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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(175) / PSB / 2019 / 1110 - 1114 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, **Chinmaya Vidyalaya (School ID- 1720127), Munirka Marg, Vasant Vihar, New Delhi-110057** 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 is 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 25 July 2018 at 2 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. Order no. F.DE-15/ACT-1/WPC/4109/PART/13/7914-7923 dated 16 Apr 2016 regarding fee increase proposals for FY 2016-2017 states "*In case, the schools have already charged any increased fee prior to issue of this order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal.*"

   From the details provided by the school, it was noted that the school had increased its fees by 10% during FY 2016-2017 without prior approval of the Directorate. Whereas, post evaluation of fee increase proposal for FY 2016-2017 submitted by the school, the fee increase proposal was rejected by the Directorate with the direction that in case increased fee has already been charged from the parents, the same shall be refunded/adjusted vide Order No. F.DE-15/ACT-I/WPC-4109/PART/13/43 dated 23 Dec 2016 and the same was also reiterated in Directorate's order no. F.DE-15/ACT-I/WPC-4109/PART/13/873 dated 22 August 2017. During the personnel hearing the school informed that, it disagree with the computation of surplus/deficit made in fee hike proposal for FY 2016-2017 and in order to maintain the liquidity the school, it increased fee by 10% in all heads.

Basis above, the school has not complied with the directions given by the Directorate to the school on 23 Dec 2016 communicating rejection of fee hike proposed by the school for FY 2016-2017.

Based on the information provided by the school and taken on record, the school collected INR 80 Lakhs approximately from the students on account of increased fee during FY 2016-2017, however, calculation of the same was not provided by the school.

Further, it was noted that the school started collecting a new earmarked levy as 'portal charges' from all students from FY 2016-2017. Based on the audited financial statements, it was noted that the school collected INR 17,04,600 as portal charges during FY 2016-2017.

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 fee charged from all students loses its character of earmarked levy, being a non-user based fees. Thus, based on the nature of 'portal charges' and details provided by the school in relation to expenses incurred against the same, the school should not have charged such fee as earmarked fee and should have incurred the expenses relating to the same from annual charges collected from the students.

Thus, collection of 'portal charges' from students has resulted in indirectly increasing the fee during FY 2016-2017 and thus, a non-compliance of the direction given by the Directorate of not increasing fee.

Accordingly, the school is directed to refund/adjust the increased fee of INR 80 lakhs and portal charges of INR 17,04,600 collected from students during FY 2016-2017 within 30 days from the date of this order and submit evidence for the same to the Directorate. Also, the school is strictly directed not to collect increased fee from students or introduce new heads of fee in future without prior approval from the Directorate.

2. Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses.*" Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:
   (a) Assets held by a long-term employee benefit fund; and
   (b) Qualifying insurance policies.

The Directorate vide Order No. F.DE-15/ACT-I/WPC-4109/PART/13/873 dated 22 August 2017, issued to the school post evaluation of the proposal for enhancement of fee for FY 2016-2017, directed the school to make earmarked investments with LIC (or any other agency) towards gratuity.

From the audited financial statements for FY 2016-2017, it was noted that the school reported provision for leave encashment amounting to INR 11,09,098 without any actuarial valuation of its liability towards staff leave encashment. Further, the school reported provision for gratuity amounting to INR 79,22,750 in its financial statements for FY 2016-2017 towards which the school submitted a draft (unsigned) actuarial valuation report with a liability of INR 5,00,09,943 as on 31 August 2016.

During personal hearing, school mentioned that it has invested INR 80 Lakhs in Group Gratuity scheme of LIC in FY 2017-2018 for meeting its liability towards retirement benefits and submitted evidence of the deposit made.

The school is directed to obtain actuarial valuation of its liability towards gratuity and leave encashment within 30 days from the date of this order and record an amount equivalent to the amount of liability determined by the actuary in its financial statements as provision for gratuity and leave encashment. Further, the school should invest amounts in 'plan-assets' such as group gratuity and leave encashment policies of LIC to ensure that the fund value of these investments are equivalent to the amount of liability determined by the actuary in subsequent years.

Though final actuary valuation reports towards gratuity and leave encashment liabilities were not provided by the school, the evidence for deposit of INR 80 lakhs with LIC during FY 2017-2018 was submitted by the school basis which an amount of INR 80 Lakhs has been adjusted towards retirement benefits while deriving the fund position of the school (enclosed in the later part of the order).

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 earmarked levies in the form of Transport Fees, Smart Class Fee, activity charges and Portal charges from students. It was noted that the school has maintained fund account for transport fee, however, details of the salary paid to the transport staff and depreciation on vehicles has not been included while calculating the transport fund balance, which is incorrect reporting of the fund balance in the financial statements. The school has been continuously following this practice of not apportioning entire cost related to the operation of the transport service on account of which the financial statements of the school for FY 2016-2017 indicated a total accumulation of surplus of INR 2.9 crores. Basis the audited financial statements of FY 2016-2017, the following was reported in respect of transport fee:

Earmarked Fee	**Opening Fund Balance as on 1 Apr 2016 (INR)**	**Receipt during year (INR)**	**Expenses during year (INR)**	**Closing Balance as on 31 Mar 2017 (INR)**
	(A)	(B)	(C)	(D)=(A+B-C)
Transport Fee^	2,56,11,493	1,33,17,895	98,65,246	2,90,64,142

^ The school has not apportioned salary of the transport staff and 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.

Based on the prescribed rules of DSER, 1973 and corresponding orders of the Directorate, earmarked levies have to be collected on no-profit no-loss basis. Also, considering the incorrect carry-over of transport fund from previous years, no amount has been considered against the same while deriving the fund position of the school for FY 2017-2018 (enclosed in the later part of this order).

Further, the school has not maintained separate fund accounts for other earmarked levies collected by it. Also, 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)**
	A	B	C=A-B
Smart Class Fee	10,14,640	10,76,793	(62,153)

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus/ (Deficit) (INR)
	A	B	C=A-B
Portal charges#	17,04,600	20,20,156	(3,15,556)
Activity Charges	39,91,572	0*	39,91,572
Eco Club	22,500	0*	22,500

Refer Financial Finding No. 1 above

* Details of expenses incurred against these earmarked levies collected from students was not provided by the school

The school explained that tuition fee collected from students is not sufficient to meet the establishment cost and annual charges collected from students is also not sufficient to meet other revenue expenses of the school. Thus, the surplus generated from earmarked levies has been applied towards meeting establishment cost and other revenue expenses 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).

Further, 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. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserve fund, equivalent to the deprecation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained development fund account*". However, it was noted that the school had incurred expenditure relating to repairs and maintenance of building and purchase of library books totalling to INR 9,96,269 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.

Further, the audited financial statements of FY 2016-2017 indicated investments against development fund in fixed deposits with Bank. However, the interest generated on these investments was not added to the development fund balance, but was credited to the income and expenditure account, which is not in accordance with the aforementioned provisions.

Thus, the school is directed to follow DOE instruction in this regard and include interest earned on development fund investments to the development fund account in its books of account. Further, the school is directed to 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 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.*"

   As per para 67 of the Guidance Note on Accounting by Schools issued by Chartered Accountants of India, "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*"

   Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school was not transferring amount equivalent to the amount of depreciation from 'DF Assets Capital Reserve' to the Income and Expenditure Account as indicated in the guidance note cited above.

   Also, while the school reported fixed assets purchased from development fund on the basis of historic cost in the fixed assets schedule, the fixed assets purchased from general fund were reported at written down value in the fixed asset schedule and on the face of the Balance Sheet.

   This being a procedural finding, the school is instructed to make necessary rectification entries relating to development fund, fixed assets and depreciation reserve to comply with the accounting treatment indicated in the Guidance Note. Further, the school should present the fixed assets at historic cost in the financial statements for FY 2016-2017.

4. The school has prepared a Fixed Assets Register (FAR) that only captures asset name, date and amount. The school should also include details such as 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.

   During the personal hearing, school mentioned that it has prepared fixed assets register but the same is not in the required format. The school further mentioned that it will make recommended changes from FY 2018-2019 onwards. The school is directed to update 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. Directorate's order F. DE-15/ACT-I/WPC-4109/PART/13/873 dated 22 August 2017 issued post evaluation of the proposal for enhancement of fee for FY 2016-2017 noted that the school was not charging anything or receiving any consideration from the rented book-shop and dress/uniform shop. During the personnel hearing, the school informed that the school only has a tuck shop and no commercial activity was undertaken. However, the school did not provide any contract with the tuck shop/ book-shop/ Uniform vendor. Also, details of the income generated by the from renting of the space of the school was not provided by the school.

   The school is directed to provide contracts and complete details of income earned from letting out of the school premises. Compliance of the above will be examined before evaluation of proposal for enhancement of fee for subsequent academic session.

6. 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 in DoE's order No. F. DE-15/ACT-I/WPC-4109/PART/13/873 dated 22 August 2017:

   - School had not maintained separate bank account for deposit of caution money collected and was directed to maintain separate bank account for collection of caution money.
   - School had refunded caution money @ INR 300 after deducting INR 200 for Alumni Association and without any interest amount thereon and was instructed to refund complete caution money along with interest to students.
   - School had not maintained student wise security deposit/ caution money register, which should have been done.

   During the personal hearing, school mentioned that it has stopped deducting alumni fund from refund of caution money to students from FY 2017-2018 onwards. Also, the school has started adjusting the caution money already collected from existing students against the fee due in FY 2017-2018. The same would be completely adjusted in FY 2018-2019. Thus, based on the explanation provided by the school, the school should refund/adjust total caution money within FY 2018-2019 and should not collect it subsequently.

The amount to be refunded to students after adjusting the income to be recorded by the school towards unclaimed caution money, as declared by the school, has been considered while deriving the fund position of the school (enclosed in the later part of this order).

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

i. The total funds available for the year 2017-2018 amounting to INR 16,29,70,529 out of which cash outflow in the year 2017-2018 is estimated to be INR 14,36,01,739. This results in net surplus of INR 1,93,68,790. The details are as follows:

Particulars	**Amount (INR)**
Cash and Bank Balance as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	1,97,25,025
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	5,12,60,308
Total Liquid Funds Available with the School as on 31 Mar 2017	**7,09,85,333**
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]	11,18,51,820
Gross Estimated Available Funds for FY 2017-2018	**18,28,37,153**
Less: Staff retirement Benefits [Refer Financial Finding 2]	80,00,000
Less: Development fund [Refer Note 2]	1,10,69,124
Less: Depreciation reserve fund [Refer note 3]	-
Less: Caution Money (Net of transfer to income in FY 2017-2018) [Refer Note 4]	7,97,500
Net Estimated Available Funds for FY 2017-2018	**16,29,70,529**
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 5]	12,62,93,561
Less: Arrears of salary from January 2016 to November 2017 on account of implementation of 7th CPC (as per separate computation provided by school) [Refer Note 5]	1,73,08,178
Estimated Surplus as on 31 Mar 2018	**1,93,68,790**

Notes:

1. Fee and income as per audited financial statements of FY 2016-2017 has been considered after adjustment of INR 80 lakhs towards increased fee and INR 17.04 Lakhs towards portal Charges collected during FY 2016-2017, which are to be adjusted/refunded to the students as per financial finding no 1 during FY 2017-2018 (included as income in the audited financial statements of FY 2016-2017) and with the assumption that the amount of income during FY 2016-2017 will at least accrue during FY 2017-2018

2. The Hon'ble Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's 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.*" Over a number of years, the school has accumulated development fund and has reflected the closing balance of INR 3,70,79,609 in its audited financial statements of FY 2016-2017. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school for meeting the financial implication of 7thCPC to be implemented by the school. However, development fund equivalent to amount collected in one year (FY 2016-2017) from students has been considered for deriving the fund position of the school, which is considered sufficient basis the spending pattern of the school in past.

3. On evaluation of depreciation reserve, it was noted that the school had charged depreciation on fixed assets and had transferred the same to depreciation reserve on liabilities side of the Balance Sheet of the school. Also, the school is charging development fund from students for purchase, upgradation and replacement of furniture, fixture and equipment. Though development fund maintained by the school has been adjusted for deriving the fund position of the school as per Note 2 above, depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue accounts as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009) is more of an accounting head for appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note 21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, it is not considered in table above.

4. Unclaimed caution money of INR 8,78,185, as declared by the school to be treated as income during FY 2017-2018, has been adjusted from the liability towards caution money as on 31 Mar 2017 of INR 16,29,685 (as per audited financial statements of FY 2016-2017). Thus, net balance of INR 7,97,500 refundable to students has been considered for deriving the net estimated available funds with the school for FY 2017-2018.

5. 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 17,53,95,822 (including 7th CPC arrears from Jan 2016 to Nov 2017 amounting to INR 1,73,08,178 and gratuity payment of INR 80 lakhs considered separately), 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 increased salary of staff is already there. 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:

Expense Heads	FY 2016-2017	FY 2017-2018	Amount Allowed	Amount Disallowed	Remarks
Gratuity	79,22,750	80,00,000	80,00,000	-	Refer Financial Finding No. 2
Leave Encashment	7,76,812	8,00,000	-	8,00,000	
Scholarship Expenses	80,050	1,00,000	-	1,00,000	Scholarship can be paid from savings derived as per Rule 177 of DSER, 1973. Thus, on account of non-compliance of requirements of Rule 177 by the school, this has not been considered.
Medical Room Expenses	-	17,52,600	10,00,000	7,52,600	Based on the discussion with the school, an amount of INR 10 Lakhs has been considered for purchase of equipment's and other facilities.
Teacher Workshop Expenses	63,100	2,50,000	69,410	1,80,590	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 expenses have been restricted to 110% of the expenses incurred during FY 2016-2017.
Staff Welfare	97,211	3,50,000	1,06,932	2,43,068	
Function Expenses	8,51,279	12,50,000	9,36,407	3,13,593	
Educational Services	21,000	4,00,000	23,100	3,76,900	
Student Welfare	9,82,299	15,00,000	10,80,529	4,19,471	
Hospitality Expenses	1,21,008	2,50,000	1,33,109	1,16,891	
Vehicle Running Maintenance	26,09,273	30,00,000	28,70,200	1,29,800	
Transportation Charges	67,94,230	81,55,000	74,73,653	6,81,347	
Legal & Professional Charges	25,49,280	41,00,000	28,04,208	12,95,792	
Printing & Stationery	3,79,108	5,50,000	4,17,019	1,32,981	
Insurance Charges	42,291	6,00,000	46,520	5,53,480	
Travelling Charges	94,953	3,00,000	1,04,448	1,95,552	

Expense Heads	FY 2016-2017	FY 2017-2018	Amount Allowed	Amount Disallowed	Remarks
Administrative Expenses	2,49,409	16,40,000	2,74,350	13,65,650	
Audit Fee	1,05,750	2,50,000	1,16,325	1,33,675	
Others	8,17,765	33,50,000	12,95,337	20,54,663	
Misc. Expenses	2,29,064	4,00,000	2,51,970	1,48,030	
DJB Water Connection		30,00,000	-	30,00,000	Cannot be incurred out of Development Fund. Also, based on discussion with school, no payment has been made by the school during FY 2017-2018 towards this
Railing cover of corridors		25,00,000	-	25,00,000	Development Fund cannot be utilised for incurring such capital expenses, as these become integral part of building
Porta Catlin	2,54,411	8,00,000	-	8,00,000	
Windows replacement		35,00,000	-	35,00,000	
Basketball court and stage covering		40,00,000	-	40,00,000	
Total	**2,50,41,043**	**5,07,97,600**	**2,70,03,517**	**2,37,94,083**	

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. The school is directed to maintain separate fund in respect of each earmarked levy charged from the students in accordance with the DSEA & R, 1973 and orders, circulars, etc. issued thereunder. Surpluses/deficit under each earmarked levy collected from the students should be adjusted for determining the earmarked levy to be charged in the academic session 2018-2019.

And whereas per 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 is 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 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 **Chinmaya Vidyalaya (School ID- 1720127), Munirka Marg, Vasant Vihar, New Delhi-110057** 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. Not to collect same fee from students after they are promoted to higher class as the existing fee structure for that class will be applicable.

3. 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.

4. 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).

5. 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.

6. 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.

7. The Compliance Report detailing rectification of the above listed deficiencies/ violations must also be attached with the proposal for enhancement of fee of subsequent academic session, as may be submitted by the school. Compliance of all the directions mentioned above will be examined before evaluation of proposal for enhancement of fee for subsequent academic session.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of Section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This order is issued with the prior approval of the Competent Authority.

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

To:

The Manager/ HoS
Chinmaya Vidyalaya
School ID 1720127
Munirka Marg, Vasant Vihar, New Delhi-110057

No. F.DE 15(175) / PSB / 2019 / 1110 - 1114 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