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

No. F.DE.15 (484)/PSB/2022/ 2684-2688 **Dated: 10/05/22**

ORDER

WHEREAS, **Adarsh Vidya Bhawan Public School (School ID-1002283), I.P. Extn. Patparganj, Delhi-110092,** (hereinafter referred to as **"the School"**), run by the **Adarsh Vidya Sansthan Society (Regd.)** (hereinafter referred to as the "**Society**"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (**hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act & Rules, 1973 (**hereinafter referred to as "DSEAR, 1973"**). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND 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 DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 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 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 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 DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order no. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit 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 the DOE, the **Adarsh Vidya Bhawan Public School (School ID-1002283), I.P. Extn. Patparganj, Delhi-110092,** submitted the proposal for fee increase for the academic session **2019-20**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

AND WHEREAS, in order to examine that the proposals submitted by the schools for fee increase for justifiability or not, the DoE 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 DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2019-20, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 25 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. F.DE. 15(265)/PSB/2019/1375-1379 dated 29/03/2019 issued for academic session 2017-18 were also discussed and school submission were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increased together with subsequent documents/clarification submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school the key observations and status of compliance against order no FDE 15(265)/PSB/2019/1375-1379 dated 29/03/2019 issued for academic session 2017-18 are as under:

A. Financial Observations

1. As per Clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, 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."*

On review of the Financial Statement for the Financial Year 2017-18 and 2018-19, it has been noted that school has incurred INR. 15, 58,869 for construction of tennis court, splash pool and toilet out of development fund which is a part of building. Accordingly, the aforesaid expenditures incurred by the school on construction of tennis court, splash pool and toilet are in contravention of Clause 14 of Directorate's order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 because development fund can only be utilised only for purchase, up-gradation and replacement of Furniture, Fixture and equipment.

Further, as per clause 2 of the Public Notice dated 04.05.1997 "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 30.10.1998 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." 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 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.

Accordingly, based on the aforesaid provisions, 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 not from the school funds. Thus, school is directed to recover INR. 15,58,869 incurred by it for construction of tennis court etc. within 30 days from the date of issue of this order.

The similar observation was also noted in Order No. FDE 15(265)/PSB/2019/1375-1379 dated 29/03/2019 issued to school for the academic session 2017-18, wherein the school had incurred expenditure on construction of building, tennis court, splash pool and toilets out of school funds and had capitalised under building totalling to INR. 68,72,638 in FY 2014-15, 2015-16 and 2016-17 without comply the provision of Rule 177 of DSEAR,1973. Accordingly, the school was directed to recover this amount from the society which is still pending for recovery from the society. Therefore, INR. 68, 72,638 which was recoverable from the society as per the previous year's order has also been included in the calculation of available fund of the school. And once again the school is directed to recover this amount from the society immediately and submit the compliance report within 30 days from the date of issue of this order.

Further, as per the DOE order no. FDE 15(265)/PSB/2019/1375-1379 dated 29/03/2019 that the school was directed to implement the 7th CPC and ensure the payment of salary to the staff as per section 10(1) of the DSEA, 1973. However, during the personal hearing, the school explained that it has not yet implemented 7th CPC and explained that it does not have sufficient funds to pay salary to the staffs as per 7th CPC. However, on review of the financial statements of the school for last three financial years FY 2014-15, 2015-16, 2016-17) it is pertinent to note that the school has incurred INR. 6,872,638 on construction of building whereas the school was very much aware about the implementation of 7th CPC. This clearly indicates that the school has intentionally incurred this expenditure in order to get the fee hike from the Director of Education which could be avoided till the implementation of 7th CPC.

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

a. Assets held by a long-term employee benefit fund; and
b. Qualifying insurance policies.

Further, as per Para 57 of Accounting Standard 15- 'Employee Benefits' issued by the Institute of Chartered Accountants of India *"An enterprise should determine the present value of define 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.*

On review of the financial statement for the FYs 2017-18 and 2018-19 and as per documents submitted by the school, it has been noted that school has for the first time got actuarial valuation report towards employee benefit (gratuity and leave encashment) in the financial year 2018-19 and created provisions in the financial statements. The value determined by the Actuary was INR.24, 498,376 towards gratuity and INR. 16,518,508 towards leave encashment while school has recorded INR. 22,927,901 toward gratuity and INR. 15,485,080 in the books of accounts. Thus, school has understated it liability towards gratuity and leave encashment in the financial statements. Against this the liability the school has earmarked investment of INR. 10,780,608 in Bank of India in the form of FD's. The investment made by the school in the form of FDR does not quality as plan assets in accordance with the provisions of AS-15 issued by the Institute of Chartered Accountant of India. Accordingly, total amount of total provisions along with the investment made in the form of FDR has been excluded in the calculation of available fund of the school. Further, the school is directed to comply with requirements of AS-15 relating to recognition of liability as determined by the actuary and make investment in planned assets and submit the proof of investment within 30 days from the date of issue of this order.

Further, the expenditure towards gratuity and leave encashment proposed in budget for the FY 2019-20 amounting to INR. 2,200,000 has also been excluded in the calculation of available fund of the school.

3. Rule 107 - ''Fixation of Pay' of the DSER, 1973 states:-

"(1) The initial pay of an employee, on the first appointment shall be fixed ordinarily at the minimum of the scale of pay. Provided that a higher initial pay, in the specified scale of pay may be given to a person by appointing authority.

(2) The pay of an employee on promotion to higher grade or post shall be determined by the same rules as are applicable to the employee of government school."

From the documents submitted (salary statement and service book) by the school, it has been noted that the school is paying salary to principal Rs, 2,38,00 per month (as per 6th CPC) which appear quite excessive as compared to salary paid to principal in government schools.

As per documents submitted by the school, the school has explained that fixation of pay is based on qualification, experience and skill set. It is not practically possible to consider government school's salaries as comparable benchmarks on account of subjectivity in the matters of experience, qualification and skill set. Further, section 10 of Delhi Education Act, 1973 stipulates that the scale of pay and allowance, medical facility, pension, gratuity and other prescribed benefits of the employees of recognised private school shall not be less than those of the employees of the corresponding status in the school run by the appropriate authority, hence the act itself provided only minimum pay which is required to be paid to staff and restricted to pay excess salary considering the qualification and experience of the staff.

It has been noted that school has not provide any documents to show that the special increments and increased grade pay given to the principal are in accordance with provision of DSEA& R, 1973 and Recruitment Rules. School failed to provide any details of the meeting held by the School Management Committee for approving the increments and grade pay to the Principal Accordingly, the submission made by the school cannot be considered.

Therefore, the school is directed to calculate the amount of excess salary and increments paid to the principal during FY 2014-15 to till date and recover the same from her within 30 days from the date of this order.

B. Other Observations

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

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

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

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

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

Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the aforementioned Guidance Note lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column).

On review of financial statement for the financial year 2017-18 and 2018-19, it has been noted that the school charge earmarked levies namely Digital Learning Fee, Transport Charges and Activity fees from the students and school has maintained fund based accounting for transport charges and Digital learning fund however it has not maintained fund based accounting for Activity fee. School has been generating surplus in earmarked levies namely Transportation fee and Activity fee and incurred deficit in Digital Learning fee. Accordingly, calculation and collection of earmarked levies was not in accordance with the Para 22 of order dated

11.02.2009. The details of surplus/deficit of earmarked levies during FY 2017-18 and 2018-19 are as under.

Particulars	Activity Charges	Digital Learning Fee	Transportation Charge
For the year 2017-18			
Fee Collected during the year (A)	2,252,000	1,743,300	7,293,065
Expenses during the year (B)	1,334,141	2,063,000	6,821,163
Difference for the year (A-B)	**917,859**	**(319,700)**	**471,902**
For the year 2018-19			
Fee Collected during the year (A)	2,016,984	1,861,900	7,348,760
Expenses during the year (B)	1,484,155	1,947,000	7,263,660
Difference for the year (A-B)	**532,829**	**(85,100)**	**85,100**
Total (Surplus/ Deficit)	**1,450,688**	**(404,800)**	**557,002**

In view of the above, the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students of the school, a separate charge cannot be levied towards this services by the school as the same would be covered either from tuition fee (expenses on curricular fee) or annual charges (expenses other than those covered under tuition fee) and as per Section 13 of RTE Act, 2009, the school should not charge capitation fee from the students at the time of admission. Accordingly charging of one-time fees (activity charge) of INR. 12,000 from all students at the time of admission loses its character of earmarked levies. Thus, the school is directed not to charge such fee as earmarked levies with immediate effect and the expenditure of the earmarked levies should be mitigated either through tuition fee or annual charges.

Therefore, the school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy. 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 and collected on no-profit no-loss basis. The school is also directed not to include fee collected from all students as earmarked levies and stop collecting one-time fee from students at the time of admission with immediate effect.

The act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

2. Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the

concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."

As per Para 67 of Guidance Note 21 on Accounting by School "The financial statements should disclose, inter-alia, the historical cost of Fixed Assets".

As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 "The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the 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."

Further, 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."

On review of the financial statement for the Financial Year 2018-19, it has been noted that fixed assets purchased out of General fund has presented on Written Down Value which is contravention of the aforementioned provision. The Similar observation was also noted in order no. FDE 15(265)/PSB/2019/1375-1379 dated 29/03/2019 issued for the academic session 2017-18.

As per the reply submitted by the school, school has accepted to rectify these observations and thus, school submission has been taken on records and the same shall be examined at the time of evaluation of fee proposal of the next academic session.

3. In order No. FDE 15(265)/PSB/2019/1375-1379 dated 29/03/2019 issued for the academic session 2017-18, school was directed to maintain the fixed assets register which should 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 hearing, the school has submitted sample copy of Fixed Assets Register which has not been modified as per the direction issued by the Department. Therefore, 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.

4. In order No. FDE 15(265)/PSB/2019/1375-1379 dated 29/03/2019 issued for the academic session 2017-18, school was directed to caution while submitting details with the Directorate and ensure that the same shall not be repeated in the subsequent proposal. During the hearing, School was asked to present the documents to verify the fact however school failed to produce any documents in compliance. School is once again directed to submit the documents which would be available for verification at the time of evaluation of subsequent fee hike proposal.

5. As per Form 2 of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain the liquidity in the form of investment for 3 months' salary and this

amount should be invested in joint name of Dy. Director (Education) and manager of the school.

On the basis of aforementioned provision and as per review of Financial Statement for the Financial Year 2018-19, School has neither created Salary reserve in its Financial Statement nor invested the same in the joint name of Dy. Director and Manager of School.

Therefore, school is directed to make a reserve in equivalent amount of 3 months' salary of every Financial Year and create corresponding amount of Salary Reserve in the Form of Fixed Deposit in the Joint Name of Dy. Director (Education) and Manager of School.

6. According to the Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, In exercise of the powers confirmed by Clause (xviii) of Rule 50 and Rule 180 of the Delhi School Education Rules, 1973, the Director specified that the format of return and documents to be submitted by schools under Rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountant of India, established under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note on Accounting by the Schools (2005).

As per the documents submitted by the School, it has been noted that the format of Receipt and Payment for the Financial Year 2017-18 and 2018-19 is not in accordance with the Appendix-II.

Therefore, school is directed to prepare Receipt and Payment Accounts in accordance with the Appendix-II of the Directorate of Education order dated 16.04.2016.

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 fund available for the FY 2019-2020 amounting to INR. **6,93,08,841** out of which cash outflow in the FY 2019-2020 is estimated to be INR. **7,83,14,965**. This results in net deficit amounting to INR. **90,06,125** for FY 2019-2020 after all payments. The details of fund position are as follows:

Particulars	**Amount (in INR.)**
Cash and Bank balances as on 31.03.19 as per Audited Financial Statement **(As per Audited Financial Statement for the Financial Year 2018-19)**	626,160
Investments as on 31.03.19 as per Audited Financial Statements **(As per Audited Financial Statement for the Financial Year 2018-19)**	21,895,645
Less: Loan against FDR as on 31 March 2019 **(as per audited financial statements of FY 2018-2019)**	(3,108,502)
Add: Advance paid to Supplier **(Refer Note 1 below)**	75,000
Add: Building Construction Cost **(Refer Financial Observation No. 1)**	84,31,507
Add Increase in Tuition fees @ 15% as allowed to the school from Financial Year 2019-20 **(Refer Note 2 below)**	7,767,869
Less: FDR in name Joint name of Dy. Director of Education and Manager of school **(Refer point 3 below)**	240,162
Less: Development Fund **(Refer Point 4 below)**	68,05,307

Less: Arrears of salary as per 7th CPC for Jan 2016 to Mar 2018 **(Refer previous order for the academic session 2017-18)**	18,472,538
Less: Arrears of salary as per 7th CPC for Apr 2018 to Mar 2019 **(Refer previous order for the academic session 2018-19)**	10,445,017
Less: Arrears of salary as per 7th CPC for Apr 2019 to Mar 2020 **(Refer Note 5 below)**	11,489,519
Total Funds for FY 2018-19	**(1,17,64,863)**
Add: Fees for FY 2018-19 as per audited Financial Statements (we have assumed that the amount received in FY 2018-19 will at least accrue in FY 2019-20) **(Refer Note 6 below)**	78,219,610
Add: Other income for FY 2018-19 as per audited Financial Statements (we have assumed that the amount received in FY 2018-19 will at least accrue in FY 2019-20) **(Refer Note 6 below)**	2,854,094
Estimated Available Funds for FY 2019-20	**6,93,08,841**
Less: Budgeted expenses for the session 2019-20 **(Refer Note 7 below and Financial Observation No. 2)**	**7,83,14,965**
Estimated Deficit	**90,06,125**

Note 1: Advance recoverable: During personal hearing with the school, it has been noted that INR. 75,000 recoverable from M/s Prakariti Enterprises which was paid in FY 2017-18 for some digging work in relation to rain water harvesting plant. However, this amount is still appearing as advance paid to supplier in the FY 2018-19. As this amount is recoverable since Financial Year 2017-18, therefore, it has been included in the calculation of fund availability of the school with the direction to recover the same from either supplier or from Society.

Note 2: As per order no. F.DE. 15(265)/PSB/2019/1375-1379 dated 29/03/2019, the school was allowed to increase the fee by 15% with effect from 1 April 2019. Accordingly, it is estimated that the incremental income of INR. 7,767,869 (15% tuition fee has been calculated on the basis of Tuition income, amounting INR. 51,785,795 reflected in Audited Financial Statement for the Financial Year 2018-19) will accrue to the school and therefore, the same has been considered as fund available with the school. Accordingly, it is estimated that the incremental income of INR. 5,178,580 (10% tuition fee has been calculated on the basis of Tuition income, amounting INR. 51,785,795 reflected in Audited Financial Statements for the Financial Year 2018-19) will accrue to the school and therefore, the same has been considered as fund available with the school.

Note 3: Fixed Deposit made in the joint name of Dy. Director of Education with Manager of the School has been excluded from calculation of fund availability of the school.

Note 4: The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, up-gradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16 April 2010 states "All schools must, first of all, explore and exhaust the possibility of utilizing 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 utilized for years together may also be used to meet the shortfall before proposing a fee increase." Over the number of years, the school has accumulated development fund and has reflected the closing balance of INR. 1,08,74,875 in its audited financial statements of Financial Year 2018-19. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, up-gradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school. However, development fund equivalent to amount collected during financial year 2018-19 for INR. 68,05,307 has been left with the school to meet its future requirements.

Note 5: Liability in respect of 7th CPC Salary Arrears has been considered in the calculation of fund availability of the School with the direction to the school to pay the arrear of salary to the staff immediately. Also, school is directed to ensure that all liabilities of the school are recorded in the Financial Statements.

Note 6: For calculation of fund availability, all income as per the audited financial statement of Financial Year 2018-19 has been considered except deferred income of Development Fund utilization account transferred to the Income and Expenditure Account, amounting INR. 60,27,251 which is a non-cash income.

Note 7: As per the Budgeted Receipt and Payment Account for FY 2019-2020 submitted by the school along with proposal for fee increase, under the following head, school has proposed higher expenditure as compared to the actual expenditure incurred in the previous financial year 2018-19. For which the school has not provided any satisfactory explanation or justification for such unusual increase in these expenditures. Therefore, this expenditure has been restricted to 110% of the actual expenditure incurred in the FY 2018-19. Therefore, the following expenses have been adjusted while deriving the fund position of the school for FY 2019-20:

(Figures in INR.)

Particulars	As per audited Income & expenditure account for FY 2018-19	As per Budgeted Statement for FY 2019-20	Increase/ (Decrease)	% Increase/ (Decrease)	Amount disallowed
Teaching Staff **(already factored in the salary arrears)**	4,16,31,425	5,17,50,710	1,01,19,285	24%	1,01,19,285
Non-teaching Staff **(already factored in salary arrears)**	75,73,445	91,21,640	15,48,195	20%	15,48,195
Provision for Gratuity **(Refer Financial observation no. 2)**	78,79,817	22,00,000	(56,79,817)	-72%	22,00,000
Arrears 7 CPC **(Considered Separately)**	-	1,14,89,518	1,14,89,518	100%	1,14,89,518

Security Charges	33,07,727	41,45,900	8,38,173	25%	5,07,400
Festival and Function	4,86,042	16,50,000	11,63,958	239%	11,15,354
Extra-Curricular activity	22,35,770	35,20,000	12,84,230	57%	10,60,653
Gardening Expenses	2,45,515	3,86,430	1,40,915	57%	1,16,364
Operation of pools	15,85,869	19,21,370	3,35,501	21%	1,76,914
Smart Class Expenses	19,47,000	23,37,280	3,90,280	20%	1,95,580
Total	**6,68,92,610**	**8,85,22,848**	**2,16,30,238**		**2,85,29,263**

Moreover, further, the school has estimated the capital expenditure amounting INR. 99,00,000 and has not provided the details of capital expenditure to be incurred. Accordingly, the same has not been considered while deriving the fund position of the school.

ii. The school does not have sufficient funds to carry on the operation of the school for the academic session 2019-20 at 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 along with certain financial and other observations, that the sufficient funds are not available with the school to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the school may be accepted.

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 funds are not available with the school for meeting financial implication for the academic session 2019-20.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a wide spread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears are not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee during the implementation of the 6th CPC. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 10% to be effective from 01 July 2022.

AND WHEREAS, the school is directed, henceforth to take necessary corrective steps on the financial and other observations noted during the above evaluation process and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for the academic session 2019-20 of **Adarsh Vidya Bhawan Public School (School ID-1002283), I.P. Extn. Patparganj, Delhi-110092** has been accepted by the Director (Education) and the school is allowed to increase the fee by 10% to be effective from 01 July 2022

1. To increase the fee only by the prescribed percentage from the specified date.

2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.

3. To utilize 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.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions 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
Adarsh Vidya Bhawan Public School (School ID-1002283),
P. Extn. Patparganj,
Delhi-110092
No. F.DE.15 (484)/PSB/2022 / 2684-2688

Dated: 10/05/22

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 (East) 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