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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(27) / PSB / 2019 / 1115-1119 Dated: 14/3/2019

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, **Cambridge Foundation School (School ID- 1515114), Rajouri Garden Extension, New Delhi-110027** 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 Jan 2016.

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 4th June 2018 at 11:30 AM to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted.

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

A. Financial Discrepancies

1. The school was directed by this directorate through its F. DE-15/ACT-I/WPC-4109/PART/13/969 dated 13 October 2017 to make earmarked investments against provision for gratuity and leave encashment with LIC (or any other agency) within 90 days of the receipt of the said order and ensure that provisions for gratuity and leave encashment should be based on actuarial valuation.

   While the school has obtained actuarial valuation report regarding its liability towards retirement benefits (gratuity and leave encashment) as on 31 Mar 2017, the provisions towards retirement benefits created by the school in its financial statements for FY 2016-2017 were not in agreement with the actuarial valuation report. It was noted that the school was not reflecting correct liability towards retirement benefits. The provision created by the school and liability for retirement benefits determined by actuary are enclosed below:

Particulars	Gratuity	Leave Encashment	Total (INR)
Liability determined by actuary as on 31 March 2017 (as per actuarial valuation report) [A]	3,84,05,080	3,26,59,616	7,10,64,696
Provision created by school as on 31 March 2017 (as per audited financial statements) [B] *	1,90,77,492		1,90,77,492
Under Provisioning of liability as on 31 March 2017 [A-B]	**5,19,87,204**		**5,19,87,204**

* The school has not maintained combined provision for gratuity and leave encashment in its books of account and has not segregated both.

Further, according to para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*Plan assets comprise:*

(a) assets held by a long-term employee benefit fund; and
(b) qualifying insurance policies."

The school did not comply with the requirements of AS-15 and directorate's directions regarding making investment with LIC (or any other agency) in respect of its liability towards retirement benefits. During personal hearing, school mentioned that it has fixed deposits with bank totalling to INR 1.68 crores approx., which are earmarked towards retirement benefits. Accordingly, the investment in the form of FDRs with bank maintained by school in respect of the liability towards retirement benefits of the school does not qualify as 'Plan Assets' within the meaning of Accounting Standard 15 (AS-15).

This being the first time the school has obtained the actuarial valuation of its liability towards gratuity and leave encashment, 20% (i.e. INR 1,42,12,939) of the amount determined by the actuary has been considered for deriving the fund position of the school (enclosed in the later part of this order) for the FY 2017-2018, as it is the year of implementation of recommendations of 7th CPC. The remaining balance of the liability should be deposited with LIC/ other insurer over a period of next 4-5 years. Further, the amount budgeted by the school against provision for retirement benefits has not been considered as part of budgeted expenses for FY 2017-2018 while deriving the fund position of the school (enclosed in the later part of this order) to avoid duplicity.

Accordingly, the school is directed to invest INR 1,42,12,939 in the investments that qualify as 'Plan Assets' within 30 days from the date of this order and the balance amount of liability in the succeeding years.

2. During review of the expenses reported in the audited financial statements for FY 2016-2017 and details submitted by the school relating to the computer hire charges, it was noted that the school has engaged four vendors by entering into maintenance contracts for 10 computers

each at the cost of INR 43,500 per month per vendor for a period of 6 years from July 2010. As per the agreements provided by the school, details of vendors to whom contracts awarded are:

S. No.	Name of Contractor	Address	Contract amount (INR) Per month
1.	K.M Infotech	B12A/10B, Dhawal Giri Apartment, Sector 34, Noida, U.P	43,500
2.	A.V.M Computers	B-5/10B, Dhawal Giri Apartment, Sector 34, Noida, U.P	43,500
3.	A.K.S Infotech	Soniya Vihar, New Delhi	43,500
4.	K.R computers	1819, Quarters, Timarpur, Delhi	43,500

As per the audited financial statements of the school, the total cost of computers owned by the school as on 31 March 2015, 31 March 2016 and 31 March 2017 were INR 4,50,531, INR 13,09,361 and INR 15,94,703 respectively, whereas payment to the four vendors combined together amounted to INR 20,88,000 during each of three financial years 2014-2015, FY 2015-2016 and FY 2016-2017, which appeared excessive. Further, the school did not provide the invoices and evidence of service provision by the contractors. Also, it was noted that the contractors did not charge service tax in respect to the maintenance contract. Reasonable justification for payment of such high cost of computer maintenance, similarity of address of two parties and service tax not charged by contractors could not be provided by the school. Thus, the genuineness of the transactions could not be validated.

Accordingly, this diversion of school funds amounting to INR 62,64,000 (i.e. INR 20,88,000*3)during the three years 2014-2015 to 2016-2017 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as fund available with the school and with the direction to the school to recover this amount within 30 days from the date of this order. Also, the amount budgeted by the school for FY 2017-2018 of INR 23.5 lakhs has not been considered while deriving the fund position of the school (enclosed in the later part of this order).

The school is also directed not to make any further payments regarding computer maintenance to these contractors. Further, the school should follow rigorous competitive procurement process for selection of contractor for the required services and assess reasonableness of the same before awarding contracts.

3. Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by the Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*" 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.*"

Further, rule 177 of DSEAR 1973, *"Income derived by an unaided recognised schools by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school, Provided that savings, if any from the fees collected by such school may be utilised by its managing committee for meeting capital or contingent expenditure of the school......"*,

Based on the audited financial statements of the school for FY 2016-2017, it was noted that the school collects only tuition fees and transportation charges from the students and other heads of fees such as annual charges and development fees have not been charged by the school from the students. From the audited financial statements of the school for FY 2016-2017 and other submissions made by the school and taken on record, it was noted that the school purchased various capital assets such as laptop, batteries/invertors, furniture & fixture, etc. by utilising tuition fee, which is not in accordance with the aforementioned provisions. Capital assets cannot be purchased from tuition fees, rather from savings derived in accordance with Rule 177 of DSER, 1973.

As the school is not complying with the requirements of Rule 177, the amount budgeted by the school towards purchase of capital assets during FY 2017-2018 has not been considered while deriving the fund position of the school (enclosed in the later part of this order). The school is directed not to purchase capital assets without ensuring compliance of Rule 177. In case, the school needs resources for purchase, upgradation and replacement of furniture, fixtures and equipment, the school may propose development fee in its subsequent fee increase proposal to the Directorate for consideration.

B. Other Discrepancies

1. 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 only one earmarked levy in the form of Transport Fees from students. However, the school has not maintained separate fund account for the same and has been incurring losses (deficit), which has been met from tuition fee, which was also mentioned in DOE's order No. F. DE-15/ACT-I/WPC-4109/PART/13/969 dated 13 October 2017. Details of calculation of 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
Transport Fee^	23,32,201	36,92,780	(13,60,579)

^ The school did not include salary cost of staff involved in providing transport service 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.

Basis above provisions, the income and expenses in respect of transport fee budgeted by the school for FY 2017-2018 have not been considered 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 of transport fee. 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 levy during subsequent proposal for enhancement of fee ensuring that the same is calculated on no-profit no-loss basis.

2. 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.*"

Basis the information submitted by school and taken on record, the school operates from class I. During the process of evaluation of proposal for enhancement of fee for FY 2017-2018, the school was asked to submit complete details (including details of pre-school) of students newly admitted to school in class I during academic session 2016-2017 and 2017-2018. However, the school did not submit the requisite information for examination. Accordingly, the school is instructed to enclose complete details (including details of pre-school) of the students admitted in class I in the aforementioned academic sessions along with its subsequent fee hike proposal.

As the required information is not available, no financial impact of the same has been considered while deriving the fund position of the school. However, compliance of the same shall be validated at the time of evaluation of subsequent fee hike proposal as may be submitted by the school to the Directorate.

3. Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/969 dated 13 October 2017 issued to the school post evaluation of the proposal for FY 2016-2017 noted that the school was not preparing Fixed Assets Register (FAR) for keeping track of fixed assets purchased by it.

   The school is yet to prepare FAR. During personal hearing, the school mentioned that it will start preparing FAR from FY 2018-2019 onwards and will submit the same to the Directorate. The school is directed to prepare a FAR, which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

   The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

4. 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.*"

   The following were noted under DoE's order No. F. DE-15/ACT-I/WPC-4109/PART/13/969 dated 13 October 2017:

- School had refunded caution money without any interest amount thereon and was instructed to refund caution money along with interest to students.
- School had not treated un-claimed caution money as income in the next financial year after the expiry of 30 days from the date of communication with ex-students to collect the same, which should have been done.

During the personal hearing, school mentioned that it has not paid interest along with refund of caution money to student; however, it has treated unclaimed caution money of INR 8,98,550 as income during the FY 2016-2017. Further, the school mentioned that it has started adjusting caution money collected from students against fee due in FY 2017-2018 at the time of their exit from school.

The school is directed to ensure compliance with the aforementioned directions including refund of caution money along with interest to exiting students and treat un-claimed caution money as income after the expiry of 30 days from the date of communication with ex-students to collect the same.

Accordingly, the amount to be refunded to students as per audited financial statements as on 31 Mar 2017 has been considered while deriving the fund position of the school (enclosed in the later part of this order).

5. 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/13/969 dated 13 October 2017 issued to the school post evaluation of the proposal for FY 2016-2017 noted that the school is 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.

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 INR 13,46,04,717 out of which cash outflow in the year 2017-18 is estimated to be INR 12,12,63,078 This results in net surplus of INR 1,33,41,638. 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)	92,00,493

Particulars	Amount (INR)
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	1,82,64,601
Total Liquid Funds Available with the School as on 31 Mar 2017	**2,74,65,094**
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]	11,65,78,735
Add: Recovery of amount paid towards high computer maintenance cost compared with the total cost of computers [Refer Financial Finding No. 2]	62,64,000
Gross Estimated Available Funds for FY 2017-2018	**15,03,07,829**
Less: FDR against specific funds (with DoE) (as per audited financial statements of FY 2016-2017)	6,24,673
Less: Caution Money (as per audited financial statements of FY 2016-2017) [Refer Other Finding No. 4]	8,65,500
Less: Development fund (development fee not collected by school)	-
Less: Staff Retirement Benefits [Refer Financial Finding No. 1]	1,42,12,939
Net Estimated Available Funds for FY 2017-2018	**13,46,04,717**
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 2]	10,07,08,914
Less: Arrears of salary as per 6th Pay & 7th CPC till March 2018 [Refer Note 2]	2,05,54,164
Estimated Surplus as on 31 Mar 2018	**1,33,41,638**

Notes:

1. Fee and income as per audited financial statements of FY 2016-2017 (other than transport fee, being earmarked levy) has been considered with the assumption that the amount of income during FY 2016-2017 will at least accrue during FY 2017-2018.

2. 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 15,04,11,205 (excluding expenses in relation to earmarked levy of transport fee, but including 7th CPC arrears till Mar 2018 amounting to INR 1,81,80,000 and arrears of 6th CPC payable of INR 23,74,164), which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, some of the expenses heads as budgeted were considered, while other expense heads were restricted to 110% of the expense incurred during FY 2016-2017 giving consideration to general rise in cost/inflation and especially because FY 2017-2018 is the year of implementation of 7th CPC where additional financial burden of increase salary of staff is already there. However, during review of budgeted expenses, discrepancies were noted in some of the expense heads, which were adjusted from the budgeted expenses including adjustment of certain expenses in excess of 10%. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2017-2018:

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Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
Gratuity & Leave Encashment	95,17,432	1,50,00,000	-	1,50,00,000	Refer Financial Finding No. 1
Depreciation	-	32,50,000	-	32,50,000	Depreciation does not result in cash outflow. Hence, disallowed.
Capital Expenditure (Purchase of Furniture, Fixture and equipment for School use)	-	35,50,000	-	35,50,000	Refer Financial Finding No. 3
Computer Hire Charges	20,88,000	23,50,000	-	23,50,000	Refer financial finding No 2
Misc. Expenses	4,17,862	37,50,000	4,59,648	3,290,352	Reasonable justification/ explanation was not provided by the school for such increase in expense as compared with that incurred in FY 2016-2017. Accordingly, the expense has been restricted to 110% of the expense incurred during FY 2016-2017.
Smart Class Expenses	15,07,955	17,30,000	16,58,751	71,249	
School Magazine	11,55,000	13,30,000	12,70,500	59,500	
Function & Festivals	5,66,159	7,50,000	6,22,775	1,27,225	
B.D.M.C	2,00,556	2,50,000	2,20,612	29,388	
Student Welfare	68,022	1,00,000	74,824	25,176	
EWS (Stationery & Uniform)	13,584	1,00,000	14,942	85,058	
Printing & Stationary	14,30,623	16,50,000	15,73,685	76,315	
Legal & Professional Expenses	12,72,189	14,60,000	13,99,408	60,592	
Electricity & Water Charges	12,57,997	15,10,000	13,83,796	1,26,204	
Telephone & Internet Charges	1,84,375	2,20,000	2,02,813	17,188	
Advertisement Expenses	1,78,310	3,00,000	1,96,141	1,03,859	
Remedial Work	1,62,090	2,00,000	1,78,299	21,701	
Repair & Maintenance	53,67,215	61,70,000	59,03,936	2,66,064	
Repair & Maintenance Furniture	1,78,270	3,60,000	1,96,097	1,63,903	
Repair & Maintenance Electric	6,10,105	7,60,000	6,71,116	88,885	
Repair & Maintenance Other	1,04,119	5,00,000	1,14,531	3,85,469	
Total	**2,62,79,863**	**4,52,90,000**	**1,61,41,874**	**2,91,48,128**	

In view of the above examination, it is evident that the school have 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 of existing fees structure and after considering existing funds/reserves.

And whereas per point no. 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. Based on the details provided by the school it was noted that the expenses incurred are more than transport charges collected from students. The school has utilised the tuition fee for meeting the deficit on transport charges. 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 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 Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

(a) assets held by a long-term employee benefit fund; and

(b) qualifying insurance policies.

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 spread over a period of 5 years.

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 exist (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings which were noted (appropriate instructions against which have been given in this order), the funds available with the school for implementation of recommendations of 7^{th} CPC and to carry out its operations for the academic session 2017-18 are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

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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 for enhancement of fee for session 2017-2018 of **Cambridge Foundation School (School ID- 1515114), Rajouri Garden Extension, New Delhi-110027** 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 including from classes nursery/KG, if any. 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.

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.

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Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of Section 24(4) 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
Cambridge Foundation School
School ID 1515114
Rajouri Garden Extension, New Delhi-110027

No. F.DE.15(97) / PSB / 2019 / 1115-1119 Dated: 14/3/2019

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