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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(668) / PSB / 2018 / 30823- 827 Dated: 24.12.18

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, **Manvi Public School (School ID- 1413214), Sector-7, Rohini, Delhi- 110085** 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 7^{th} CPC with effect from 1 Jan 2018.

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 opportunities of being heard on 28 May 2018 at 2:00 PM and 20 June 2018 at 12:00 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. Additionally, a visit was made at the school by the Chartered Accountant evaluating the fee increase proposal submitted by the school on 30 October 2018 to gather and review information/data relevant for evaluation of the proposal.

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 Rule 175of Delhi School Education Rules, 1973, "*The accounts with regard to the School Fund or the Recognised Unaided School Fund, as the case may be, shall be so maintained as to exhibit, clearly the income accruing to the school by way of fees, fines, income from building rent, interest, development fees, collections for specific purposes, endowments, gifts, donations, contributions to Pupils' Fund and other miscellaneous receipts, and also, in the case of aided schools, the aid received from the Administrator.*"

   During the visit madeat the school,it was noted that another institute in the name of 'Manvi Institute of Education and Technology (MIET)'under the management of the same Society operates in the basement of the school premises.During discussion, the school management explained that the basement is being used by MIET, whereas the rest 3 floors of the building are used for the purpose of the school. It was further explained that MIET is running teacher training programme(DPSC - Diploma in Pre-School Education) recognised by the National Council of Teacher Education vide letter no F.NCR/NCTE/F-3/DH-281/2004/6821 dated 24 August 2004.It was also mentioned that separate set of books of account and financial statements are prepared for MIET and that the same are not consolidated with the financial statements of the school.

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From the details provided by the school and taken on record, it was noted that common expenses such as telephone, electricity and water expenses were shared equally by the school and MIET. However, other expenses such as security and house-keeping were not apportioned between the two. The school provided the audited financial statements of MIET for FY 2014-2015 to FY 2016-2017. From the audited financial statement of MIET, it was noted that MIET had a balance of general reserve of INR 15,24,512 as on 31 March 2017, which is equivalent to net surplus earned by MIET till 31 Mar 2017. Also, during the year 2016-2017, MIET earned a surplus of INR 2.15 lakhs.

Accordingly, a sum of INR 17,39,512 (carried over surplus of MIET of INR 15,24,512 and INR 2,15,000 as estimated surplus of FY 2017-2018 with the assumption that the amount of surplus earned in FY 2016-2017 would also be earned by MIET during FY 2017-2018) 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.

In addition to above, Rule 50 – 'Condition for Recognition 'of DSER, 1973 states"*(ix) the school buildings or other structures or the grounds are not used during the day or night for commercial or residential purposes (except for the purpose of residence of any employee of the school) or for communal, political or non-educational activity of any kind whatsoever*"

Further, as per order No. DE.15/act/163/98/4940-5939 dated 1 January 2001 "*It has been observed that a number of managing committees of government aided and unaided schools are using the school premises for commercial purpose in violation of RULE 50(a). The prominent practices of commercial uses are (1) Running of coaching centers/ computer classes....... This has been viewed seriously. All the managing committees of government aided and unaided schools are hereby directed to discontinue such practices immediately*".

Additionally, according to the Perpetual Lease with DDA in respect of the land on which the school has been constructed "*(13) The lessee shall not without the written consent of the lessor carry on, or permit to be carried on, on the said land or in any building thereon any trade or business whatsoever or use the same or permit the same to be used for any purpose other than that of construction of Nursery School only or do or suffer to be done therein any act, or thing or whatsoever which in the opinion of the lessor may be nuisance, annoyance or disturbance to the lessor and persons living in neighbourhood. Provided that if the lessee is desirous of using the said land or the building thereon for a purpose other than that of construction of Nursery School, the lessor may allow such charge of user on such terms and conditions including payment of additional premium and additional yearly rent as the lessor may in his absolute discretion determine.*"

Also, according to Memorandum (Ref. No. F20(49)/SCERT/95/3739 dated 17 Aug 2005) of State Council of Educational Research and Training issued to the Manvi Institute of Education and Technology "*(1)The institute shall provide separate campus for running NTT course within two years.... (4) Institute will conform the provisions of new Master plan-2021 or obtain NOC from DDA within next two years. The institutes which are run on land allotted by DDA for running nursery/middle/secondary/Sr. Secondary schools shall obtain permission of the DDA for running ETE/ECCE course's also.*"

MIET has not provided copy of NOC from DDA and has continued to operate from the premises of the school. Thus, based on the aforementioned provisions and orders, no other institute is allowed to be operated from the premises of the school. Thus, the school is directed to move MIET out of the school premises with immediate effect.

2. As per Rule 96 (3) of DSER, 1973 "*Selection Committee shall consist of – (i) the Chairman of the managing committee or a member of the managing committee nominated by the Chairman, (ii) the head of the school, ...*"

   Further, as per sub rule 8of rule 96 of DSER, 1973 "*Where a candidate for recruitment to any post in a recognised school is related to any member of the Selection Committee, the member to whom he is related shall not participate in the selection and a new member shall be nominated, in the case of any aided school, by the Director, and in the case of any other school, by the managing committee, in place of such member*"

   Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13361-365 dated 27 December 2016 issued to the school post evaluation of the proposal for FY 2016-2017 noted that in case of appointment of Ms. Mansi Malik in the year 2015, for the post of TGT (General) Ms. Anjali Malik and Mr. K C Malik (parents of Ms. Mansi) were members of the selection committee.

   Based on discussion with the school, the school mentioned that after receipt of the aforementioned order from DoE, the school re-advertised the positions and selected Ms. Mansi Malik based on the recommendation of the selection committee considering her qualification and experience. Her appointment was further ratified by the managing committee of the school in its meeting held on 8December 2017.

   From the documents submitted by the school and taken on records, it was noted that the chairman of the managing committee who was also the chairman of the selection committee (Dr. R.K Malik) constituted after re-advertisement is uncle of Ms. Mansi Malik and was thus related to the candidate being selected, which was again a non compliance of the aforementioned rule.

   Accordingly, the appointment of Ms. Mansi Malik is in contravention of the above mentioned rules and is thus liable to be removed as an employee of the school basis which the salary paid to her needs to be recovered. From the details provided by the school, it was noted that the school has paid INR 2,98,236 to the Ms. Mansi Malik from April 2016 to March 2017.

   The school has also budgeted salary of Ms. Mansi Malik amounting to INR 298,236 in budgeted expenses of FY 2017-2018 along with arrears of the salary amounting to INR 66,876 for the period Jan 2018 to Mar 2018. Basis above, the amount of arrears and salary budgeted by the school have not been considered while deriving the fund position of the school.

   Thus, the school is directed to follow DOE instruction in this regard selection of the teachers and with the direction to the school to recover the entire amount paid to Ms. Mansi Malik.

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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).

   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 Assignment Fee, E-Learning Fee,etc. from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been incurring losses (deficit) which has been met from other fees/income, which was also mentioned in DOE's order No. F. DE-15/ACT-I/WPC-4109/PART/13/361-365 dated 27 December 2016. 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)	Surplus (INR)
	A	B	C=A-B
Assignment Fee	1,12,755	1,51,802	(39,047)
E-Learning Fee	4,67,280	5,34,659	(67,379)

On the basis of afore mentioned 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 Assignment Fee and E-Learning 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 Information Assignment Fee and E-Learning 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 tuition fee and/or annual charges, as applicable collected from the students. The school explained that it will ensure that there is no profit or loss to the school from the earmarked levies. However, the school has utilised the tuition fee for meeting the deficit on Assignment Fee and E-Learning Fee. Accordingly, total fees (including earmarked fee) have been included in the budgeted income and budgeted expenses (including those for earmarked purposes) while deriving the fund position of the school (enclosed in the later part of this order).

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. 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.

   It was noted that the school has not got its liability for retirement benefits valued by an actuary and was not recording the provision for retirement benefits in its books of

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account and financial statements. During personal hearing, the school confirmed that it is paying retirement benefits to its staff at the time of retirement/resignation in accordance with the provisions of the law of the land.

Also, the school has not deposited any amount in investments that qualify as 'plan-assets' under Accounting Standard 15.

Accordingly, the school is directed to get its liability for retirement benefits valued by an actuary and record the same as provision in its books of account. Further, the school is directed to invest the amount against liability for retirement benefits in investments that qualify as 'plan-assets' in accordance with Accounting Standard 15 within 30 days from the date of this order. Also, the school is directed to record its liability and corresponding investments in relation to retirement benefits in the audited financial statements.

In absence of actuarial valuation of retirement benefits and provision for the same in the financial statements of the school, no amount has been considered 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.*"

   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 from development fund to general reserve instead of accounting treatment as indicated in the guidance note cited above.

   Further, from the Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13361-365 dated 27 December 2016 issued to the school post evaluation of the proposal for FY 2016-2017 and audited financial statements of the school for FY 2016-2017, it was noted that the school from following incorrect practice in relation to depreciation whereby depreciation was directly adjusted from the value of fixed assets with the same being reported at written down value in the audited Balance Sheet. Also, the school reduced the amount of depreciation from development fund and transferred the same to depreciation reserve.

   The above being a procedural finding, the school is instructed to make necessary rectification entries relating to development fund and depreciation reserve to comply with the accounting treatment indicated in the Guidance Note.

4. Clause 14 of Directorate's Order No. F.DE./15 (56) /Act /2009 / 778 dated 11 Feb 2009 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*

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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" It was noted that the school has not been maintaining development fund in a separate bank account. During the personnel hearing the school informed that the same will be opened in FY 2018-2019 and would be used for collection and utilisation of development fund going forward.

Further, it was noted that the school had incurred expenditure relating to purchase of sports material of INR 1,26,856, construction of shed of INR 72,649 and temporary erections of INR 88,327 during FY 2016-2017 and reflected the same as utilisation of development fund in the audited financial statements for FY 2016-2017, which was not in accordance with the direction included in above order.

The school is directed to follow DOE instruction in this regard open a separate bank account for collection and utilisation of the development fund. The school must also ensure that development fund is utilised only towards purchase of furniture, fixture and equipment.

5. As per the affiliation bye-laws prescribed by Central Board of Secondary Education (CBSE), there should be 1.5 per teacher per section to teach various subjects. Information relating to teaching staff, students enrolled and sections were obtained from the school and included in table below:

Particulars	Number
No. of Section (all classes) {A}	12
Teaching staff during FY 2016-2017 {B}	12
No. of teachers as prescribed by CBSE (No. of sections X 1.5) {C=A*1.5}	18
Derived understaffing at school (basis CBSE norms) {D=C-B}	6
Derived Teacher-Section Ratio {E=B/A}	1

The above calculations indicate that the school has a teacher-section ratio of 1, which is much lower than the ratio prescribed by CBSE. During the personnel hearing, the school informed that it does not have sufficient funds to maintain the teacher-section ratio as directed by CBSE. However, the school has hired 5more staff from FY 2017-2018 for ensuring quality in education.

Based on number of classes/sections in the school, the school should rationalise its teaching staff to ensure that the quality of education is not compromised.

7. Para 58(i) of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states "*A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note.*" Further, Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13361-365 dated 27 December 2016 issued to the school post evaluation of the proposal for FY

2016-2017 noted that the school was charging depreciation as per the Income Tax Act, 1961 and not as per Guidance Note 21.

From the audited financial statements of FY 2016-2017, it was noted that the school has not changed the rates of depreciation in accordance with the aforementioned Guidance Note. The school is directed to ensure compliance in this regard.

8. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student in any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.*"

   Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

   Further, clause 4 of order no. DE./15(150)/Act/2010/4854-69 dated 9 September 2010 states "*the un-refunded caution money belonging to the ex-students shall be reflected as income for the next financial year and it shall not be shown as liability. Further this income shall also be taken into account while projecting fee structure for ensuing academic year*".

   However, the school had not maintained separate bank account for deposit of caution money collected from students. Also, the school had not refunded interest on caution money along with the refund of caution money to the students.

   During the personal hearing, school mentioned that it has stopped collecting caution money from students from FY 2017-2018. Also, the school had started adjusting/refunding the caution money already collected from old students against the fee due from FY 2017-2018. The same would be completely adjusted in FY 2018-2019. Further, and the school informed that un-refunded caution money, if any will be treated as income in FY 2018-2019. Thus, based on the explanation provided by the school, the school should refund total caution money within FY 2018-2019 and should not collect it subsequently. The school should recognise the balance un-refunded caution money, if any as income after 30 days of sending letters to the last known addresses of the students to collect their caution money.

   Based on above, the amount to be refunded to students towards caution money, as per the audited financial statements for FY 2016-2017, has been considered while deriving the fund position of the school (enclosed in the later part of this order).

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 2017-18 amounting to INR76,98,730 out of which cash outflow in the year 2017-18 is estimated to be INR63,26,217.This results in net surplus of INR 13,72,513. 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)	1,28,270
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	4,21,592
Total Liquid Funds Available with the School as on 31 Mar 2017	**5,49,862**
Add: Fees and other incomes for FY 2017-2018 [Refer Note 1]	56,16,542
Add:Surplus of Manvi Institute of Education and Technology till FY 2017-2018 [Refer Financial Finding No. 1]	17,39,512
Add: Salary paid to Ms. Mansi Malik [Refer Financial Finding No. 2]	2,98,236
Gross Estimated Available Funds for FY 2017-2018	**82,04,152**
Less: Caution Money (as per audited financial statements of FY 2016-2017)	1,82,400
Less: Development Fund balance as on 31 Mar 2018 (as per audited financial statements of FY 2017-2018)	3,23,022
Less: Staff Retirement Benefits [Refer Other Finding No. 2]	-
Net Estimated Available Funds for FY 2017-2018	**76,98,730**
Less: Expenses for FY 2017-2018 [Refer Note 1]	57,95,775
Less: Salary arrears as per 7th CPC from Jan to Mar 2018 (as per computation of 7th CPC salary provided by the school)	5,30,442
Estimated Surplus as on 31 Mar 2018	**13,72,513**

Notes:

1. The school submitted its audited financial statements for FY 2017-2018.Based on the audited financial statements for FY 2017-2018,all the incomes and expenses during the FY 2017-2018 have been considered exceptthe following two adjustments were made in the expenses for FY 2017-2018 before considering in the fund position:

Particulars	**FY 2016-2017**	**FY 2017-2018**	**Amount allowed**	**Amount Disallowed**	**Remarks**
Depreciation	2,18,513	2,53,189	-	2,53,189	Depreciation being a non-cash expense does not result in cash outflow. Hence, it has not been considered.
Salary Paid to Ms. Mansi Malik	298,236	298,236	-	298,236	Refer financial finding No 2
Total	**5,16,749**	**5,51,425**	-	**5,51,425**	

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.

ii. The directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 2010 states"*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.*" The school has sufficient funds to carry on the operation of the school for the academic session 2017-2018 on the basis ofexisting fees structure and after considering existing funds/reserves.

As per rule 50 of DSEAR 1973 condition for recognition (ix)*"the school buildings or other structures or the grounds are not used during the day or night for commercial or residential purposes. Similar instructions were also issued to the school through order* No. DE.15/act/163/98/4940-5939 dated 1st January 2001 wherein it was informed that "*number of managing committees of government aided and unaided schools are using the school premises for commercial purpose in violation of RULE 50(a) for running of coaching centers / computer classes........ etc. All the managing committees of government aided and unaided schools were directed to discontinue such practices immediately*".However, during the inspection of the school it was noted that "Manvi Institute of Education and Technology (MIET)" operates in the basement of same premises of school. Thus, the school is directed to move MIET out of the school premises with immediate effect.

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 has not maintained separate fund accounts for these earmarked levies and the school has been incurring losses (deficit) which has been met from other fees/income and has thus continued its non-compliance. Accordingly, the school is advised 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 there-under. 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 maintaining separate bank account, 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.

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 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 funds available with the school for implementation of recommendations of 7th CPC and to carry out its operations for the academic session 2017-2018 are sufficient. 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 school 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 **Manvi Public School (School ID-1413214), Sector-7, Rohini, Delhi- 110085**has been rejected by the Director of Education. Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Not to increase any fee/charges during FY 2017-2018. In case, the school has already charged increased fee during FY 2016-2017 or 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 orderto 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.

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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 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
Manvi Public School(School ID 1413214)
Sector-7, Rohini, Delhi- 110085

No.F.DE.15(668) / PSB / 2018 / 30823-827

Dated: 24.12.18

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