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

No. F.DE.15 (22)/PSB/2020/ 1665 – 1670 Dated: 20/02/2020

Order

WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the Delhi School Education Act, 1973 (hereinafter read as **'*the Act*'**) with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as **'*the Rules*'**).

AND WHEREAS, as per section 18(5) of the Act read with section 17(3), 24 (1) of the Act and Rule 180 (3) of the DSEA & R, 1973, responsibility has been conferred upon the Director (Education) to examine the audited financial, account and other records maintained by the school at least once in each financial year. The Section 18(5) and Section 24(1) of the Act and Rule 180 (3) have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'*

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

AND WHEREAS, besides the above, the Hon'ble Supreme Court in the judgment dated 27.04.2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Directorate of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court to the Director of Education in the aforesaid matter titled Modern School Vs. Union of India and others in Para 27 and 28 in case of Private unaided Schools situated on the land allotted by DDA at concessional rates that:

"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 High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the Director of Education 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/ land owing agencies.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, are directed to submit the their proposals, if any, for prior sanction for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of this Directorate **Darbari Lal DAV Model School, ND – Block, Pitampura, New Delhi – 110088 (School Id: 1411228)** had submitted the proposal for fee increase for the academic session 2018-2019. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the school for the academic session **2018-2019**.

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, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2018-2019, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 21 October 2019 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. During the aforesaid hearing compliances against order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 were also discussed and school submissions were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school the key findings and status of compliance against order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018 issued for academic session 2017-18 are as under:

S. No.	Observations noted in the previous Order	School's Submission	Remarks
A.	**Financial Discrepancies**		
1.	As per the Directorate's Order No. DE 15/Act/Duggal.com/203/99/23033/23980 dated 15.12.1999, the management is restrained from transferring any amount from the recognized unaided school fund	As regards Reserve Fund with DAV CMC Rs. 96,37,932/- as on 31.3.2018, it is clarified that this	From the reply of the school it appears the school have been transferring the fund to the society from last many year in

No.	Observations noted in the previous Order	School's Submission	Remarks
	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. The audited financial statements of the school for FY 2016-2017 reflected a receivable balance (of Reserve Fund) of RS. 82,62,973 from DAV CMC (Society), which has been carried over from previous financial year. The school was directed to prepare a reconciliation statement of interest received/ receivable through this Directorate's Order No. F.DE-15/ACT-I/WPC-4109/PART/13/959 dated 13 October 2017, which was provided by the school (in the form of ledger account of the school with DAV CMC as of 31 March 2018) and taken on record. From the ledger account submitted by the school, it was observed that interest of two financial years (Rs. 6,61,038 for FY 2016-2017 and Rs. 7,13,921 for FY 2017-2018) was credited to the school, which was calculated at the rate of 8% per annum compounded annually. This amount of interest along with the balance carried over from previous year of Rs. 82,62,973 totalling to RS. 96,37,932 is hereby added to the fund position of the school, 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.	includes interest accrued for last several years. The school has paid many years ago out of accumulated profit it earned over the number of years. It may be mentioned that Rule 177(1) of Delhi School Education Rules 1973, permits schools to assist any other school of same society. The amount of Reserve fund relates to amount transferred to Society for assisting needy schools. The fund is transferred to DAV CMC (Society) and not directly to school so that Society can control and monitor its proper utilization, by the school receiving fund. Hon'ble Supreme Court in the judgement of Modern School, had allowed schools to retain reasonable surplus as profit. The amount transferred to Society is not written off to General Reserve with a view to keep trade of funds provided by each school. As such the outstanding amount in 'Reserve Fund with DAVCMC' is not refundable and accordingly we have	contravention of order No. DE 15/Act/Duggal.com/203/99/23033/23980 dated 15.12.1999 which was subsequently upheld by the Hon'ble Supreme Court through its judgement on a review petition in 2009. Further, Rule 177 of DSER, 1973 states that income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. And the aforesaid savings shall be

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		not considered as part of funds in our reworked fund position.	arrived at after providing for the following, namely: a) Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school; b) The needed expansion of the school or any expenditure of a developmental nature; c) The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation; d) Co-curricular activities of the students; e) Reasonable reserve fund, not being less than ten percent, of such savings. Thus, the amount transferred to the society and recoverable as at 31.3.18 amounting Rs. 96,37,932 in contravention of aforesaid provision has been included in the calculation of fund position of the school with the direction to the school to recover this amount from the society and submit the compliance report

No.	Observations noted in the previous Order	School's Submission	Remarks
			within 30 days from the date of issue of this order. Additionally, it has been noted that the school has given Rs. 10,00,000 as per financial statements for FY 2018-19 to Other DAV Institutions (Other than DAV CMC) in contravention of aforesaid decisions. Accordingly, it has been included in the calculation of fund position of the school with the direction to the school to recover this amount from the society.
2.	Directorate's order no. F.DE-15/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.*" Based on the details submitted by the school, it was noted that the school had increased fee by 10% during first quarter of 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 DoE 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/13/959 dated 13 October 2017. Based on the information provided by the school, the school collected an additional sum of RS. 87,93,398 on account of increased fee for FY 2016-2017 out of which the school has adjusted a sum of RS. 64,35,315 from the fee collected from	The balance excess fee of Rs. 23,58,083/- for Financial Year 2016-17 is being refunded/adjusted in fee due for quarter ending March /June 2019.	School submission is taken on record and shall be verified at the time of evaluation of next year's fee proposal of the school.

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S. No.	Observations noted in the previous Order	School's Submission	Remarks
	students during FY 2017-2018. The balance amount of RS. 23,58,083 is yet to be refunded/adjusted. Reasonable explanation/justification for not refunding/adjusting the increased amount collected from the students was not provided by the school. While the school has refunded part of the excess fee during FY 2017-2018, the total amount of increased fee of RS. 87,93,398 collected from students during FY 2016-2017 has been adjusted while deriving the fund position of the school for FY 2017-2018 (enclosed in the later part of this order) with the direction to the school to immediately adjust/refund the amount to the students and submit evidence of the same within 30 days from the date of this order.		
3.	As a practice adopted by the schools under the management of DAV CMC, the school provides for Gratuity and Leave encashment expense @ 7% and 3% respectively of Basic Pay and Dearness Allowance, which is transferred to DAV CMC. DAV CMC in turn manages and maintains the common pool of funds for all schools under its management and uses the same for payment of gratuity and leave encashment liability as and when the same arises in respect of the staff of respective school at the time of his/her resignation/ retirement. The school was directed by DoE through its Order no. F.DE-15/Act-I/WPC-4109/Part/13/959 dated 13 October 2017 to obtain an actuarial valuation of its gratuity and leave encashment liabilities. Further, the school was directed to disclose its liabilities on account of gratuity and leave encashment along with corresponding investments in the financial statements from FY 2017-2018 onwards. The school is yet to obtain an actuarial certificate regarding its liability towards	DAVCMC has already appointed valuer for actuarial valuation of Gratuity and Leave Encashment liability of all its schools. It is taking some time for carrying out of valuation due to voluminous work involving nearly 800 schools. We shall provide their report immediately on receipt. Meanwhile we have worked out actual liability towards Gratuity and Leave Encashment of eligible employees as on 31.12.2018 based on which the total liability is Rs 21,03,76,146/- (calculation sheet enclosed) against which school has total funds of Rs 5,77,06,724/- with DAVCMC as on 31.3.18 including contribution made during Financial Year 2017-18. Thus, there is a shortfall of Rs	During personal hearing, the school has submitted the copy of actuary valuation report for gratuity and leave encashment. As per the actuarial valuation report the liability for gratuity and leave encashment are Rs. 17,28,06,992 and Rs. 2,42,25,372 respectively as on 31.03.2019. However, during hearing school submitted that it has not deposited any amount with LIC or similar agency under 'Plan Assets' in accordance with AS-15 issued by ICAI. Therefore, payment made by the school towards gratuity and leave encashment as per details submitted by the school till FY 2018-2019 have been

<table>
<tr><th>S. No.</th><th>Observations noted in the previous Order</th><th>School's Submission</th><th>Remarks</th></tr>
<tr><td></td><td>retirement benefits of the staff and has continued to maintain the investments with DAV CMC.

Based on discussion with the school during personal hearing, the school provided details of fund balance with DAV CMC in respect of payments made by the school to DAV CMC towards maintenance of retirement benefits fund with DAV CMC including interest accrued for last two years. The balances disclosed by the school based on records maintained by DAV CMC as on 31 Mar 2017 have been indicated below:

<table><tr><th></th><th>(Amount in Rs.)</th></tr><tr><th>Head</th><th>Balance as on 31 Mar 2017</th></tr><tr><td>Gratuity Fund</td><td>2,15,57,990</td></tr><tr><td>Leave Encashment Fund</td><td>2,81,30,629</td></tr><tr><td>Total</td><td>4,96,88,619</td></tr></table>
Further, according to para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "Plan assets comprise:
(a) assets held by a long-term employee benefit fund; and
(b) qualifying insurance policies."
Accordingly, the investment in the form of fund balance maintained by DAV CMC in respect of the liability towards retirement benefits of the school does not qualify as 'Plan Assets' within the meaning of Accounting Standard 15 (AS-15).
The school mentioned that DAV CMC is in the process of getting the actuarial valuation of retirement benefits of staff of all the schools under its management and the selection process of the actuary has been completed by DAV CMC for carrying out the valuation. It was further explained that the valuation exercise has</td><td>15,26,69,422/- even after accounting for contribution made by the school during F.Y. 2017-18. It may be mentioned that as per Payment of Gratuity Act the amount payable has increased to Rs. 20 Lakhs and many of our employees who are with the school over 30 years are eligible to gratuity more than Rs 10 Lakhs, though the contribution till 31.3.18 were made considering Gratuity liability of Rs 10 Lakhs. Thus, the budgeted contribution towards Gratuity and Leave Encashment of Rs 1,61,02,300/- is not excessive and in fact may fall short. We have, therefore not made any deduction from the budget on this account. The actual liability as on 31.03.2017 was Rs 17,63,47,097/- (calculation sheet enclosed) based on VI CPC and it has gone up to Rs 21,03,76,146/- as on 31.3.2018. Thus, it has increased by Rs 3,54,22,438/- during F.Y. 2017-2018 against which we have provided only Rs 1,61,02,300/- in the budget for F.Y. 2017-2018.</td><td>restricted to the amount of actual pay-out of the same to the staff upon retirement during FY 2018-19 while deriving the fund position of the school though the school has provided for gratuity and leave encashment amounting Rs. 1,10,25,378 and Rs. 47,25,272 respectively.

As per school's submission, during FY 2018-19 school had paid gratuity and leave encashment amounting to Rs. 61,59,467 and Rs. 12,55,067 respectively to the retiring employees of the school and thus, only the actual pay-out of gratuity and leave encashment has been considered while deriving fund position of the school.</td></tr>
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	been initiated for all school under the management of DAV CMC, thus, it has taken more time than expected in collecting the staff data from schools across India, verifying the same and submitting it to the Actuary for valuation. The school further mentioned that the liability as per actuarial valuation would be presented in the financial statements of the school for FY 2018-2019 along with investment in plan-assets as per the requirements of AS-15. While the school has initiated the process of actuarial valuation, the school should get the valuation of its liability towards staff retirement benefits from an actuary at the earliest and ensure that the liability and corresponding investments are disclosed appropriately in its financial statements for FY 2018-2019. The school should also invest the amount of funds available with DAV CMC 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. In absence of actuarial valuation, expenditure towards gratuity and leave encashment budgeted by the school during FY 2017-2018 have been restricted to the amount of actual pay-out of the same to the staff upon retirement during FY 2017-2018 (as per ledger account submitted by the school) and adjusted from the budgeted expenses of FY 2017-2018 while deriving the fund position of the school.		
4.	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	In fact, Rs. 6,25,964 capitalized during Financial Year 2014-15 under Building is not towards any addition to Building. It was in fact, for replacement of existing class room doors and main gate	In the books of accounts, the said amount has been capitalised as building. This was further verified and audited by the auditor of the school and accordingly, submission of the

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	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 revealed that the school has incurred expenditure on construction of building out of school funds and has capitalised building totalling to RS. 6,25,904, 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. Accordingly, this amount of RS. 6,25,904 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.	which had lived its life. As, the statutory auditors insisted that it should be capitalized owing to large amount it was capitalized, otherwise it is towards maintenance and normal wear and tear and is to be paid out of school income. The replacement is for the safety of students. We are enclosing copy of office note which will clarify the position.	school that the said amount was capitalised as per insistence of the auditor is not correct. During discussion, the school submitted that it has not recovered this amount till date. Accordingly, school is once again directed to recover this amount from the society. Furthermore, it has been noted that the school has incurred capital expenditure for construction of building in FY 2017-18 and 2018-19 amounting to Rs. 51,25,982 and Rs. 22,13,725 respectively and therefore, these amounts are also recoverable from the society.
5.	During the personal hearing, the school explained that administration charges payable to DAV CMC are accounted for at the rate of 4% of the basic salary paid by the school to its staff. However,	All the schools of DAV have been paying administrative charges @4% of Basic + Grade Pay and this practice	School submission is taken on record. Further, as per order issued for the session

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No.	Observations noted in the previous Order	School's Submission	Remarks
	based on the details provided by the school and expenditure included in the audited financial statements of FY 2016-2017, it was noted that the school has provided administration charges @ 4.38% of basic salary and grade pay, which resulted in excess expenditure of RS. 6,11,167 recorded in FY 2016-2017. This amount of RS. 6,11,167 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.	is followed uniformly from past several years. Thus, the payment of administrative charges is correct and there is no excess payment of Rs. 6,11,167/-. We are enclosing ledger account of Basic Pay, Grade Pay and Administrative charges for Financial Year 2016-17 which will confirm its correctness.	2017-18, the school was directed to reduce administrative charge from 4% to 2%. But instead of the reducing the administrative charges to 2% the school has increase it 7% of basic pay in FY FY 2017-18 and 2018-19. Thus, the amount in excess 2% paid by the school towards administrative charges is recoverable form the society and accordingly it has been included in the calculation of fund position to the school.
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	The school as far as possible tries to utilize earmarked levies for the purpose for which they are collected. We have submitted details of expenditure under each levy from where it is clear that in most of levies, the collection is not excessive and is in line with expenditure. However, at times, they have been used to meet shortfall in Tuition Fee vis-à-vis Establishment cost as Tuition Fee is not sufficient. We have had Tuition Fee increase of Rs. 18 crores during Financial Year 2016-17 against which Establishment Cost is Rs. 20 crores.	The school was 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, 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 to be charged in the subsequent year. Further, based on the explanation provided

No.	Observations noted in the previous Order	School's Submission	Remarks
	"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		by the school towards IT fees, Insurance and Misc. It appears that it is not in the nature of the earmarked levies thus the school should stop separate collection under this head and it should either be met out the tuition fee or from the annual charges. As the school has not complied with the directions issued in the previous order. Therefore, the school is once again directed to comply with direction of the Department and submit the compliance report within 30 days from the date of issue of this order.

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earmarked levies in the form of Transport Fees, Science Fees, Computer Fees, IT Fees, insurance, 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-I/WPC-4109/PART/13/959 dated 13 October 2017. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-2017 is given below:
<table>
<tr><th>Earmarked Fee</th><th>Income (RS.)</th><th>Expenses (RS.)</th><th>Surplus (RS.)</th></tr>
<tr><td></td><td>A</td><td>B</td><td>C=A-B</td></tr>
<tr><td>Transportation charges^</td><td>1,76,86,200</td><td>1,41,52,806</td><td>35,33,394</td></tr>
<tr><td>Science Fees</td><td>34,93,500</td><td>40,39,674</td><td>(5,46,174)</td></tr>
<tr><td>Computer Fees & IT Fees#</td><td>1,45,41,635</td><td>1,45,59,345</td><td>(17,710)</td></tr>
<tr><td>Insurance</td><td>16,35,950</td><td>*-</td><td>16,35,950</td></tr>
<tr><td>Misc.</td><td>62,78,943</td><td>*-</td><td>62,78,943</td></tr>
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^ 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
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No.	Observations noted in the previous Order	School's Submission	Remarks
	transport facility during the life of the vehicles; instead, it has charged cost of the buses purchased for transport of students amounting to RS. 56,00,000 during FY 2016-2017. The cost of buses have been excluded from expense amount in table above, as the same was not a revenue expenditure and did not relate entirely to expense for the year 2016-2017. Further, the school has reported purchase of buses as utilisation of development fund in its audited financial statements of FY 2016-2017. Refer Other Finding No. 3 for details. # The school has not maintained separate details regarding these fees, rather it has combined these together for deriving surplus/deficit * School did not provide details/breakup of expenses incurred against the earmarked levy 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 IT fees, Insurance and Misc. 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 IT fees, Insurance and Misc. and details provided by the school in relation to expenses incurred against the same, the		

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	school should not charge such fee as earmarked fee and should incur the expenses relating to these from tuition fee and annual charges, as applicable collected from the students. The school explained that it had not evaluated surplus/deficit from earmarked levy with such granularity in past, however it will start collecting earmarked levies from students in accordance with the costs required to be incurred by the school on these heads from FY 2018-2019. Accordingly, for the current evaluation, 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, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.		
2.	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:	The Pupil Fund is maintained as per rule 171 framed under DSEAR 1973. These funds are specifically used for the purpose for which is collected and is regulated as per the provision of the	The school failed to understand the observation of the department given in order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018. It is clear that vide Order No.

<table>
<tr><th>No.</th><th>Observations noted in the previous Order</th><th>School's Submission</th><th>Remarks</th></tr>
<tr><td></td><td>- 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's fee structure includes pupil fund, which is collected from all students and based on details submitted by the school, it has been utilised towards varied expenses of the school including co-curricular, repairs and maintenance, printing and stationery, etc. Details of collection and utilization of pupil fund provided by the school for FY 2016-2017 is included hereunder:

<table>
<tr><th>Particulars</th><th>Nature</th><th>Amount (RS.)</th></tr>
<tr><td>Pupil fund</td><td>Income</td><td>1,43,63,180</td></tr>
<tr><td>Function and co-curricular</td><td>Expense</td><td>16,08,572</td></tr>
<tr><td>Printing & stationery</td><td>Expense</td><td>32,48,160</td></tr>
<tr><td>Repairs and maintenance of building</td><td>Expense</td><td>2,52,81,756</td></tr>
<tr><td>Repairs and maintenance</td><td>Expense</td><td>3,53,778</td></tr>
</table></td><td>said rule. The Pupil fund is collected for the welfare of the students of the school in case this fund is discontinued the welfare of students cannot be taken care and the object of rule 171 framed by the legislation stands forfeited which may tantamount to violation of the said rule. Pupil Fund fee is being collected from students for last several years and had never been objected to by DOE or its nominees attending LMC of the school. Even the last order of DOE for fee hike for FY 2016-17 did not point out any discrepancy in our collecting Pupil Fund Fee.</td><td>DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 1999, department has 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. Accordingly, school was directed not to collect pupil fund with immediate effect which school failed to comply till date. Therefore, school is once again directed to</td></tr>
</table>

No.	Observations noted in the previous Order	School's Submission	Remarks
	<table><tr><td>furniture and equipment</td><td></td><td></td></tr><tr><td>Repairs and maintenance other</td><td>Expense</td><td>17,83,731</td></tr><tr><td colspan="2">**Net Deficit reflected by school**</td><td>**(1,79,12,817)**</td></tr></table> Based on the fact that the fee head of 'Pupil Fund' has not been defined for recognised private unaided school and the purposes for which the school has utilised the same is covered under 'Annual Charges' collected by the school from students. Thus, the school is directed not to collect pupil fund from students with immediate effect. For the purpose of evaluation of the fee hike proposal for FY 2017-2018, 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).		stop the collection of pupil fund with immediate effect.
3.	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 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 noted that the school had purchase of buses for RS.	Noted for future compliance.	School submission is taken on record. School shall ensure to comply the directions given in the aforesaid order in relation to development fund and it shall be examined at the time of evaluation fee proposal of the next academic session.

S. No.	Observations noted in the previous Order	School's Submission	Remarks
	school had purchase of buses for RS. 56,00,000 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. Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/959 dated 13 October 2017 directed the school to maintain development fund in a separate bank account. It was noted that the school is yet to open a bank account for development fund. Further, on review of the audited financial statements for FY 2016-2017, it was noted that the school has fixed deposits with bank amounting to RS. 4,75,79,444. However, the school has not earmarked any fixed deposits against development fund to ensure availability of funds at the time of incurring capital expenditure on furniture, fixture and equipment and has not apportioned interest to development fund account earned from the investments made out of it. The school is directed to follow DOE instructions in this regard and ensure compliance with provisions of the DSEA & R, 1973 including maintaining development fund in separate bank account, crediting interest earned on investments to development fund and ensuring that development fund is utilised only towards purchase of furniture, fixture and equipment.		
4.	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*	Noted for future compliance.	School submission is taken on record. School shall ensure to comply the directions given in the aforesaid order in accordance with para 99 of the GN-21 and it shall be examined at the time of evaluation fee

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S. No.	Observations noted in the previous Order	School's Submission	Remarks
	Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year." Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school transferred an amount equivalent to the purchase cost of the assets from development fund to general reserve instead of accounting treatment as indicated in the guidance note cited above. 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 has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general 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.		proposal of the next academic session.
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 RS. 500 per student in any case, and it should be returned to the students at the*	The school, as informed to you has stopped collecting Caution Money from Financial Year 2018-2019. The amount outstanding in Caution Money account is being refunded/adjusted	School submission has been taken on record. It is pertinent to note that the school was directed to refund/ adjust total amount of caution money while passing the order for session 2017-18. However, school is yet to refund/ adjust total amount of caution

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S. No.	Observations noted in the previous Order	School's Submission	Remarks
	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.*" From the information provided by the school and taken on record, the school has not segregated the fund balance pertaining to caution money (i.e. no separate bank account or fixed deposits) and has not credited interest to the caution money ledger account for refund to students at the time of their leaving. Caution money was refunded to the students @ RS. 500 i.e. without including any interest. During the personal hearing, the school explained that the unclaimed caution money will be transferred to income in FY 2017-2018. The school further mentioned that it has stopped collecting caution money from students from FY 2018-2019 onwards. Also, the school has started adjusting the caution money already collected from old students against the fee due in FY 2018-2019. The same would be completely adjusted in FY 2018-2019. Thus, based on the explanation provided by the school, the school should refund total caution money within FY 2018-2019 and should not collect it subsequently. The 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	against fee due from students for quarter Jan/March 2019.	money. Therefore, school is once again directed to comply the said directions.

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S. No.	Observations noted in the previous Order	School's Submission	Remarks
	position of the school (enclosed in the later part of this order).		
6.	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 the school is maintaining a fixed assets register, but not in the prescribed format. The school is in the process of making FAR with recommended changes from FY 2018-2019. 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.	The school has started compiling Fixed Assets Register in the prescribed format and same shall be available during Financial Year 2018-19.	During discussion, school has submitted that it has started preparing the fixed assets register. School was asked to submit the soft copy of the same but it failed to produce any records. Thus, it cannot be verified whether the fixed assets register have been prepared by the school in the prescribed format. School is once again directed to prepare the fixed assets register in the prescribed format and make it available for verification at the time of evaluation of next year fee hike proposal.
7.	As per Rule 180(1) of DSER, 1973, the school is required to file annual return wherein the school is required to furnish among other documents, pattern of concession/ scholarship, etc. However, the school has not furnished details regarding budget estimates of receipts and payments, pattern of concessions, and statement showing dates of disbursement of salaries for FY 2016-2017. The school did not submit this information during the process of evaluation of fee hike proposal for FY 2017-2018. During the personal hearing, it was mentioned that the school will ensure all documents required to be enclosed along with the return as per Rule 180 will be furnished. Hence, the school should ensure that it complies with the requirements and submit the	School had submitted Annual Return for FY 2016-2017 along with relevant documents vide its letter no. DLDAVMS/2016-2017/PPS-557 dated 13.11.2017 received by your office on 15.11.2017. Copy of the acknowledgement is enclosed herewith.	School submission is taken on record.

S. No.	Observations noted in the previous Order	School's Submission	Remarks
	documentation as required under Appendix II of the DSER, 1973. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.		

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 FY 2018-19 amounting to Rs. **49,55,99,529** out of which cash outflow in the FY 2018-19 is estimated to be Rs. **32,22,26,229.** This results in net surplus amounting to Rs. **17,33,73,300** for FY 2018-19 after all payments. The details of fund position are as follows:

(Amount in Rs.)

Particulars	Amount
Cash and Bank balances as on 31.03.18 (as per audited Financial Statements of FY 2017-18)	1,13,06,719
Investments (Fixed Deposits) as on 31.03.18 (as per audited Financial Statements of FY 2017-18)	11,15,80,247
Current Account Balance with DAV CMC as on 31.03.2018 (as per audited Financial Statements of FY 2017-18)	48,48,993
Current Account Balance with Schools/ Colleges as on 31.03.2018 (as per audited Financial Statements of FY 2017-18)	5,77,06,724
Add: Capital fund/ Reserve fund of schools/ colleges with DAV CMC in the books of Schools/ Colleges (as per audited financial statements of FY 2018-19)	96,37,932
Add: Recovery of additions to building reflected in financial statement for FY 2014-15 from the Society (as per Order no. FDE15(674) PSB/2019/30853-57 dated 24.12.2018)	6,25,904
Add: Loan given by School to Other DAV Institutions (Other than DAV CMC) **(as per financial discrepancies 1 mentioned above)**	10,00,000
Add: Recovery of amount spent for building in FY 2017-18 to be recovered from the Society (except incurred for Rainwater Harvesting)	41,76,854
Add: Recovery of excess administration charges from DAV CMC (for FY 2017-18 and 2018-19) **(Refer Note 1 below)**	91,95,051
Less: Development Fund **(as per audited financial statements for FY 2017-18)**	2,69,07,887
Less: Fixed Deposits in the joint name of Secretary, CBSE and Manger, School as on 31.03.2018 (as per School's submission)	12,30,430
Less: Fixed Deposits against Scholarship fund (as per school's submission)	25,110
Less: Caution Money as on 31.03.2018 (as per audited financial statements of FY 2017-18)	35,00,000
Less: Refund of excess fee collected by the school during FY 2016-17 adjusted in FY 2017-18 (as per School's submission)	23,58,083
Available funds	**17,60,56,914**
Fees for 2018-19 as per audited Financial Statements	29,30,15,534
Other income for 2018-19 as per audited Financial Statements	2,65,27,080

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Particulars	Amount
Estimated availability of funds for 2018-19	**49,55,99,529**
Total cash outflow (Revenue Expenditure + Capital Expenditure - Depreciation) (Refer Note 2 & 3 below)	32,22,26,229
Cash Surplus/(Deficit)	**17,33,73,300**

Note 1: As per order for session for FY 2017-18, school was directed not to charge more than 2% of basic salary as administrative charges. However, school has charged administrative charges @7% of basic pay for FY 2017-18 and 2018-19 and accordingly, school is directed to recover the excess administrative charges paid. The details are as follows:

(Amount in Rs.)

Particulars	**2017-18**	**2018-19**
Basic Pay	6,00,26,175	15,16,29,206
Grade Pay	99,92,295	-
Total	**7,00,18,470**	**15,16,29,206**
Applied Rate	7%	7%
Administrative charges (as per applied rate) (A)	49,01,293	1,06,14,044
VII arrear Apr17 to Jun17 (School submission)	3,50,054	-
VII arrear Jul17 to feb18 (School submission)	9,83,370	12,71,278
Total Administrative charges (charged)	62,34,717	1,18,85,322
Allowable rate	2%	2%
Administrative charges (as per allowable rate) (B)	14,00,369	30,32,584
Difference (A-B)	48,34,348	88,52,738
Less: Administrative charges payable (as per audited financial statements)	13,33,424	31,58,611
Balance recoverable from Society	**35,00,924**	**56,94,127**

Note 2: As per financial observation no. 3, the school has not deposited any amount to LIC or similar agency towards gratuity and leave encashment despite being instructed several times by the department. Therefore, the amount provided by school for gratuity and leave encashment amounting Rs. 1,10,25,378 and Rs. 47,25,272 respectively for FY 2018-19 has not been considered though the pay-out to retiring employees towards gratuity and leave encashment amounting Rs. 61,59,467 and Rs. 12,55,067 respectively have been considered.

Note 3: As per audited financial statements for FY 2018-19, the school has incurred capital expenditure for construction of building for Rs. 22,13,725 in contravention of Clause 2 of Public Notice dated 04.05.1997 and the orders issued by DOE from time to time. Accordingly, the same has not been considered in the cash outflow for the year.

ii. The School has sufficient funds to carry on the operation of the School for the academic session 2019-20 on the existing fees structure. In this regard, Directorate of Education has already issued directions to the Schools vide order dated 16/04/2010 that, *"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."*

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 and other irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2018-19. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting financial implication for the academic session 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2018-2019.

Accordingly, it is hereby conveyed that the proposal of fee increase for academic session 2018-19 of **Darbari Lal DAV Model School, ND – Block, Pitampura, New Delhi – 110088 (School Id: 1411228)** 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 in pursuance to the proposal submitted by school on any account for the academic session 2018-19. In case, the school has already charged increased fee during FY 2018-2019, 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 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 all the financial and other irregularities/violations as listed above and submit the compliance report within 30 days to the 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. 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 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
Darbari Lal DAV Model School (School Id: 1411228),
ND – Block, Pitampura, New Delhi – 110088

No. F.DE.15 (22)/PSB/2020/ 1665-1670 Dated: 20/02/2020

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 Addl. 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