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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(558)/PSB/2018/ 30300-30304

Dated: 10/12/2018

ORDER

WHEREAS, this Directorate vide its order No. DE 15 (318)/PSB/2016/19786 dated 17 Oct 2017 of Directorate of Education, Govt. of NCT of Delhi, has issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private unaided recognized schools in Delhi' and required that private unaided schools, which are running on land allotted by DDA/other govt. agencies with the condition in their allotment letter to seek prior approval of Director (Education) before any fee increase, need to submit its online fee increase proposal for the academic session 2017-2018. Accordingly, vide circular no. 19849-19857 dated 23 Oct 2017 the fee increase proposals were invited from all aforesaid schools till 30 Nov 2017 and this date was further extended to 14 Dec 2017 vide Directorate's order No. DE.15 (318)/PSB/2016/20535 dated 20 Nov 2017 in compliance of directions of Hon'ble High Court of Delhi vide its order dated 14 Nov 2017 in CM No. 40939/2017 in WPC 10023/2017.

AND WHEREAS, attention is also invited towards order of Hon'ble High Court of Delhi dated 19 Jan 2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others where it has been directed by the Hon'ble Delhi High Court that the Director of Education has to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA.

AND WHEREAS, The Hon'ble High Court while issuing the aforesaid direction has observed that the issue regarding the liability of Private unaided Schools situated on the land allotted by DDA at concessional rates has been conclusively decided by the Hon'ble Supreme Court in the judgment dated 27 Apr 2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others wherein Hon'ble Supreme Court in Para 27 and 28 has held as under:-

"27.....

(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with.

28 We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools.....

If in a given case Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

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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. **Sadhu Vaswani International School for Girls (School ID-1719121), Shanti Niketan, New Delhi-110021** 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 12 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.

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

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The financial statements of the school for FY 2015-2016 and FY 2016-2017 revealed that the school has incurred expenditure on installation of lift in the school building out of school funds and has the same amounting to INR 15,79,709 in the aforesaid financial years, which is not in accordance with the aforementioned provisions. Further, this capital expenditure was incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973. This amount of INR 15,79,709 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. As per Rule 172 – ‘Trust or society not to collect fee, etc. schools to grant receipts for fees, etc. collected by it’ of Delhi School Education Rules 1973 – (1) *No fee, contribution or other charge shall be collected from any student by the trust or society running any recognised school, whether aided or not. (2) Every fee, contribution or other charge collected from any student by a recognised school, whether aided or not, shall be collected in its own name and a proper receipt shall be granted by the school for every collection made by it.*”

However, the society has collected certain components of fees from students instead of the school, which has been debited to the society’s ledger account in the books of account of the school. The ledger account of society provided by the school for the financial years 2013-2014 to 2016-2017 reflected that funds totalling to INR 52,48,924 were collected by the society on behalf of the school, which were not transferred to the school and resulted in non-compliance of Rule 172. Thus, the school is directed to recover this amount of INR 52,48,924 from the society within 30 days from the date of this order and ensure that fee collections are made directly by the school in compliance of Rule 172 of DSER, 1973.

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

On review of the society’s ledger account in the books of account of the school, it indicated that the school has crediting society’s account by an amount of INR 87,700 upon sale of scrap during FY 2016-2017. The school did not provide any evidence as to why this amount of sale should not be recorded as income by the school. Thus, the school is directed to make a rectification entry in its books of account by transferring this amount from Society’s account to income.

Further, the financial statements of the school for the FY 2016-2017 revealed that a balance payable to society amounting to INR 3,24,81,447. However, during personal hearing, the school mentioned that these funds were received by the school in initial years of set-up when the school was in need of the funds and the school is not required to repay this amount to the

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society. Thus, based on the explanation provided, the school is hereby directed to adjust this amount in the books of account of the school.

4. The financial statements of the school for FY 2016-2017 indicated that the school has carried forward a liability as "Other Payables" amounting to INR 12,80,151, which as per the school pertain to amount to be refunded to ex-students who are not traceable. Considering that the amount has been carried over by the school for more than 3 financial years, it has crossed the limitation period as defined by the Limitation Act, 1963. Thus, the school should reverse the liability of INR 12,80,151 and treat it as income in its books of account. This, however, has no impact on the fund position of the school (enclosed in later part of the order).

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 Transport Fees, Computer Fees, Lab Fees, ICT/Smart Class, I-Card, School Diary fee, Activity fee etc from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) which has been met from other fees/income, which was also mentioned in DOE's order No F. DE-15/ACT-IWPC-4109/PART/13/256-260 dated 26 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/ (Deficit) (INR)
	A	B	C=A-B
Transportation Charges ^A	1,85,35,160	1,92,92,073	(7,56,913)
Computer Fee	28,93,300	61,32,079	(32,38,779)
Science fee	5,86,550	2,25,467	3,61,083
Medical fee	19,32,900	5,05,000	14,27,900
Activity fee	64,27,550	15,73,235	48,54,315
I-Card	84,095	0*	84,095
ICT/Smart Classes	50,40,250	0*	50,40,250
School Diary	65,075	0*	65,075

^A 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

* No details regarding expenditure incurred towards the earmarked levy was provided by the school

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) or development fund (purchase of assets). The school is charging I-card, Activity fee, Medical fee, ICT/Smart Class fee, School Diary fee & PTA fund 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 I-card, Activity fee, Medical fee, ICT/Smart Class fee, School Diary fee & PTA fund 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

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should incur the expenses relating to these from tuition fee/ annual charges/ development fund, as applicable collected from the students. The school explained that tuition fee collected from students is not sufficient to meet the establishment cost. Thus, the surplus generated from earmarked levies has been applied towards meeting establishment cost 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) have 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 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.

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, upgradation and replacement of furniture, fixtures and equipment." However, it was noted that the school had incurred expenditure relating to property tax of INR 893,643 and repair and renovation of building amounting to INR 21,65,091 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 and ensure that development fund 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 incurrance of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."

Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school had excluded the cost of assets purchased from development fund from the value of assets presented in the Balance Sheet as on 31 March 2017 resulting in incorrect reporting of fixed assets in its Balance Sheet and incorrect accounting of development fund assets.

The school is instructed to make necessary rectification relating to fixed assets and development fund to comply with the accounting treatment indicated in the aforementioned Guidance Note

4. The school has not prepared Fixed Assets Register (FAR) for keeping track of fixed assets purchased by it. The school should 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 complete details of assets at one place.

During the personal hearing, school mentioned that it will start preparing FAR from FY 2018-2019 onwards. The school is directed to prepare the FAR with relevant details mentioned above. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

5. 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"*.

As per the details provided by the school, the school has a total student strength (non-EWS) of 1,593 against which caution money @ INR 500 is derived as INR 7,96,500. However, the school has indicated a liability of INR 22,79,310 as on 31 March 2017 in its audited financial statements. The school explained that emails have been sent to ex-students for collecting caution money, however, the same has not been collected by the students. Accordingly, the school has not treated unclaimed caution money as income in compliance with aforementioned order.

Based on discussion with the school, the amount to be refunded to students after adjusting the income to be recorded by the school during FY 2017-2018 towards unclaimed caution



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money, has been considered while deriving the fund position of the school (enclosed in the later part of this order).

6. 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."

Accordingly, investments in the form of fixed deposits 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. Thus, the school is not complying with the requirements of Accounting Standards applicable to it. The school is directed to invest the amount of funds towards retirement benefits of the staff of the school in the investments that qualify as 'Plan Assets' within 30 days from the date of this order.

7. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

- Registration Fee
- Admission Fee
- Caution Money
- Tuition Fee
- Annual Charges
- Earmarked Levies
- Development Fee

Further, clause no. 9 of the aforementioned order states "No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order"

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

It was noted that the school has been charging a fee @ INR 500 (one-time) in the nature of admission fee from the students of class IX and XI and termed the same as "Processing Fee". Further, the school did not include this fee in the proposal for fee hike nor did it include it in the complete fee structure submitted by the school during personal hearing.

Based on the fact that the fee head of 'Processing Fee' has not been defined for recognised private unaided school and the purpose for which the school has utilised the same is not defined. Thus, the school is directed not to collect processing fee from students with immediate effect. For the purpose of evaluation of the fee hike proposal for FY 2017-2018.

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the above-mentioned fee has been included in budgeted income 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:

The total funds available for the year 2017-18 amounting to INR 18,42,60,845 out of which cash outflow in the year 2017-18 is estimated to be INR 13,15,18,757 This results in net surplus of INR 5,27,42,088. 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)	3,77,29,663
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	6,12,69,833
Total Liquid Funds Available with the School as on 31 Mar 2017	9,89,99,496
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]	12,07,07,765
Add: Recovery of cost incurred on building reflected in financial statement for FY 2015-2016 & 2016-2017 from the Society [Refer Financial Finding No. 1]	15,79,709
Add: Account collected by Society on behalf of the school to be recovered from the Society [Refer Financial Finding No. 2]	52,48,924
Gross Estimated Available Funds for FY 2017-2018	22,65,35,894
Less: Caution Money [Refer Other Finding No. 4]	7,96,500
Less: Staff Retirement benefit as on 31 Mar 2017 (as per audited financial statements of FY 2016-2017 supported with actuarial valuation)	3,98,01,686
Less: Development fund as on 31 Mar 2017 (as per audited financial statements of FY 2016-2017)	16,76,863
Less: Depreciation Reserve Fund [Refer Note 2]	
Net Estimated Available Funds for FY 2017-2018	18,42,60,845
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 3]	12,00,34,848
Less: Arrears of salary for January 2016 to March 2017 on account of implementation of 7 th CPC with effect from 1 Jan 2016 (as per computation provided by the school)	1,14,83,909
Estimated Surplus as on 31 Mar 2018	5,27,42,088

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 The school has charged depreciation on fixed assets and has transferred the same to depreciation reserve on liabilities side of the Balance Sheet of the school. While development fund as per audited

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financial statements of FY 2016-2017 has been adjusted for deriving the fund position of the school. depreciation reserve is more of an accounting head for appropriate treatment of depreciation in the books of account of the school in accordance with Guidance Note 21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, it is not considered in table above

- 3 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 13,67,18,757 which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, all the expense heads (except depreciation of INR 52,00,000 budgeted by the school, being a non-cash expense) as budgeted were considered even though certain expenditures were increased substantially by the school as compared to FY 2016-2017

In view of the above examination, it is evident that the school 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.

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

And whereas per Rule 172 of Delhi School Education Rules 1973 "No fee, contribution or other charge shall be collected from any student by the trust or society running any recognised school: whether aided or not. Every fee, contribution or other charge collected from any student by a recognised school, whether aided or not, shall be collected in its own name and a proper receipt shall be granted by the school for every collection made by it." The society had collected fee totalling INR 52,48,924 on behalf of the school. The school is directed to recover INR 52,48,924 from society and ensure all collections in relation to the school are obtained directly by the school.

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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. The school has continued to charge earmarked fee higher than the expenses incurred against science fee, Medical fee, Activity fee, I-card fee, ICT/Smart Class fee, School Diary fee, etc. whereas the expenses incurred are more than transport charges and computer fee collected from students. The school has utilised the surplus earned for meeting the establishment expenses and deficit on transport charges and computer expenses. 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 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 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 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 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

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recommendations of 7th 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.

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 **Sadhu Vaswani International School for Girls (School ID-1719121), Shanti Niketan, New Delhi-110021** 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.

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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) 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
Sadhu Vaswani International School for Girls
School ID 1719121
II-Street, Shanti Niketan, New Delhi-110021

No. F DE.15(558)/PSB/2018/ 30300-30304

Dated: 10/12/2018

Copy to:

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


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