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

No. F.DE.15(216)/PSB/2021/ 3657-3662 Dated: 17/09/21

ORDER

WHEREAS, every school is required to file a 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 in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as ***'the Rules'***). Such estimate will also provision for donation, gratuity, reserve fund and other items under rule 177(2) and savings thereafter, if any, in terms of the proviso to the rule 177(1).

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 to 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 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 has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Director 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 Jan 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.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27 Mar 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 of DoE for increase in fee for the session 2018-2019 and 2019-2020.

AND WHEREAS in response to this directorate's circular dated 27 Mar 2019 referred to above, **Himalaya Public Sr. Sec School (ID-1413207), Rohini, New Delhi** submitted its proposal for enhancement of fee for the academic session 2018-2019 in the prescribed format.

AND WHEREAS, in the process of examination of fee hike proposal filed **Himalaya Public Sr. Sec School (ID-1413207), Rohini, New Delhi** for the academic session 2018-2019, necessary records and explanations were called from the school through email. Further, school was also provided an opportunity of being heard on 9 Dec 2019 at 9:30 AM to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted.

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

A. Financial Discrepancies

1. As per direction no. 2 included in the Public Notice dated 4 May 1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30 Oct 1998 in the case of Delhi Abibhavak Mahasangh

concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*"

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

Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 states "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining 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.*"

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 except in compliance with Rule 177 of DSER, 1973.

The audited financial statements of the school for the FY 2015-2016, FY 2016-2017, FY 2017-2018 and FY 2018-2019 revealed that the school incurred capital expenditure on addition/ construction of school building of INR 84,300, INR 5,99,505, INR 34,81,184 and INR 10,14,821 respectively out of development fund. This amount spent by the school on building by mis utilising development fund totalling to INR 51,79,810 in the aforementioned financial years was not in accordance with the clause 14 of order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 cited above, as development fund could be utilized only for purchase, up gradation and replacement of furniture, fixtures and equipment.

While school utilised development fund for addition to building, which is not an allowed usage of development fund; even otherwise, the school incurred this capital expenditure without complying with the requirements of Rule 177. Based on the fact that the school did not even implement the recommendations of 7th CPC and did not get its liability towards retirement benefits (gratuity and leave encashment) of staff valued from an actuary in accordance with the requirements of Accounting Standard 15, the school did not comply with the requirements of Rule 177 (1) i.e. "*Income derived by an unaided utilized school by way of fees shall be utilized in the first instance, for meeting the pay, allowances, and other benefits admissible to the employees of the school*".

Therefore, the amount of INR 51,79,810 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

2. Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity*

that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date." Further, according to para 7.14 of the Accounting Standard 15, "*Plan assets comprise:*

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

From the financial statements of the FY 2018-2019, it was noted that the school has created a provision of INR 1,74,71,058, however the same was based on management estimates and has not obtained actuarial valuation against the same. Further, the school has failed to create any provision towards its liability in respect of leave encashment in its books of account.

Since the provision created by the school is not backed by actuarial valuation report and no investments have been made by the school in plan assets, therefore liability determined by the school has not been considered while deriving the fund position of the school (enclosed in the later part of this order).

Further, the school is directed to obtain actuarial valuation for its liability towards retirement benefits and deposit the amount of liability arrived by the actuary in investments that qualify as plan assets (such as group gratuity and group leave encashment policies of LIC or other insurers) as per Accounting Standard 15 within 30 days from the date of this order to protect statutory liabilities towards school staff.

3. The positions of 'Chairman' and 'Vice chairperson' are not prescribed posts in the Recruitment Rules. Further, they are the staff of the society. Accordingly, the Chairman and Vice-chairperson are not entitled to any payment whatsoever from the school funds. However, from the records submitted by the school and taken on record, it was noted that the school has paid honorarium/salary to the Chairman and Vice-chairperson @ INR 18,00,000 each during FY 2015-2016, FY 2016-2017 and FY 2017-2018 and INR 24,00,000 each during FY 2018-2019. The school mentioned that honorarium is paid to the chairman and Vice chairperson for their visit to attend meetings and for overseeing day to day functioning of the school.

   Accordingly, the amount totalling to INR 1,56,00,000 (INR 78,00,000 to chairman and INR 78,00,000 to vice chairperson) 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 with the direction to the school to recover this amount from the Society within 30 days from the date of this order. Further, the school is directed not to pay any remuneration/ honorarium/ allowance to the chairman or vice chairperson.

4. 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….. capital expenditure/investments have to come from savings.*"

   During review of financial statements of the school for FY 2016-2017, it was noted that the school had purchased 2 buses from school funds amounting to INR 41,27,200.

While the school is not following fund based accounting and has not created fund account against transport service provided to students by the school, the income and expense towards transport service from the audited financial statements of the school for FY 2015-2016 to FY 2018-2019 were evaluated and it was noted that the school was charging transport fee, which was not even adequate to cover revenue (operating) expenses for providing the transport service to students. Estimated calculation of deficit based on documents and information on record, is enclosed below:

Particulars	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
Income				
Transport Fees (A)	75,75,795	79,47,200	91,58,445	93,57,138
Expenses				
Bus Insurance	5,18,951	7,57,980	9,72,443	8,42,335
CNG Expenses	12,38,106	10,34,843	17,50,154	16,50,000
R&M-CCTV		-	63,880	-
Salary of Drivers	44,15,993^	44,15,993^	51,63,682	1,04,67,753*
Repair & Maintenance	17,86,670	40,97,572	13,34,571	12,09,230
Total Expenses (B)	**79,59,720**	**1,03,06,388**	**92,84,730**	**1,41,69,318**
Deficit	**(3,83,925)**	**(23,59,188)**	**(1,26,285)**	**(48,12,180)**

^ The school did not provide complete details of salary of drivers and helpers engaged in transport facility for FY 2015-2016 and FY 2016-2017. Thus, the salary expense was estimated based on details of salary for the month of April 2016 (multiplying April's salary with 12 months).

* During FY 2018-2019, school clubbed the expenditure of housekeeping expenses and security staff in the ledger maintained for salary of drivers. However, the school did not segregate salary of drivers and conductors involved in transport facility. In absence of details, total expenditure of INR 1,04,67,753 (including salary of housekeeping and security staff) is included in table above.

The school explained that the buses were purchased to meet the transport needs of the students. Thus, it has been observed that the school has purchased buses for provision of transport facility despite there being deficit from operation of transport facility and has submitted proposal for increase of fee from students that translates to constituting capital expenditure as component of the fee structure of school and hence non-compliance. Earmarked levies in the form of transport fee are to be charged on no-profit no-loss basis and the school was not able to recover the cost of buses from the transport fee collected from students indicating that the school has shifted the burden of capital cost of buses to all students of the school, who are not even availing the transport service.

Accordingly, the amount spent by the school on purchase of buses of INR 41,27,200 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. The school is further directed to ensure that transport vehicles are procured only from the transport fund and not from school funds unless savings are derived in accordance with Rule 177.

5. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining 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."*

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.*"

Further, Para 102 of the aforementioned Guidance Note states "*In respect of funds, schools should disclose the following in the schedules/notes to accounts: (a) In respect of each major fund, opening balance, additions during the period, deductions/utilisation during the period and balance at the end;*
(b) Assets, such as investments, and liabilities belonging to each fund separately;
(c) Restrictions, if any, on the utilisation of each fund balance;
(d) Restrictions, if any, on the utilisation of specific assets."

The school has mis-utilized development fund for the construction of school building, payment of salary to teachers, professional charges, e-learning expenses, insurance, school function, photocopy, etc., which is in contravention of the above-mentioned provisions since development fund can be utilized only towards purchase, upgradation and replacement of furniture, fixture and equipment. The utilisation of development fund as indicated in the audited financial statements of the school is as follows:

Particulars	**FY 2016-2017**	**FY 2017-2018**	**FY 2018-2019**
Adhoc Teachers	18,41,800	23,84,169	18,39,506
Drinking Water	5,77,000	-	-
Equipment	1,91,125	19,05,054	29,22,294
Upgradation of Furniture	5,04,430	30,43,512	30,51,263
Bank Charges	1,053	-	-
Building	68,91,148	34,81,184	-
Recreational Equipment	4,37,000	6,44,829	-
Function Expenses	1,15,200	-	-
Photocopy	6,000	-	-
Library Books	1,46,467	-	-
E-learning Expenses	7,1600	-	-
Professional Charges	40,000	-	-
Insurance	13,394	-	-
Total Expenses	**1,08,36,217**	**1,14,58,748**	**78,13,063**

Further, basis the presentation made in the audited financial statements for FY 2018-2019 submitted by the school, it was noted that the amount equivalent to the utilization of development fund during the year was transferred from development fund to general fund instead of the accounting treatment as indicated in the guidance note cited above. Thus, the school has not done the accounting and reporting of development fund, depreciation and depreciation reserve in accordance with the requirements of Para 99 of Guidance Note 21.

Also, the school has enclosed a consolidated fixed assets schedule giving details of all fixed assets carried over by the school in its audited financial statement for FY 2018-2019 and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general/capital reserve.

The school is directed to follow DOE's instructions regarding development fund and depreciation reserve and ensure that development fund is utilised only towards purchase of furniture, fixture and equipment and depreciation reserve is maintained equivalent to the amount of depreciation charged in the revenue accounts. Also, the school should follow the accounting and disclosure requirements prescribed in Guidance Note 21. The school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/ fund, which has to be annexed with the audited financial statements along with the requisite disclosures as per the guidance note.

6. Directorate's order no. F.DE.15 (40)/PSB/2019/2698-2707 dated 27 Mar 2019 regarding fee increase proposals for FY 2018-2019 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.*"

   Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

   Further clause 21 of the aforesaid order states "*No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.*"

   Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

   Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

Sub-rule 3 of Rule 177 of DSER, 1973 states "*Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2).*" Further, Sub-rule 4 of the said rule states "*The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered.*"

Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. 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 Bus fees, Physical Education fee, Home Science fee, Computer Education fees, Activity fee, Abacus and Vedic Maths, Health Check-up, SMS charges and Science fees from students. However, the school has not maintained separate fund accounts for any of these earmarked levies separately 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) that has been met from other fees/income. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2017-2018 is given below:

Earmarked Fee	**Income (INR)**	**Expenses (INR)**	**Surplus/(Deficit) (INR)**
	A	**B**	**C=A-B**
Bus fees^	91,58,445	92,84,730	(1,26,285)
Physical Education fees	20,13,568	3,94,300	16,19,268
Home Science fees	2,46,409	-*	2,46,409
Science fees	11,01,360	89,530	10,11,830
Health Check Up	20,63,122	37,65,626	(17,02,504)
SMS Charges	16,25,320	-*	16,25,320
Abacus and Vedic Maths	10,41,877	6,05,916	4,35,961
Activity fees	35,75,190	29,77,419	5,97,771
Computer Education fees	6,11,000	6,42,813	(31,813)

^ The school did not apportion 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.

* Details of the expenses incurred against the earmarked levy not provided by the school.

Based on aforementioned, 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 SMS Charges and Health Check Up 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 SMS Charges and Health Check Up, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges, as applicable, collected from the students.

Further, from the audited financial statements of the school for FY 2018-2019, it was noted that the school has engaged in profiteering and commercialisation of education by way of introducing an additional fee in the name of 'Information Technology fee', charged compulsorily from the students of class IX and X. Based on the information submitted by the school, it collected an amount of INR 23,70,000 in the name of Information Technology fee during FY 2018-2019 and indicated an expense of INR 5,78,000 towards the same. The same also resulted in multi-fold surplus for the school.

Thus, levy of an additional fee in the guise of 'Information Technology fee', which is compulsorily charged from students is an indirect mean of inflating the fee collection from students and indicate profiteering motive of school and commercial of education.

Accordingly, the school is directed to immediately refund/adjust 'Information Technology fee' collected from students during FY 2018-2019 and thereafter and submit evidence of refund/adjustment to the Directorate within 30 days from the date of this order. Further, the school is directed not to levy any new fee/charge without approval from the Directorate.

Additionally, the school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount separately 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. The school is also directed not to collect any earmarked levy compulsorily from students and the same should be optional and at the discretion of the students.

7. On analysis of the financial statements of the school for FY 2015-2016 to FY 2018-2019, it was noted that there are wide variations in various fee heads reflected in the Income and

Expenditure accounts of different financial years for which the school failed to provide any explanation/reconciliation.

Fee Head	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
Admission Fees	53,200	47,500	81,400	31,200
SMS Charges	10,10,275	11,69,199	16,25,320	18,30,902
Annual Charges	68,27,692	67,25,432	86,81,301	76,19,872
Home Science Fee	1,19,280	1,12,035	2,46,409	2,76,436
Activity Fee	14,11,224	26,91,202	35,75,190	30,42,980

The school did not provide any clarification/explanation for such variations nor the school provided reconciliation of the fee based on number of students to substantiate that the fees charged students were not increased and the incomes recorded in the Income and Expenditure Accounts were appropriate. During personal hearing, the school explained that it did not increase any fee and provided the fee structure, which indicated that school did not increase fee during the aforementioned financial years.

However, adequate details/backup were not provided by the school to evaluate its representation. Further, the number of EWS students has increased over the years from whom the school is expected to provide free education, yet the fees against above cited heads increased especially during FY 2017-2018 towards which there is no appropriate rationale.

Due to lack of information/clarification and reasons for the increase in fee, the fee income reflected by the school could not be validated.

Therefore, the school is directed to provide reconciliation of the fee reported in the Income and Expenditure Account from FY 2015-2016 to FY 2018-2019 based on the number of students and fee structure of school along with its subsequent fee increase proposal.

B. Other Discrepancies

1. As per Order No. F.DE-15/ACT-I/WPC-4109/PART/13/7905-7913 dated 16 Apr 2016, *"The Director hereby specify that the format of the return and documents to be submitted by schools under rule 180 read with Appendix –II of Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute."*

   As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e. receipt and payment account, income and expenditure account and balance sheet along with notes to accounts of the preceding year duly audited by a Chartered Accountant by 31st July.

   The school does not prepare Receipt and Payment Account and did not enclose the same as part of the audited financial statements for any of the financial years (FY 2015-2016 to FY 2018-2019). Further, the school failed to prepare the notes to accounts and submit the same along with the final accounts. Accordingly, the financial statements of the school are incomplete in this regard.

Further, the auditor had signed the audit report and financial accounts of FY 2016-2017, FY 2017-2018 and FY 2018-2019 on 12 Aug 2017, 6 Aug 2018 and 23 Sep 2019 respectively. Thus, the school did not comply with the requirement of submission of audited final accounts in accordance with the timeline prescribed in Rule 180(1).

The school is hereby directed to ensure that Receipt and Payment Account as per the prescribed format annexed with the aforementioned order of the Directorate must be prepared for each financial year, which must be audited as part of the annual final accounts and should be submitted to the Directorate as part of complete set of audited financial statements within the prescribed timeline.

2. Para 58(i) of the Guidance Note states "*A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note.*"

   From the financial statements of FY 2016-2017 to FY 2018-2019, it was noted that the school did not charge depreciation at the rates specified in Appendix I to the Guidance Note.

   The school is directed to adopt the depreciation rates as prescribed by the Guidance Note. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

3. 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.*"

   As per clause 1 of Order No. DE./15(150)/Act/2010/ 4854-69 dated 9 Sep 2010, "*Caution money/ security deposit shall not be charged/ collected beyond INR 500 (Rupees five hundred only) per student.*"

   Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

   Further, Clause 4 Order no .DE/15(150)/Act/2010/4854-69 dated 9 Sep 2010 states "*After the expiry of thirty days, the un-refunded caution money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further the income shall also be taken into account while projecting fee structure for ensuing academic year*"

As per the details submitted by the school, it is collecting caution money from students @ INR 1,000, which is not in accordance with the abovementioned provisions as per which the school can collect INR 500 as caution money. Also, the school is not refunding caution money along with interest to students. Further, while discussing with the school during personal hearing, it was mentioned by the school that no communication has been sent to ex-students for collection of their caution money and thus, the school has not made any adjustment towards unclaimed caution money.

Therefore, the school is directed to refund the amount of excessive caution money collected from students within 30 days from the date of this order and ensure that it does not collect caution money more than INR 500 from students. Further, the school is directed to communicate with ex-students to collect caution money together with interest thereon and any unclaimed amount after 30 days of such communication should be treated as income by the school in its books of account. The school is also instructed to refund interest amount along with caution money to students in accordance with the directions included in aforementioned orders.

Accordingly, on account of above, entire balance of caution money reported in the audited financial statements of the schools has been adjusted while deriving the fund position of the school (enclosed in the later part of this order).

4. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school, it shall ensure that percentage of freeship from the tuition fees, as laid down under rules by the Delhi Admn. from time to time, is strictly complied. The school shall ensure admission to the students belonging to weaker sections to the extent of 25% and grant freeship to them.

   From the breakup of students provided by the school, it had admitted students under Economically Weaker Section (EWS) Category as under:

Particulars	FY 2017-2018	FY 2018-2019
Total No. of Students	2,092	2,019
No. of EWS Students	268	298
% of EWS students to Total Students	12.81%	14.76%

   While the school in its response mentioned that it takes admission under EWS category on the basis of list of admissions provided by the Directorate, it has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Delhi Development Authority.

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 2018-2019 amounting to INR 15,88,56,468 out of which cash outflow in the year 2018-2019 is estimated to be INR 10,54,77,363. This results in net surplus of INR 5,33,79,104. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 Mar 2018 (as per audited financial statements of FY 2017-2018)	1,21,54,307
Investments (Fixed Deposits) as on 31 Mar 2018 (as per audited financial statements of FY 2017-2018)	2,19,02,696
Total Liquid Funds Available with the School as on 31 Mar 2018	**3,40,57,003**
Add: Fees/Incomes for FY 2018-2019 (as per audited financial statements of FY 2018-2019) [Refer Note 1]	10,63,63,282
Add: Amount recoverable from Society towards construction of building [Refer Financial Discrepancy No. 1]	51,79,810
Add: Amount recoverable from Society towards Honorarium/ salary of Chairman and Vice Chairperson for FY 2015-2016 to FY 2018-2019 [Financial Discrepancy No. 3]	1,56,00,000
Add: Amount recoverable from Society towards purchase of Vehicles [Refer Financial Discrepancy No. 4]	41,27,200
Gross Estimated Available Funds for FY 2018-2019	**16,53,27,296**
Less: FDR against Specific liabilities (with DOE) (as per audited financial statements of FY 2018-2019)	1,51,937
Less: Staff retirement benefits [Refer Financial Discrepancy No. 2]	-
Less: Refund/Adjustment of Information Technology fee collected from students during FY 2018-2019 [Refer Financial Discrepancy No. 5]	23,70,000
Less: Development Fund balance as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	15,72,766
Less: Caution Money (as per audited financial statements for FY 2017-2018) [Refer Other Discrepancy No. 2]	23,76,125
Net Estimated Available Funds for FY 2018-2019	**15,88,56,468**
Less: Expenses for FY 2018-2019 (As per audited financial statements for FY 2018-2019) [Refer Note 1]	10,54,77,363
Estimated Surplus as on 31 Mar 2019	**5,33,79,104**

Notes:

1. The school submitted its audited financial statements for FY 2018-2019. Based on the audited financial statements for FY 2018-2019, all incomes and expenses (after making following adjustments) have been considered:

Expense Head	Amount (Actual)	Amount (Allowed)	Amount (Disallowed)	Remarks
Depreciation	1,12,19,605	-	1,12,19,605	Depreciation, being a non-cash expense does not have any impact on the fund position of the school.

In view of the above examination, it is evident that the school has adequate funds for meeting all the budgeted expenses for the financial year 2018-2019.

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 2018-2019 on the basis of existing fees structure and after considering existing funds/reserves.

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, certain financial irregularities that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings were also noted (appropriate instructions against which have been given in this order), the funds available with the school to carry out its operations for the academic session 2018-2019 and payment of salaries as per the recommendations of 7th CPC are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

And whereas, the 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 payment of salaries as per the recommendations of 7th CPC and meeting the expenses for the financial year 2018-2019. Since the school has accumulated surplus funds, increasing fee from students would result in profiteering and commercialisation of education. Therefore, Director (Education) rejects the proposal submitted by the school for enhancement of fee for the academic session 2018-2019.

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for session 2018-2019 of **Himalaya Public Sr. Sec School (ID-1413207), Rohini, New Delhi** has been rejected by the Director of Education. Further, the management of said school is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

1. Not to increase any fee/charges during FY 2018-2019. 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 with the parents through its website, notice board and circular about rejection of fee increase proposal of the school by the Directorate of Education.

3. To ensure that salaries and benefits are paid to the staff in accordance with section 10(1) of DSEA, 1973 and Directorate's order dated 25 Aug 2017.

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 India 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. 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).

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 Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education,
GNCT of Delhi

To:
The Manager/ HoS
Himalaya Public Sr. Sec School
School ID-1413207,
Rohini, New Delhi-110085
No. F.DE.15(216)/PSB/2021/ 3657 - 3662　　Dated: 17/09/21

Copy to:
1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West-B) to ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

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