148

148

1696

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

No. F.DE.15(259)/PSB/2019/ 1420- 1424 Dated: 29/03/2019

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.

1697

AND WHEREAS in response to this directorate's circular dated 23 Oct 2017 referred to above, **Rain Bow English School (School ID-1618248), C-3, Janak Puri New Delhi-110058** submitted its proposal for enhancement of fee for the academic session 2017-2018 in the prescribed format including the impact on account of implementation of recommendations of 7th CPC.

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

AND WHEREAS, necessary records and explanations were also called from the school through email. Further, school was also provided an opportunity of being heard on 26 June 2018 at 02:00 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 17 Oct 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 direction no. 2 included in the Public Notice dated 4 May 1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30 Oct 1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   Accordingly, based on the aforementioned public notice and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

   The financial statements of the school for FY 2014-2015, FY 2015-2016 and FY 2016-2017 revealed that the school has incurred expenditure on construction of computer block, playground & gardens and school building renovation out of school funds and has capitalised building totalling to INR 1,85,33,605 in the aforesaid financial years, which is not in accordance with the aforementioned provisions. Further, this capital expenditure was incurred on the building without complying the requirements prescribed in Rule 177 of DSER, 1973. Though the financial statements of the school reflect opening block of building, adjustment in the fund position of the school has been done to the extent of additions made in the past three financial years (based of financial statements obtained for evaluation of the fee increase proposal for FY 2017-2018).

Accordingly, this amount of INR 1,85,33,605 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

2. Rule 175 of DSER, 1973 states "*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, dearly 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*".

Based on the information provided by the school and taken on record, total amount of income from letting out of premises of INR 40,57,455 (net of expenses) as per details provided by the school from FY 2010-2011 to FY 2016-2017 has been retained by the society and not reflected as income of the school.

This amount of INR 40,57,455 of non-reported income is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order. Further, the school is instructed to reflect the income from utilization of school premises in its subsequent financial statements.

3. Para 57 of Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*" Further, according to para 7.14 of the Accounting Standard 15, "*Plan assets comprise:*
   (*a*) *assets held by a long-term employee benefit fund; and*
   (*b*) *qualifying insurance policies.*"

It was noted in the Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/64 dated 23 December 2016 issued to the school post evaluation of fee increase proposal for FY 2016-2017 that the school was not accounting for liability towards retirement benefits on the basis of actuarial report. On review of the audited financial statements for FY 2016-2017 and submissions of the school, it was noted that the school has updated the provision for liability towards retirement benefits in its financial statements for FY 2016-2017 in accordance with the actuarial valuation of its liability towards Gratuity and leave encashment as on 31 Mar 2017, as detailed hereunder:

Head	**Balance as on 31 Mar 2017 (INR)**
Gratuity	1,12,25,634
Leave Encashment	42,05,234
Total	**1,54,30,868**

1699

The school mentioned that the amount of liability derived by the actuary would be deposited over a span of three years with LIC. Thus, based on the response received from the school and considering that FY 2017-2018 is the year of implementation of 7th CPC, the school should ensure that it create investments with LIC over a period of 5 years equivalent to the amount of liability determined by the actuary.

Accordingly, the school should invest 20% of the amount determined by the actuary (i.e. INR 2,245,127 towards gratuity and INR 841,047 towards leave encashment) in the investments that qualify as 'Plan Assets' within 30 days from the date of this order, which has been considered while deriving the fund position of the school for FY 2017-2018 (enclosed in the later part of the order) and with the direction to the school to deposit the balance amount of liability in the succeeding years to protect the statutory liability towards staff.

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.

1700

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 was noted that the school charges earmarked levies in the form of Refreshment Fees, Examination Fees, Computer Fees, Smart Class Fees, Activity Fees, Science Fees, Transport Fees, and Project Fees 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)	Surplus/(Deficit) (INR)
Refreshment fees	4,69,500	4,13,183	56,317
Computer Fees	25,09,800	14,69,183	10,40,617
Activity Fees	28,51,250	13,50,224	15,01,026
Transport Fees^	31,04,730	29,86,744	1,17,986
Project Fees	1,96,960	1,61,346	35,614
Examination Fees	5,62,950	9,30,584	(3,67,634)
Smart Class Fees	45,96,250	46,27,644	(31,394)
Science Fees	8,10,025	16,45,534	(8,35,509)

^ The school 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 fee). The school is charging activity fees, smart class fees and examination fees 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 fees, smart class fees and examination fees and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee with immediate account and should incur the expenses relating to these from tuition fee and annual charges, as applicable 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 general revenue expenditure of the school on account of which fund balance of earmarked levies could not be separated from the total funds maintained by the school. Accordingly, total fees (including earmarked fee) have been included in the budgeted income and budgeted expenses (included those for earmarked purposes) while deriving the fund position of the school (enclosed in the later part of this order).

The school is 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 is directed to evaluate costs against each earmarked levy and propose the fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies have been calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

2. Clause 14 of this 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 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.*" However, it was observed that the school had incurred expenditure on purchase of car of INR 4,02,000 and library books of INR 2,37,413 during FY 2016-2017 and reflected the same as utilisation of development fund in the audited financial statements for FY 2016-2017, which is not in accordance with the direction included in above order.

   Further, the school has not opened a separate bank account for deposit and utilisation of development fund.

   The school is directed to follow DOE instruction in this regard and ensure that development fund is maintained in a separate bank account and is utilised only towards purchase of furniture, fixture and equipment.

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 the accounting treatment as indicated in the guidance note cited above.

   Also, 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

1702

has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general/capital reserve.

This being a procedural finding, the school is instructed to make necessary rectification entries relating to development fund to comply with the accounting treatment indicated in the Guidance Note. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/ fund.

4. Observation relating to procurement process not followed by the school was included in the Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/64 dated 23 December 2016 issued to the school post evaluation of the proposal for enhancement of fee for the academic year 2016-2017. It was noted that the school has not taken any measure to define its procurement process and has continued to award contracts on discretionary basis to suppliers/contractors without inviting quotations/bids from other parties.

   During personal hearing, school explained that it is following the procurement process laid down by the society, however, no such policy/procedure was submitted by the school. Also, no documents regarding the procurement process carried out for awarding the contracts during FY 2016-2017 were submitted by the school.

   The school is directed to implement proper internal control system in relation to procurement of goods and services so as to ensure that contracts are awarded on Arms' length and competitive prices only.

5. Observation relating to not charging of depreciation in accordance with rates of depreciation prescribed in Guidance Note 21 on 'Accounting by School' was noted in order No. F. DE-15/ACT-I/WPC-4109/PART/13/64 dated 23 December 2016 issued to the school post evaluation of the proposal for enhancement of fee for the academic year 2016-2017. It was noted that the school has continued to charge depreciation at rates other than those mentioned in the Guidance Note. The school explained that it was following depreciation rates notified under the Income Tax Act, 1961, but will change the rates for charging depreciation in accordance with guidance note 21 from FY 2018-2019.

   The school is directed to charge depreciation as per the rates included in the Guidance Note 21 issued by the Institute of Chartered Accountants of India.

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

i. The total funds available for the year 2017-2018 amounting to INR 12,13,77,308 out of which cash outflow in the year 2017-2018 is estimated to be INR 11,97,02,932 . This results in net surplus of INR 16,74,376. 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)	86,50,539
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	35,38,250
Total Liquid Funds Available with the School as on 31 Mar 2017	**1,21,88,789**
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]	8,97,75,585
Add: Recovery of cost of Land & Building reflected in financial statement for FY 2016-2017 from the Society [Refer Financial Finding No. 1]	1,85,33,605
Add: Recovery from society of rent from letting out of school premises, which was retained by the society [Refer Financial Finding No. 2]	40,57,455
Gross Estimated Available Funds for FY 2017-2018	**12,45,55,434**
Less: Development Fund balance as on 31 Mar 2017 (as per audited financial statements of FY 2016-2017)	91,953
Less: Retirement Benefits - Gratuity [Refer Financial Finding No. 3]	22,45,127
Less: Retirement Benefits - Leave Encashment [Refer Financial Finding No. 3]	8,41,047
Net Estimated Available Funds for FY 2017-2018	**12,13,77,308**
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 2]	8,76,84,817
Less: Arrears of salary as per 7th CPC from January 2016 to Nov 2017	3,20,18,115
Estimated Surplus	**16,74,376**

Notes:

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

2. 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 during FY 2017-2018 as INR 14,00,05,735 (including arrears of 7th CPC that are considered separately in table above), which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, some of the expenses heads as budgeted were considered, 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. Therefore, certain expenses in excess of 10% and expenditure under new heads have not been considered in the evaluation of fee increase proposal. 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.

Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
Salary to Staff	4,33,01,995	5,88,86,078	4,83,72,678	1,05,13,400	Refer Note # below
PF & ESIC Payable	4,84,693	-	4,84,693	(4,84,693)	
Workshop Expenses	-	5,75,300	-	5,75,300	

1704

Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
Festival & celebration Expenses	-	8,63,500	-	8,63,500	New head of expense budgeted by the school against which no details were provided by the school.
Students Scholarship	2,85,050	3,13,555	-	3,13,555	Since the school has not fulfilled the conditions as prescribed under Rule 177, this expenditure has not been considered.
Laboratory Expenses	6,85,045	18,10,087	7,53,550	10,56,538	No reasonable justification was provided by the school for such increase in expenses as compared with expense incurred during FY 2016-2017. Thus, expense with 10% increase over reported expenditure of FY 2016-2017 has been considered.
Computer & Software Maintenance	13,77,353	23,87,500	15,15,088	8,72,412	
Vehicles	-	4,42,200	-	4,42,200	Vehicles cannot be purchased from Development Fund. Also, the school has not complied with all the requirements of Rule 177. Further, the school

1705

Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
					purchased one vehicle during FY 2016-2017. This, this budgeted expense has not been considered.
Computer Block	-	4,60,644	-	4,60,644	As explained by the school, this relates to construction of new block in the building, which is not allowed since it is the responsibility of the society. Also, the school has not complied with all the requirements of Rule 177. Hence, this expenditure has not been considered.
School Building Renovation/ construction	-	51,66,490	-	51,66,490	
Play Ground Block	-	5,23,455	-	5,23,455	
Total	**46,134,136**	**71,428,809**	**51,126,009**	**20,302,803**	

Based on the computation provided by the school, the impact of 7th CPC for the FY 2017-2018 has been considered along with HRA paid and lump sum payment to contracted employees. Further, the school did not include any budget towards PF & ESI, which has been considered to the extent of the amount relating to FY 2016-2017.

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

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.

1706

As 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.

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. However, the rent from letting out of school premises for conducting exams, etc. has not been recorded by the school, instead income taken by the society. Hence, the school is directed to recover the rent collected by the society on hiring of the school premises of INR 40,57,455 from the society.

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. Accordingly, the school may be 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 point no. 14 of Order No. F.DE./15(56)/ACT/2009/778 dated 11 Feb 2009, Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixture and equipment. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserve fund, equivalent to the deprecation charged in the revenue accounts and the collection under this head along with 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 opening of separate bank account, proper accounting and 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 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 make investment against the liability so determined by the actuary in the mode specified under the said Accounting Standard 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

1707

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 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 **Rain Bow English School (School ID-1618248), C-3, Janak Puri New Delhi-110058** 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 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.

1708

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
Rain Bow English School
School ID-1618248,
C-3, Janak Puri
New Delhi-110058

No. F.DE.15(259)/PSB/2019/ 1420 – 1424

Dated: 29/03/19

Copy to:

1. P.S. to Secretary (Education) Directorate of Education GNCT of Delhi.
2. P.S. to Director (Education) Directorate of Education GNCT of Delhi.
3. P.A. to Spl. Director of Education (Private School Branch) Directorate of Education GNCT of Delhi.
4. DDE concerned
5. Guard file.

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