/adjust the increase fee charged for the academic session 2016-2017, 2017-2018 and 2018-2019 in the fee of subsequent months as per convenience of the parents

2. To communicate with the parents through its website, notice board and circular about rejection of fee increase proposal of the school by the Directorate of Education.

3. To rectify the financial and other irregularities/violations as listed above and submit the compliance report within 30 days from the date of this order to D.D.E.(PSB).

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.

6. The Compliance Report detailing rectification of the above listed deficiencies/ violations must also be attached with the proposal for enhancement of fee of subsequent academic session, as may be submitted by the school. Compliance of all the directions mentioned above will be examined before evaluation of proposal for enhancement of fee for subsequent academic session.

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

This order has to be read in continuation to this Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/977 dated 13 October 2017 issued to the School.

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

Ahlcon Public School,
School ID-1002276
Mayur Vihar Phase-I
Delhi - 110091

No. F · DE · 15 (581)/PSB/2018/30329-24 Dated: 10/12/2018

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