

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

No. F.DE.15 (452)/PSB/2022/ 2295-2299

Dated: 27/04/22

ORDER

WHEREAS, Cambridge Foundation School (School ID- 1515114), Rajouri Garden Extension, New Delhi-110027, (hereinafter referred to as "the School"), run by the Cambridge Foundation Education Society (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 **Cambridge Foundation School (School ID- 1515114), Rajouri Garden Extension, New Delhi-110027**, 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 19.11.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, the school was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing compliances against order no. F.DE.15 (27) PSB/2019/1115-1119 dated 14.03.2019 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 the subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants and the key observations noted are as under:



A. Financial Observations

1. As per Section 18(4) of the DSEA, 1973 states "Income derived by unaided schools by way of fees shall be utilized only for such educational purposes as may be prescribed".

Whereas Rule 176 and Rule 177 of the DSER, 1973 states "*fees/funds collected from the parents/students shall be utilized strictly in accordance with the aforesaid rules*". Further, clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

On review of the financial statements of the FY 2018-19, it has noted that the school has incurred INR 20,70,500 for purchase of Car by taking loan of INR 19,00,000 from Kotak Mahindra Bank leaving the closing balance of INR 16,95,482 as on 31.03.2019. Since, this capital expenditure was incurred out the school funds without complying with the requirements of the aforesaid provisions. Thus, the net amount paid by the school out of school fund for purchase of Car INR 3,32,384 (i.e. INR 19,00,000 minus INR 16,95,482 plus INR 1,27,866 (interest)) has been included in the calculation of fund available with the school with the direction to the school to recover this amount from society/school management within 30 days from the date of issue of this order.

Further, the school has proposed INR 1,78,329 towards payment of interest on vehicle loan for the FY 2019-20 which has not been considered while deriving the fund position of the school.

2. As per AS-15 'Employee Benefit' issued by ICAI. "An entity should determine the present value of defined benefit obligations and their fair value of any plan asset so that the amounts recognised in the financial statement do not differ materially from the amounts that would be determined at the balance sheet date. r

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.*"

Further, as per Directorate's order no. F.DE.15(27) PSB/2019/1115-1119 dated 14.03.2019, the school was directed to make earmarked investments against provision for gratuity and leave encashment with LIC (or any other agency) within 30 days of the receipt of the said order and ensure that provisions for gratuity and leave encashment should be done based on Actuarial valuation.

Although, the school has obtained actuarial valuation report regarding its liability towards retirement benefits (gratuity and leave encashment) as on 31.03.2019, but the provisions towards retirement benefits made by the school in its financial statements as on 31.03.2019 were not in agreement with the actuarial valuation report. As the school has not reported total liability of retirement benefits in its audited financial statements in accordance with the actuary report. The details of the provision made by the school is as under:

Particulars	Gratuity	Leave Encashment	Total (in INR)
Liability determined by actuary as on 31 March 2019 (as per actuarial valuation report) [A]	4,03,31,196	1,79,77,147	5,83,08,343
Provision created by school as on 31 March 2019 (as per audited financial statements) [B]	3,88,72,229		3,88,72,229
Under Provisioning of liability as on 31 March 2019 [A-B]	1,94,36,114		1,94,36,114

During the personal hearing, the school submitted that it has fixed deposit of INR 2,04,64,588 as on 31.09.2029 with the banks which can be utilized for the payment of the above liabilities and when it occur. The investment in the form of FDRs with bank maintained by the school with respect retirement benefits does not qualify as 'Plan Assets' within the meaning of AS-15 issued by The Institute of Chartered Accountants of India. The school post personal hearing also submitted that it has invested INR 7,00,000 towards gratuity and INR 3,00,000 towards leave encashment with LIC at different dates in FY 2019-20 and has made actual payment of INR 66,05,985 for retirement benefits during the financial year 2018-19. As the school has partially complied with the direction given in the order dated 14.03.2019, therefore, an amount of INR 1,42,12,939 previously allowed to the school vide Directorate's order no. F.DE.15 (27) PSB/2019/1115-1119 dated 14.03.2019 has been considered while deriving the fund position of the school. The school is hereby directed to present separate provisions towards gratuity and leave encashment in the financial statements for better presentation of financial statements and recognise total liability as determined by the Actuary. The school is also directed to make investment of an amount equivalent to total liability determined by the actuary that qualify as 'Plan Assets' within 30 days from the date of issue of this order.

Further, the provision made by the school for FY 2019-20 of INR 2,45,28,350 has not been considered while deriving the fund position of the school.

- The Directorate vide its order no. F.DE.15(27) PSB/2019/1115-1119 dated 14.03.2019 , directed to the school to recover INR 62,64,000 paid to four vendors engaged for maintenance of 10 computers @ INR 43,500 per month to each of the vendor, which was found more than the actual cost of computer, if the school would have purchased its own computers. As per agreement provided by the school these vendors were engaged from July 2010. The details of the vendor to whom payment were being made is as under:

S. No.	Name of Contractor	Address	Rate per month per computer
1.	K.M Infotech	B12A/10B, Dhawal Giri Apartment, Sector 34, Noida, U.P	43,500
2.	A.V.M Computers	B-5/10B, Dhawal Giri Apartment, Sector 34, Noida, U.P	43,500
3.	A.K.S Infotech	Soniya Vihar, New Delhi	43,500
4.	K.R computers	1819, Quarters, Timarpur, Delhi	43,500

As per the audited financial statements of the school, the total cost of computers owned by the school as on 31.03.2015, 31.03.2016, 31.03.2017, 31.03.2018 and 31.03.2019 were INR

4,50,531, INR 13,09,361, INR15,94,703, INR 16,17,481 and INR 18,78,643 respectively, whereas payment to the four vendors combined together amounted to INR 20,88,000 during each of three financial years 2014-2015, FY 2015-2016, FY 2016-2017 and 2017-18 which was appearing excessive.

Additionally, the school did not provide invoices and evidence of service provision by the contractors. Reasonable justification for payment of such high cost of computer maintenance, similarity of address of two parties and service tax not charged by contractors could not be justified by the school. Thus, the genuineness of these transactions could not be validated. Post personal hearing the school submitted that "rental charges were being paid to the above-mentioned vendors. As these vendors own and maintains the computers and school had nothing to do with the maintenance and normal wear tear of the computer. The school further added that in addition to the initial agreement, it was further negotiated and agreed by the vendors to increase no. of computers from 10 to 25 at the same cost during the FY 2015-16. This was done to accommodate Educomp systems in the class rooms. It is also pertinent to note that total expenditure towards computer hire charges was INR 6,00,000 in FY 2018-19 against INR 20,88,000 incurred in each of the three financial years without doing substantial expenditure on purchase of computer. This clearly indicates that school funds were diverted in the name of compute hire charges.

The school further added that it has made new agreement with Educomp only for content without any hardware thereby total expenditure of smart class reduced to 12,61,245 in FY 2018-19 against the actual expenditure of INR 17,59,376 incurred in FY 2017-18.

In view of the above representation made by the school, it appears that the school fund is not being utilised for school purposes and there is clear indication that the school funds is being diverted in the name of computer hire chares, smart class expenses or in other name. Therefore, the Concerned DDE is directed to make investigation in the affairs of the school and submit the compliance report within 90 days from the date of issue of this order which shall be viewed at the time of evaluation of fee increase proposal of the subsequent year.

Accordingly, computer hire charges amounting to INR 83,52,000 paid by the school from FY 2014-15 to FY 2017-18 is tantamount as diversion of fund and is hereby added in the calculation of available fund of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

4. The 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 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Further, as per the Duggal Committee report, there are four categories of fee that can be charged by a school. The first category of fee comprised of "registration fee and all One Time Charges" levied at the time of admission such as admission fee and caution money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science and computer fee up to class X and examination fee. The third category of the fee should consist of "Annual Charges" to cover all expenditure not



included in the second category and the fourth category should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc.

Further, rule 177 of DSEAR 1973, "Income derived by an unaided recognised schools 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 managing committee for meeting capital or contingent expenditure of the school.....",

Also, Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 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's. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the income generated from the investment made out of this fund will be kept in a separately maintained Development Fund Account."*

On review of the audited Financial Statements of the school for the FY 2018-2019, it has been observed that the school collects only Tuition Fees and Transportation charges from the students and other heads of fees such as annual charges and development fees have not been charged by the school from the students. From the audited financial statements of the school and other submissions made by the school were taken on record and it has been observed that the school purchases various capital assets such as laptop, batteries/invertors, furniture & fixture, car etc. by utilising tuition fee, which is not in accordance with the abovementioned provisions. Capital assets cannot be purchased from tuition fees unless there is savings derived in accordance with Rule 177 of DSER, 1973. Therefore, the school is directed not to purchase capital assets without ensuring compliance of Rule 177. In case, the school needs resources for purchase, up gradation and replacement of furniture, fixtures and equipment, the school may propose development fee in its subsequent fee increase proposal to the Directorate for consideration. Further the capital expenditure amounting to INR 63,30,251 proposed by the school in the budgeted FY 2019-20 has not been considered while calculating the fund availability with the school.

B. Other Observations

1. Rule 176 of 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 is 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-21 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 and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

On review of the audited financial statements of the school, it has been noted that the school charges earmarked levy in the form of Transport Fees from students and does not maintain separate fund account for the same. The school has been incurring losses (deficit) on such earmarked levy which is being met from tuition fee. Thus, the school is not complying with above-mentioned provisions. The same observation also mentioned in DOE's order no. F. DE-15/ACT-I/WPC-4109/PART/13/969 dated 13.10.2017 issued for academic session 2016-17 and order no. F.DE.15 (27) PSB/2019/1115-1119 dated 14.03.2019 issued for academic session 2017-18. Details of calculation of deficit, based on breakup of expenditure provided by the school and reflected in the audited financial statements has been provided below.

Particulars*	Amount in INR
For the year 2015-16	
Fee Collected during the year (A)	25,04,719
Expenses during the year (B)	40,04,799
Difference for the year (A-B)	(15,00,080)
For the year 2016-17	
Fee Collected during the year (A)	23,32,201
Expenses during the year (B)	40,04,799
Difference for the year (A-B)	(16,72,598)
For the year 2017-18	
Fee Collected during the year (A)	19,42,626
Expenses during the year (B)	37,79,344
Difference for the year (A-B)	(18,36,718)
Total Deficit	(50,09,396)

*The school did not include salary cost of staff involved in providing transport service and has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above, 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.

The school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount of transport fee. 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 levy during subsequent proposal for enhancement of fee ensuring that the same is calculated on no-profit no-loss basis.

2. Clause No. 3 of the public notice dated 4.5.1997 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 INR500 per student in any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate."*

Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 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."*

During the personal hearing, the school mentioned that it has been refunding caution money without any interest thereon. Therefore, the school is directed to ensure compliance with the aforementioned directions including refund of caution money along with interest to exiting students and treat un-claimed caution money as income after the expiry of 30 days from the date of communication with ex-students to collect the same. Accordingly, the amount to be refunded to students as per audited financial statements as on 31.03.2018 has been considered while deriving the fund position of the school.

3. As per the Order no. 15072-15871 dated 23 March 1999 *"All pre-primary schools being run by the registered society/ trust in Delhi as Branches of the recognized schools by the appropriate authority in or outside the school premises shall be deemed as one Institution for all Purposes"*. Further, the Hon'ble High Court of Delhi in the matter of Social Jurist vs. the Govt. of NCT of Delhi & others concluded *"We do not find any proper reason or rationale to keep Pre-school apart and segregated by those regular schools where Preschool facilities exist, and admission starts from that stage."*

Basis the information submitted by school and taken on record; it has been observed that the school operates from class I. During the process of evaluation of proposal for enhancement of fee for FY 2017-2018 and 2018-19, the school was asked to submit complete details (including details of pre-school) of students newly admitted in class I during academic session 2016-2017, 2017-2018 and 2018-19. However, the school did not submit the requisite information for examination. Accordingly, the school is instructed to enclose complete details (including details of pre-school) of the students admitted in class I in the abovementioned academic sessions along with its subsequent fee hike proposal.

As the required information is not available, no financial impact of the same has been considered while deriving the fund position of the school and the concerned DDE is directed to conduct inspection in this regard and submit their compliance report within 30 days from the date of issue of this order. The compliance of the same shall be validated at the time of evaluation of subsequent fee hike proposal as may be submitted by the school to the Directorate.

4. Para 58(i) of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states *"A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."*



Further, Directorate's order no. F. DE-15/ACT-I/WPC-4109/PART/13/969 dated 13.10.2017 issued for academic session 2016-17 and order no. F.DE.15(27) PSB/2019/1115-1119 dated 14.03.2019 issued for academic session 2017-18 noted that the school is charging depreciation as per the Income Tax Act, 1961 and not as per Guidance Note 21.

On review of the audited Financial Statements of FY 2018-2019, it has been noted that the school has been charging depreciation as per Income Tax Act and not in accordance with the abovementioned Guidance Note. Thus, the school is directed to ensure compliance in this regard.

5. As per Section 18(5) of the DSEA, 1973, the management 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.

Further, Rule 180 of DSER, 1973 states “ (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31st day of July of each year.(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 any officers authorised by the Comptroller and Auditor General of India” And Section 24 (2) of DSA. 1973 states “The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him”.

Whereas Appendix-II to Rule 180 specify that “final accounts i.e., receipts, and payment account, income and expenditure account and balance sheet of the preceding year should be duly audited by Chartered Accountant.

And It has been noticed that Financial Documents/ Certificates Attested by third person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving number of complaints of signatures of CAs being forged by non CAs.

To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e., Unique Document Identification Number which is being implemented in phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Council in the 379th meeting of ICAI held on 17 and 18 December 2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

- ❖ All Certification done by Practising CAs w.e.f. 1 February 2019.
- ❖ All GST & Tax Audit Reports w.e.f. 1 April 2019.
- ❖ All other attest functions w.e.f. 1 July 2019.

However, on examination of the financial statements submitted by the school for evaluation of fee increase proposal of FY 2018-19. It been has observed that the financial statements of the school for the FY 2018-19 were certified by the Chartered Accountant without mentioning the UDIN as required by the council. Therefore, the school management are instructed to ensure with

this compliance from the Auditor of the school. This being the procedural finding no financial impact has been given while 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 2019-20 amounting to INR **15,06,61,570** out of which cash outflow in the FY 2019-20 is estimated to be INR **16,30,41,104**. This results in net balance of deficit amounting to INR **1,23,79,534** for FY 2019-20 after all payments. The details are as follows:

Particulars	Amount in INR
Cash and Bank balances as on 31.03.19 as per audited Financial Statements	1,06,25,813
Investments as on 31.03.19 as per audited Financial Statements	2,04,63,588
Liquid Fund as on 31.03.2019	3,10,89,401
Add: Recovery from society for repayment of vehicle loan along with interest paid thereon [Refer Financial Observations No. 1]	3,32,384
Add: Recovery of amount paid towards high computer maintenance cost as compared with the total cost of computers. [Refer Financial Observations No. 3]	83,52,000
Fees for FY 2018-19 as per audited Financial Statements.	12,39,71,401
Other income for FY 2018-19 as per audited Financial Statements	29,29,692
Total Available Funds for FY 2019-20	16,66,74,878
Less: Caution Money Liability (Refer Other Observations No. 2)	10,92,700
Less: Staff retirement benefits- Gratuity and Leave Encashment (Investments with LIC) (Refer Financial Observations No. 2)	1,42,12,939
Less: Fixed Deposit in the name of manager of the school and DDE	7,07,669
Net Available Funds for FY 2019-20	15,06,61,570
Budgeted Expenses for the FY 2019-20 (Refer Note 1 & 2 below)	14,24,86,940
Salary Arrears (Refer Note 3 below)	2,05,54,164
Net Deficit	1,23,79,534

Note 1: All budgeted Expenditure has been considered as per the school except the following:

Particulars	Amount in INR	Remarks
Interest on Car Loan	1,78,325	Refer Financial Observations 1
Provision for Gratuity and Leave Encashment	2,45,28,350	Refer Financial Observations 2
Capital Expenditure	63,30,251	Refer Financial Observations 4

Note 2: Under the following heads the School has proposed excessive expenditure as compared to the actual expenditure incurred during FY 2018-19 for which the school has not provided satisfactory explanation/justification. Therefore, these expenditures have been restricted to 110% of the actual expenditure incurred during the previous year considering the rise in cost of inflation and the same was discussed with the school during the personal hearing.

Particulars	FY 2018-19	FY 2019-20	Net Increase/ (Decrease)	% Change	Amount (in INR) disallowed in excess of 10%
School Magazine	2,56,118	12,65,000	10,08,882	394%	9,83,270
Repair & Maintenance	33,24,062	42,52,010	9,27,948	28%	5,95,542
Misc. Expenditure	4,11,809	7,42,520	3,30,711	80%	2,89,530
Total	39,91,989	62,59,530	22,67,541		18,68,342

Note 3: Apart from the above, vide order no. DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the Managing Committee of all the private unaided recognized schools were directed to implement the Central Civil Revised Pay Rules 2016 in respect of the regular employees of the corresponding status in their schools with effect from 01.01.2016 as adopted by the Government of NCT of Delhi vide its circulars No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/110006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/12659-12689 dated 14.10.2016. Further, vide order no. F.DE.15/ (318)/PSB/2019/11925-30 dated 09.10.2019, the managing committee of all Private Unaided Schools once again directed to implement the recommendation of 7th CPC with effect 01.01.2016 within 15 days from the date of issue of aforesaid order.

Further, section 10 of DSEA states “ the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority”. Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon’ble High Court long back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Orders vide order dated 6th September 2018 for implementation of sixth pay commission recommendations.

As per the minutes of meeting of the School Management Committee, it has noted that the School Management has decided not to implement the recommendations of 7th CPC with effect from 01.01.2016 on the ground of insufficient funds and decide to implement this w.e.f. 01.04.2019.

The above decision of the SMC is not correct because as per the Financial Statements of the school, there was no need to any increase fee for implementation of 7th CPC. Because the department vide order no. F.DE.15(27) PSB/2019/1115-1119 dated 14.03.2019 issued for academic session 2017-18, issued post evaluation of fee increase proposal of the school for the FY 2017-18, found that the school has sufficient after considering the impact of 7th CPC and the school was directed to implement the recommendations of 7th CPC. But the school has not complied or partially complied with the direction mentioned in the previous year’s order. Therefore, the school management is hereby directed for payment of salary to its staff as per recommendations of 7th CPC and do not withheld the pay scales and benefit of 7th CPC in the garb of no fee increase was allowed to the school by the department. Accordingly, the salary arrears INR 2,05,54,164 which was allowed to the school from January 2016 to March 2018 as per the previous order (which is still pending for payment) has also been considered in the above calculation.



- ii. The School do not have 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 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. Further, 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 has contravened provisions of DSER, 1973 and other orders issued by the departments from time to time. Accordingly, the school is directed to recover INR 86,84,384 from the society. The receipt of above amount along with copy of bank statements showing receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of receipt of this order. Non-compliance of this shall be taken up in accordance with the provision of DSEA&R, 1973.

AND WHEREAS, 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.

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 of fee increase for the FY 2019-20 of **Cambridge Foundation School (School ID- 1515114), Rajouri Garden Extension, New Delhi- 110027** is accepted by the Director of Education and the school is allowed to increase the fee by 10% to be effective from 01 July 2022. Further, the management of said School is hereby directed under section 24(3) of DSEA 1973 to comply with the following directions:



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

To
The Manager/ HoS
Cambridge Foundation School (School ID- 1515114),
Rajouri Garden Extension,
New Delhi-110027
No. F.DE.15 (452)/PSB/2022 / 2295-2299

Dated: 27/04/22

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