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

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No. F.DE.15(269) / PSB / 2019 / 1355-1359

Dated: 29/03/19

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.



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AND WHEREAS in response to this directorate's circular dated 23 Oct 2017 referred to above, **Universal Public School (School ID-1002358), Block A, Preet Vihar, Delhi-110092** 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 July 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 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 27 July 2018 at 12 PM to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion. The school was further asked to submit necessary documents and clarification on various issues noted including details and information regarding feeder school (Universal Public School(Nursery)), financial statements of which were prepared separately by the school and not included with the proposal, but even after multiple communications the school did not submit the same.

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 the Order no. 15072-15871 dated 23 March 1999 "*All pre-primary schools being run by the registered society/ trust in Delhi as Branches of the recognized schools by the appropriate authority in or outside the school premises shall be deemed as one Institution for all Purposes*". Further, the Hon'ble High Court of Delhi in the matter of Social Jurist vs. the Govt. of NCT of Delhi & others concluded "*We do not find any proper reason or rationale to keep Pre-school apart and segregated by those regular schools where Preschool facilities exist and admission starts from that stage.*"

During the process of evaluation of fee hike proposal, it was identified that Universal Public School (operating from class 1) was admitting most of the students directly from the pre-school – 'Universal Public School (Nursery)' based on the information provided by the school, which on that basis has been considered as feeder school of Universal Public School. Accordingly, the conditions and requirements applicable to Universal Public School would apply in the same manner to 'Universal Public School (Nursery)'. However, the school did not submit details including financial information and fee (existing and proposed) for students enrolled in Universal Public School (Nursery) along with its proposal for enhancement of fee for FY 2017-2018. Further, despite repetitive requests and reminders sent to the school, the school did not submit the required financial details of Universal Public School (Nursery). Thus, in absence of the requisite information and data regarding feeder school, completeness of financial statements and information

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therein submitted by the school could not be evaluated. Further, the fund position of the school could not be derived in absence of the aforementioned required information and the observations included below relate only to Universal Public School.

The school is hereby directed to submit complete details of feeder school in respect of FY 2014-2015, FY 2015-2016 and FY 2016-2017 along with its subsequent fee hike proposal including the financial information, similar to the main school. Further, the school should ensure submission of information requested by the Directorate for appropriate evaluation of its fee increase proposal.

2. 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 Hon'ble 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 construction of building out of school funds and has capitalized building totalling to INR 79.24 lakhs in the aforesaid financial years, which is not in accordance with the aforementioned provisions. Further, the school had utilized development fee to the extent of INR 32.06 lakhs for the above mentioned construction. Furthermore, this capital expenditure was incurred on the building without complying the requirements prescribed in Rule 177 of DSER, 1973. Though the financial statements of the school reflect opening block of building, the amount in respect of construction of building has been quantified above 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, the school is directed to recover this amount of INR 79.24 lakhs from the Society within 30 days of the date of this order and submit evidence of receipt to the Directorate.

3. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Hon'ble Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

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The audited financial statements of the school for FY 2016-2017 reflected a receivable balance of INR 58,27,601 from Universal Educational Society as on 31 March 2017. During personal hearing, the school confirmed that the balance pertains to payments made on behalf of the society on account of PF/ESI, TDS, etc. however, the school did not submit details (including ledger account of the Society from the books of account of the school) to substantiate the same. Accordingly, the school is directed to recover this amount of INR 58,27,601 from the Society within 30 days of the date of this order and submit evidence of receipt to the Directorate.

4. Order no. F.DE-15/ACT-1/WPC/4109/PART/13/7914-7923 dated 16 Apr 2016 regarding fee increase proposals for FY 2016-2017 which 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.*"

Based on the information submitted by the school, the school had collected increased fee from students during FY 2016-2017 and refunded/adjusted the same in FY 2016-2017 itself. However, the school had deducted INR 100 per student as 'processing charges' at the time of processing the refund/adjustment, which is unjustified as the school collected increased fee without Directorate's approval. Based on information provided by the school, the school collected a total amount of INR 1,61,310 as processing charges from students.

Accordingly, the school is directed to refund/adjust this amount of INR 1,61,310 within 30 days of the date of this order and submit evidence of payment/adjustment to the Directorate. Also, the school is strictly directed not to collect increased fee or fee under new heads such as processing charges from students in future without prior approval of the Directorate.

5. 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.

From the information provided by the school and taken on record, it was noted that while the school obtained actuarial valuation of its liability towards gratuity as on 31 Mar 2017, it has not got its liability for leave encashment valued by an actuary and had not recorded the provision for same in its books of account. During personal hearing, school management mentioned that the school is not paying leave encashment to employees leaving the organization.

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Further, it was noted that the school had earmarked fixed deposits with bank towards retirement benefits amounting to INR 17.63 lakhs as on 31 Mar 2017, which does not qualify as 'Plan Asset as per Accounting Standard 15.

The explanation given by the school in relation to leave encashment is not in accordance with section 10 of DSEA, 1973. Accordingly, the school is directed ensure compliance with DSEA, 1973 in respect of payment of retirement benefits at the time of their leaving the school/ at retirement. The school should get its liability for leave encashment valued by an actuary and record the same as provision in its books of account within 30 days from the date of this order. Further, the school is directed to invest the amount against the liability for retirement benefits determined by the actuary in investments that qualifies as 'plan-assets' in accordance with Accounting Standard 15 and submit evidence of the same to the Directorate.

6. It was noted that the school is not accounting for receipts and expenditures against collections from students for picnics, movies, tours, etc. The school mentioned that amount equivalent to the collection against these heads had been spent by the school on account of which same were not reported in the audited financial statements of the school. School further mentioned that it has opened separate ledger accounts for accounting these incomes and expenses in the books of account of the school during FY 2017-2018. However, the school did not submit any evidence in relation to the same.

In absence of details of incomes and expenses in relation to picnics, movies, tours, etc. for FY 2014-2015, FY 2015-2016 and FY 2016-2017, it could not be ascertained if the school has spent the amount received from students as claimed by the school. Further, the school has not reported such earmarked levies in the proposal for fee hike submitted by the school. Accordingly, the school is directed not to collect any such charges from students until the school provides complete details in respect of income collected and expenses incurred during aforementioned financial years.

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.*"

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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).

From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of activity fee, science fee, transportation charges, etc. from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school 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, based on breakup of expenditure provided by the school for FY 2016-2017 is given below:

Earmarked Fee	Income (INR)	Expenses (INR)	(Deficit)/ Surplus (INR)
	A	B	C=A-B
Science Fee	5,11,105	4,66,844	44,261
Transport Fee [^]	31,52,150	27,30,732	4,21,418
Activity Fee	38,37,535	40,35,299	(1,97,764)
Smart Class Fee	1,04,200	7,59,518	(6,55,318)

[^] The school did not include salary of staff involved in transport facility in the expense stated in table above and has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

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

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fee). The school is charging Activity Fee charges 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 Activity Fee and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee and should incur the expenses relating to these from annual charges collected from the students. The school explained that annual charges are not sufficient to meet other revenue expenses of the school. Thus, the surplus generated from earmarked levies has been applied towards meeting the revenue expenditure of the school on account of which fund balance of earmarked levy could not be separated from the total funds maintained by the school.

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. Unintentional surplus/deficit, 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. From the details submitted by the school and taken on record, it was noted that the school is charging higher fee (Annual Charges, Development Fee and Activity Fee) from new students admitted to the school in the same class. Further, when the new student is promoted to next class, annual charges, development fee and activity fee applicable to existing students are collected from them. Thus, this practice of charging additional fee from new students admitted to the school takes the form of additional admission fee/ one-time charges/discriminatory fee, as the same is collected only from the students newly admitted to the school.

The school mentioned that additional fee is collected from new admissions in the first year as a practice by the school, however, in subsequent year same fee is collected from all students, thus, it is not discriminatory.

The school is directed to stop collecting excessive/additional fees/charges from new admissions with immediate effect and not collect it subsequently.

3. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 which states "*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, fixtures 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 Reserve Fund, equivalent to the depreciation 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.*"



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As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 "The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute."

Further, clause 11 of the Guidance Note on Accounting by Schools issued by ICAI which states that "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."

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 incurrance 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."

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 cost of assets purchased from development fund of INR 46,09,601 to general reserve instead of accounting treatment as indicated in the guidance note cited above. Further, the school reflected a transfer of INR 253,402 from general reserve to development fund and did provide any details regarding the nature of the this transaction and reason thereof.

Based on the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school reported purchase of assets from depreciation reserve fund and reflected the same as deduction from depreciation reserve. Further, the school reflected a transfer of INR 56,818 from general reserve to depreciation reserve fund as interest. However, the school did not provide any details regarding how the interest has been allocated from general reserve.

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From the above, it has been derived that while the school is charging development fund from students for purchase, up-gradation and replacement of furniture, fixture and equipment, it has also indicated utilisation of depreciation reserve for purchase of assets. Depreciation reserve (that is to be created 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. Thus, the same cannot be used for purchase of assets.

From the financial statements of FY 2016-2017, it was noted that the school did not charge depreciation in the financial statements for FY 2016-2017, while depreciation amount was reported in the fixed assets schedule annexed to the financial statements for FY 2016-2017. It was further noted that the school was not maintaining depreciation reserve fund properly in accordance with clause 14, which is a pre-condition for charging development fee. It was also noted that the school had transferred depreciation on fixed assets for FY 2014-2015 and FY 2015-2016 to the General Reserve instead of Depreciation Reserve. The depreciation reserve as on 31 Mar 2017 was reported as INR 40,991 on the face of Balance Sheet as on 31 Mar 2017 against the amount of accumulated depreciation as on 31 Mar 2017 of INR 4,45,31,459 reported in the fixed assets schedule annexed to the audited financial statements for FY 2016-2017.

Also, the value of fixed assets appearing in the Balance Sheets of FY 2014-2015, 2015-2016 did not match with the value as appearing in the Fixed Asset Schedules annexed to the audited financial statements for the respective years. During personal hearing, the school mentioned that it was reporting fixed assets at gross (historic) value in the Balance Sheet and at written down value in the fixed assets schedules for FY 2014-2015 and FY 2015-2016, but made rectifications in the fixed asset schedule annexed to the financial statements for FY 2016-2017 to report them on gross (historic) value. However, the school did not submit asset category wise reconciliation for arriving at the gross value of fixed assets reported in the fixed asset schedule annexed to the financial statements for FY 2016-2017. Accordingly, the value of fixed assets reported in the financial statements cannot be relied.

Further, 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 and those purchased against general reserve.

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. The school should also prepared a detailed reconciliation from its audited financial statements providing detailed breakup of cost of assets (asset head wise) included in the fixed assets schedule annexed with the financial statements for FY 2016-2017. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets

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purchased against general reserve/fund. The school is further instructed not to collect development fee from students until it comply with the above requirements.

4. The school has not prepared Fixed Asset register (FAR) in proper format. The school has only captured the asset name, date of purchase and the amount in the FAR. The school has not included complete details in the FAR such as serial number, location, invoice number, supplier, identification number, depreciation, etc. to facilitate identification of asset and documenting complete details of assets at one place.

During personal hearing, the school confirmed that it will update the FAR with details above in FY 2018-2019. The school is directed to update the FAR with relevant details mentioned above.

5. Based on the information submitted by the school, it was noted that the school was not following adequate procurement procedures, which involves obtaining minimum no. of quotations, comparative statement approved by purchase committee, issuing purchase order/contract, etc. The school mentioned that it is following adequate procedure for purchase involving high value items. However, the school did not submit document in relation to procurement processes carried out for validation of its claim.

Accordingly, the school is hereby advised to follow proper procurement process and maintain proper documentation to validate the same. Compliance will be verified at the time of evaluation of subsequent fee hike proposal.

And whereas, after going through the representations made during hearing held on 27 July 2018 at 12 PM as well as financial statements/budget of the school (other than that of the feeder school) available with the Directorate, it emerges that:

- i. The school has failed to submit financial statements and other necessary information and data in respect of the feeder school for any of the three financial years (FY 2014-2015, FY 2015-2016 and FY 2016-2017) even though multiple communications were sent regarding the same to the school. Accordingly, on account of incomplete financial information available with the Directorate, correct fund position of the school for FY 2017-2018 could not be determined.
- ii. The school failed to provide details regarding incomes collected and expenses incurred in relation to picnics, movies, tours, etc. for FY 2014-2015, FY 2015-2016 and FY 2016-2017. Also, the school did not substantiate creation of fund accounts for these levies during FY 2017-2018, as claimed by the school. Thus, it could not be ascertained if the school has spent the amount received from students as claimed by it during the aforementioned financial years.
- iii. The school also failed to submit asset head wise reconciliation of historic cost (as rectified by the school) of fixed assets reported in the fixed assets schedule annexed with the audited financial statements for FY 2016-2017. Thus, the value of fixed assets reported in the financial statements could not be relied upon.

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And whereas per direction no. 2 of Public Notice dated 4 May 1997, it is the responsibility of the society who has established the school to raise funds from their own sources or donations from the other associations for construction of building because the immovable property of the school becomes the sole property of the society. Further, Hon'ble High Court of Delhi in its judgement dated 30 Oct 1998 in the case of Delhi Abibhavak Mahasangh concluded that tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society. Thus, the additions to the building should not be met out of the fee collected from students and is required to be recovered from the society.

And whereas per the Directorate's Order No. DE 15/Act/Duggal.com/203/99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. Hon'ble Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society. Thus, the school is directed to recover the receivable amount from the society.

And whereas per clause 22 of Order No. F.DE./15 (56)/Act/2009/778 dated 11 Feb 2009, user charges should be collected at 'no profit and no loss' basis and should be used only for the purpose for which these are collected. The school is directed to maintain separate fund in respect of each earmarked levy charged from the students in accordance with the DSEA & R, 1973 and orders, circulars, etc. issued thereunder. Surpluses/deficit under each earmarked levy collected from the students should be adjusted for determining the earmarked levy to be charged in the academic session 2018-2019.

And whereas per clause 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 reserve 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 is advised to comply with the directions with regard to proper accounting & presentation of Development Fund in the School's financial statements and utilisation of development fund only towards purchase of furniture, fixtures and equipment.

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.

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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, 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 and certain procedural findings which were also noted, the incomplete financial statements of the school cannot be relied upon and the correct fund position of the school for FY 2017-2018 cannot be determined accurately. Accordingly, 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 financial statements of the school are not reliable and it is therefore not possible to determine the correct fund position of the school for the FY 2017-2018. Therefore, Director (Education) rejects the proposal submitted by the school for enhancement of fee for the academic session 2017-2018.

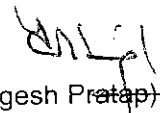
Accordingly, it is hereby conveyed that the proposal of enhancement of fee for session 2017-2018 of **Universal Public School (School ID-1002358), Block A, Preet Vihar, Delhi-110092** has been rejected by the Director of Education. Further, the management of said school is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

1. Not to increase any fee/charges during FY 2017-2018 (including feeder school). In case, the school has already charged increased fee during FY 2017-2018, the school should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the 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.

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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 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:

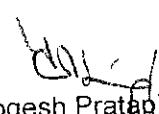
The Manager/ HoS
Universal Public School
School ID 1002358
Preet Vihar, Delhi-110092

No. F.DE.15(269) / PSB / 2019 / 1355-1359

Dated: 29/3/19

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