

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

No. F.DE.15 (458)/PSB/2022/2356-2360

Dated: 27/04/22

ORDER

WHEREAS, Daisy Dales Sr. Sec. School (School ID-1925264), East of Kailash, Delhi-110065 (hereinafter referred to as "the School"), run by the Adarsh Sangeet Vidyalya 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 para's 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 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DoE, the School submitted its proposal for enhancement of fee 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 are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 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 02.12.2019 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 (174)/PSB/2019/1105-1109 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 subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And based on evaluation of fee proposal of the school the key observations and status of compliance against order no. F.DE.15 (174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18 are as under:

A. Financial Observations

1. As per the Clause 2 of Public notice dated 04.05.1997, "Schools are not allowed to charge building fund and development charges when the building is complete or otherwise as it is the responsibility of the society. Society means the trust or institution who has established the school, society should raise such fund from their own sources because the immovable property of the school become the sole property of



the society. Therefore, the students should not be burdened by way of collecting the building fund or development charges". Moreover, the Hon'ble High Court of Delhi in its Judgment dated 30.10.1998 in case of Delhi Abibhavak Mahasangh concluded that "Tuition Fee cannot be fixed to recover capital expenditure to be incurred on the properties of the Society". Also, clause (vii) 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 financial fee structure.

So, 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.

Directorate's order no. F. DE-15/ACT-I/WPC-4109/PART/13/54 dated 23.12.2016 issued to the school post evaluation of the proposal for enhancement of fee for FY 2016-2017 noted that school had obtained a secured loan from Kotak Mahindra Bank of INR. 77 lakhs, which was invested in the FDR and on maturity of the FDR, the amount received was utilised for renovation/construction of basement of building and purchase of furniture. Further, it was noted that this loan was taken in the name of the 'Adarsh Sangeet Society' and the need to take this loan was not adequately defined by the school.

Further, the financial statements of the school for the FY 2014-2015, FY 2015-2016 and FY 2016-2017 revealed that the school spent INR. 27,25,834 by way of interest in the aforesaid financial years on the loan utilised for renovation/construction of building, which is not in accordance with the aforementioned provisions. Further, the aforesaid payment has not been done in accordance with Rules 177 of DSER, 1977. Therefore, amount of INR. 27,25,834 has been considered while deriving the fund position of the school considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

Similar observation was also noted in Directorate's order no. F.DE.15 (174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18, wherein the school was directed to recover INR. 27,25,834 from the society which the school has yet to recover from the society

2. 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..... Capital expenditure/investments have to come from savings."

Further, section 8(4) (a) of DSEA, 1973 states "Income derived by unaided schools by way of fees shall be utilised only for such educational purposes as may be prescribed".

The Directorate's order no. F.DE.15 (174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18, noted that the school had purchased a new car (Innova) for INR. 20,75,809 in FY 2016-17 out of the school funds. And in FY 2018-19 the school incurred another expenditure of INR. INR. 21,32,576 for purchase of car. During the persona hearing the school explained that the same was purchased to meet the needs of the school an all this clearly indicate that school has been utilising the school fund for purchase of costly vehicle and submit the proposal for increase of fee from the students, which translates to making capital expenditure as component of fee structure. Further, the above capital expenditure was incurred without complying the requirement of Rule 177 of DSER, 1973.

Accordingly, the total expenditure incurred by the school amounting to INR. 42,07,385 for purchase of costly vehicles as mentioned above has been included while deriving the fund position of the school with the direction to recover this amount from the society within 30 days from the issue of this order.



3. 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:
- Assets held by a long-term employee benefit fund; and
 - Qualifying insurance policies

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 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.*"

During personal hearing, the school was asked to submit the actuarial valuation report determined by the actuary for retirement benefits but the failed to provide the same for verification. During the evaluation of fee increase proposal of the previous year, the school had submitted copies of the investment made with LIC towards gratuity and leave encashment INR. 1,27,17,572 and 14,74,975 respectively during FY 2017-2018. The investment made by the school with LIC is qualify as plan assets within the meaning of AS-15 issued by ICAI. Accordingly, total investment of INR. 1,41,92,547 with LIC has been accepted and allowed while deriving the fund position of the school. Accordingly, the amount proposed by the school in its budget towards gratuity and leave encashment for FY 2019-20 has not been considered to avoid the duplicity.

However, it has also been noted that school has not reported the fund value of investment with LIC in any of its audited financial statements. Thus, the school has understated the value of investment in its audited financial statements to the tune of amount deposited with LIC.

In view of the above, the school is hereby directed to get the actuarial valuation report for gratuity and leave encashment and report the same in its financial statement and invest an amount equivalent to liability determined by the actuary in plan assets as per the requirement of AS-15 issued by ICAI within 30 days from the date of issue of this order.

B. Other Observations

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

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

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



However, it has been noted that the school charges earmarked levies in the form of Transport Fees, Smart Class Fees, Activity Fees, I card & Insurance Charges and Medical Fees from students.

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).

The information provided by the school were taken on record, it has been noted that the school charges earmarked levies in the form of Transport fee, I card & Insurance charges, Medical facilities, Activities and other charges, and smart class charges from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school. Details of calculation of surplus, based on breakup of expenditure provided by the school from the FY 2016-2017 to 2018-19 is given below

Particulars	Income (INR.)	Expenses (INR.)	Surplus (INR.)
Activities and other fee*	2,24,87,296	-	2,24,87,296
Smart Class Fees*	37,66,239	58,500	37,07,739
Transportation Fees^	1,84,56,150	41,50,928	1,43,05,222
Medical facilities charges	13,05,965	6,89,518	6,16,447
I Card and Insurance*	13,95,984	-	13,95,984

* No details regarding expenses incurred against the earmarked levies has been provided by the School.

^ The amount reported by the school in the income and expenditure account towards transportation expenditure does not appear to be correct. The transport levy should include expenditure related to salary of drivers and helpers engaged on the transport facility and expenses incurred on repair and maintenance of the vehicles. However, these expenditures are not identifiable from the income and expenditure prepared by the school. Further, the school had a bus for INR. 20,44,000 during FY 2016-2017, which has been adjusted against the above revenue.

Further, as per the Duggal Committee report, there are only four categories of fee that can be charged by a school. The first category of fee comprises of "registration fee and all One Time Charges" which is levied at the time of admission such as Admission 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, etc., and 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.

Based on the aforesaid provisions, earmarked are to be collected only from the user students availing the services. And if the services are extended to all the students of the school, a separate charge should not be levied by the school as it would get covered either from the Tuition Fee or from Annual Charges.

As the school is charging Activity and other charge, Medical facilities charges, I card and Insurance 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 Activity and other charge, Medical facilities charges, I card and insurance, the school should not charge such fee as earmarked fee and should incur the expenses relating to these from tuition fee and/or annual charges, as applicable collected from the students. As per school submission tuition fee collected from students is not sufficient to meet the establishment cost and annual charges are also not sufficient to meet other revenue expenses of the school. Thus, the surplus generated from earmarked levies has been applied towards meeting establishment cost/ other revenue expenses of the school on account of which fund balance of earmarked levies could not be separated from the total funds maintained by the school. Accordingly, total fees (including earmarked fee) and total expenditure (including the earmarked expenditure) have been considered while deriving the fund position of the school. Accordingly, the school is directed to stop collecting separate charges in the name of the "Smart Class and I card and Insurance Charges".

2. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:
- Registration Fee
 - Admission Fee
 - Caution Money
 - Tuition Fee
 - Annual Charges
 - Earmarked Levies
 - Development Fee

Further, clause no. 9 of the aforementioned order states "No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order"

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

As per Section 13 of Right to Education Act, 2009, the school should not charge capitation fee from the students at the time of admission. Further, the Supreme Court in its Judgement dated 2 May 2016 in the matter of Modern Dental College and Research Centre Vs. State of Madhya Pradesh [Medical Council of India] held that education is a noble profession. *"Every demand of capitation fee by educational institutions is unethical & illegal. It emphasised that the commercialization and exploitation is not permissible in the education sector and institutions must run on 'no-profit-no-loss' basis".*

Hon'ble Supreme Court categorically held that *"Though education is now treated as an 'occupation' and, thus, has become a fundamental right guaranteed under Article 19(1) (g) of the Constitution, at the same time shackles are put in so far as this particular occupation is concerned, which is termed as noble. Therefore, profiteering and commercialization are not permitted, and no capitation fee can be charged. The admission of students has to be on merit and not at the whims and fancies of the educational institutions,"*



However, it has been observed that the school has been collecting one-time charges (under the aegis of 'games & Sports fees, SUPW Fees, Computer fees, Exam fees, library/reading room, Audio Visual Aids, Lab charges, Cultural activities, Awards/Prizes, and Workshop & Seminar charges etc.,') at the time of admission of INR. 20,000 from students admitted to Nursery class and INR. 25,000 from students admitted to other classes, which tantamount as collection of capitation fee from the students at the time admission. This fee is collected by the school other the earmarked levies collected by the school reported in point no. 1 above.

During hearing, the school explained that this fee has been collected for meeting expenditure incurred towards various activities done for students. This contention of the school cannot be accepted as the school is separately charging other heads of earmarked levies such as Activity, Medical facilities and Insurance. Therefore, the reason for collecting one-time charges at the time of admission from the students is not justified.

The similar observation was noted in order no. F.DE.15 (174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18. In view of the above, the school is directed to stop collecting one-time fee immediately from the students admitted to the school. Non-compliance with the above direction, the school would be liable to recover 10 times of the fee so collected from the students by way of penalty and would be considered as available funds while deriving the fund position of the school for the subsequent year.

3. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, 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 audited financial statements, it was noted that the school had utilised development fund for purchase of school bus for INR. 20,44,000, purchase of Innova Car for INR. 20,75,809 in FY 2016-17 which was not in accordance with the direction included in above order. As per clause 14 of the order dated 11.02.2009, the development fund can only be utilised for purchase, upgrade and replacement of furniture, fixture and equipment. The school is directed to ensure that the development fund is utilized only towards purchase, up gradation and replacement of furniture, fixtures and equipment.

Similar observation was also noted in order no. F.DE.15 (174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18. The school is directed to ensure that the development fund is utilized only towards purchase, up gradation and replacement of furniture, fixtures and equipment.

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

On review of audited financial statements for the FY 2016-17 and FY 2017-18, it was noted that the school use to transfer an amount equivalent to the purchase cost of assets from development fund to Income and Expenditure account as income, instead of the accounting treatment as indicated in the guidance note cited above resulting over statement of General Reserve with the notional amount.

The similar observation was also noted in previous order no. F.DE.15 (174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18. But the school has not complied with the same. Hence the school is directed to pass necessary rectification in general reserve account and create development fund utilisation amount in accordance with Guidance Note -21 issued by ICAI.

5. Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/54 dated 23.12.2016 issued to the school port evaluation of proposal for enhancement of fee for FY 2016-17 and order no. F.DE.15 (174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18 noted that the school has not maintained Fixed Assets Register (FAR) and Stock Register.

During the evaluation of fee increase proposal for the FY 2018-19, the school was asked to provide Fixed Asset Register and Stock Register which the school did not provide the same for verification. Therefore, the school is again directed to maintain proper Fixed Assets Register (FAR) consisting of complete details such as asset name, brand, quantity, 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 complete details of assets at one place. The school is also directed to maintain proper Stock Register consisting of complete details such as stock item, supplier name, invoice number, purchase cost, quantity received, quantity issued, name of person to whom issued, balance quantity, etc. Compliance of the same shall be verified at the time of evaluation of proposal for enhancement of fee for subsequent year

6. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states "No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary it should be taken once and at the nominal rate of INR 500 per student in any case and it should be returned to the students at the time of leaving the school along with the interest at the bank rate."

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

During the personal hearing the school explained that it is refunding the caution money to the students at the time of his/her leaving. . However, the school is not refunding interest along with caution money to students. Accordingly, the outstanding balance of caution money of INR.4,00,500 as on 31.03.2019, has been considered while deriving the fund position of the school.



7. Rule 172 – ‘School Fund how to be maintained’ of DSER, 1973 states “(1) Every School Fund shall be kept deposited in a nationalised bank or a scheduled bank or any post office in the name of the school. (2) Such part of the School Fund as may be approved by the Administrator, or any officer authorised by him in this behalf, may be kept in the form the Government securities. (3) The Administrator may allow such part of the School Fund as he may specify in the case of each school, (depending upon the size and needs of the school) to be kept as cash in hand. (4) Every Recognised Unaided School Fund shall be kept deposited in a nationalised bank or a scheduled bank or in a post office in the name of the school, and such part of the said Fund as may be specified by the Administrator or any officer authorised by him in this behalf shall be kept in the form of Government securities and as cash in hand respectively.

Provided that in the case of an unaided minority school, the proportion of such Fund which may be kept in the form of Government securities or as cash in hand shall be determined by the managing committee of such school.”

The Directorate’s order no. F.DE.15(174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18, it was noted that the school has deposited part of the School Fund in Mutual Funds, value of which as on 31.03.2019, as per audited financial statements for FY 2018-2019, was INR. 1,56,45,020. As the Mutual Fund is not a prescribed mode of investment for deposit of School Fund as per Rule 172 detailed above, because mutual fund is subject to the Market Risks.

Further, the school was directed in the aforesaid order to withdraw the amount of School Funds invested in Mutual Fund and deposit the same in the modes prescribed by Rule 172 of DSER, 1973. But the school has yet to comply with the above direction. In view of this, the school is again directed to comply with the aforesaid direction and submit the compliance within 30 days from the date of issue of this order.

8. Directorate’s order No. F. DE-15/ACT-I/WPC-4109/PART/13/54 dated 23.12.2016 issued to the school post evaluation of the proposal for enhancement of fee for FY 2016-17 noted that DDA had allotted land for running “Nursery School” and for no other purpose whatsoever. Although, the school has sought approval of CBSE for its affiliation till class 12, but it has failed to obtain prior permission from DDA. Further, the school had constructed a building on the playground area without obtaining prior permission in writing from DDA.

The school has not submitted any response/documentation regarding seeking approval from DDA regarding construction of the building on the playground and is thus directed to submit the approval of DDA in this regard. Therefore, the concerned deputy director is directed to verify the compliance of the same and submit its report to the HQ which shall be considered while evaluating the fee increase proposal of the subsequent year.

9. The Directorate’s order no. F.DE.15(174)/PSB/2019/1105-1109 dated 14.03.2019 issued for academic session 2017-18, it was noted that the certain cheques issued by the school were reflected as outstanding for clearance in the reconciliation, which had exceeded their validity period. Accordingly, the school was directed to make necessary reversal entries in the books of accounts. During the personal hearing the school was asked to submit the compliance report against this observation, but the school has not provided any details with respect to this compliance. This being a serious finding which has direct impact on the bank balance of the school. Therefore, the school is strictly direct to submit bank

reconciliation statement along with the details of these stale cheques to the department within 30 days from the date of issue of this order.

10. Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/54 dated 23 December 2016 issued to the school post evaluation of the proposal for enhancement of fee for FY 2016-2017 noted that the school has started charging the proposed increase fee during FY 2016-2017 from the students. Further, from the receipts submitted by the school, it was noted that the school has collected excess tuition fee and Development fee.

Further, during evaluation of fee increase proposal of the school for FY 2017-18, , the school mentioned that increased fee was collected by it only in the first quarter of FY 2016-2017 and the same was adjusted/refunded against the fee collected subsequently in FY 2016-2017. However, the school did not submit any supporting documents evidencing refund/adjust of the increased fee.

Further, incomes (fee collected from students) reported in the audited Income and Expenditure Account/ Receipt and Payment Account for FY 2016-2017 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. Basis the computation prepared, differences were noted in the fee collection reported by the school during FY 2016-2017 in its audited Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per details provided by the school. From the computation it was noted that development fee collected by the school was in excess of INR. 9,08,565 as compared with the fee structure and number of students enrolled with the school. For which the school mentioned that it has collected development fee in line with the fee structure of the school and has not collected any excessive fee. However, the school did not provide any explanation or computation to substantiate its claim with respect difference noted above.

In view of the above, the school was directed to perform a detailed reconciliation of the amount collected/income from students and the income that should have been recognised based on the fee structure and number of students enrolled by the school. But the school did not provide any reconciliation statement of the fee collected by it for verification. As the school has been avoiding for submission of the required details is give the scope for doubt on the credibility of the school. Thus, it appears the school is trying to suppress some important fact relating to increase of fee done by the school without prior approval of the Director of Education. Therefore, the concerned Deputy Director is directed to investigate into this matter and submit the compliance report to HQ. The observations of the concerned Deputy Director would be utilised while evaluating the fee increase proposal of the subsequent year

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. 8,07,25,703 out of which cash outflow in the FY 2019-20 is estimated to be INR. 7,24,63,723. This results in net balance of Surplus amounting to INR. 82,61,980 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 of FY 2018-19	90,03,133
Investments as on 31.03.19 as per Audited Financial Statements of FY 2018-19	5,93,524

Particulars	Amount (in INR.)
Bank Overdraft Account Balance as on 31.03.2019 as per audited financial statements of FY 2018-19	(15,05,700)
Investments (Mutual Fund) as on 31.03.2019 as per audited financial statements of FY 2018-2019	1,56,45,020
Investments with LIC [Refer Financial Observations No. 3]	1,41,92,547
Liquid Fund as on 31.03.2019	3,79,28,524
Add: Recovery of interest paid on loan utilized for the purpose of Building reflected in financial statement for FY 2014-2015, 2015-2016 & 2016-2017 from the Society [Refer Financial Observations No. 1]	27,25,834
Add: Recovery of amount of car purchased during the FY 2016-2017 [Refer Financial Observations No. 2]	42,08,385
Add: Fees for FY 2018-19 as per Audited Financial Statements [Refer Note No.1 Below]	5,28,72,950
Add: Other income for FY 2018-19 as per audited Financial Statements [Refer Note No. 1 Below]	19,29,301
Total Available Funds for FY 2019-20	9,96,64,994
Less: FDR with joint name of School Manager and Dy. Director of Education as on 31.03.2019.	3,55,849
Less: Caution Money Fund as on 31.03.2019	4,00,000
Less: Development Fund [Refer Note No. 3 Below]	39,90,895
Less: Staff retirement benefits [Refer Financial Observations No. 3]	1,41,92,547
Net Available Funds for FY 2019-20	8,07,25,703
Less: Budgeted expenses as per the Budgeted Financial Statement for the Financial Year 2019-20 after making adjustment [Refer Note No. 4 Below]	5,98,97,868
Less: Arrears of salary from January 2016 to March 2018 as provided by the school [Refer Note No. 2 Below]	1,25,65,855
Estimated Surplus	82,61,980

Note 1: Fee and income as per audited financial statements FY 2018-19 has been considered with the assumption that the amount of income during FY 2018-19 will at least accrue during FY 2019-20.

Note 2: The school was asked to provide the details of 7th CPC arrears to the staff which was not provided by the school. Therefore, salary arrears which was considered while evaluating the fee increase proposal of the school of the previous year has been considered in the above table. On the assumption that the school has yet pay salary arrears to the staff.

Note 3: 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 be 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 16.04.2010 states "All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase." Over a number of years, the school has accumulated development fund and has reflected the closing balance of INR. 93,88,239 in its audited financial statements of FY 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 for meeting the financial implication of 7th CPC to be implemented by the school. However, development fund equivalent to amount collected in the previous year i.e. INR.39,90,895 (FY 2018-19) from students has been considered for deriving the fund position of the school, which is considered sufficient basis the spending pattern of the school in past.

Note 4: As per the budget submitted by school for the FY 2019-20, the following expenditure are not considered in the evaluation of fee increase proposal.

Particulars	Amount (in INR.)	Remarks
Provision for Gratuity	28,32,761	Refer Financial Observations no.3
Provision for Leave Encashment	6,94,029	Refer Financial Observations no.3
Depreciation	30,51,648	Being non-cash item.

Further, under the following heads, school budgeted high expenditure than the actual expenditure incurred during the previous financial year. Therefore, these expenditures have been restricted to 110% of the actual expenditure incurred during the FY 2018-19, considering the rise in cost of inflation.

(Figures in INR.)

Particulars	FY 2018-19	FY 2019-20	Net Increase/ (Decrease)	% Change	Amount disallowed in excess of 10%
Repair & Maintenance- Furniture & Fixtures	1,90,665	7,93,616	6,02,951	316%	5,83,885
Functions & Seminar Expenses	7,88,956	11,55,900	3,66,944	47%	2,88,048
Newspaper, Magazines and Periodicals	71,461	1,66,518	95,057	133%	87,911
Total	10,51,082	21,16,034	10,64,952		9,59,844

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

"All Schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial and other irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the school may be rejected.

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, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting financial implication for the academic session 2019-20. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

AND WHEREAS, it is also noticed that the School has incurred interest expense of INR. 27,25,834 on loan utilised for renovation/ construction of building, out of the school fund which is not in accordance with clause 2 of public notice dated 04.05.1997 and rules Rule 177 and incurred capital expenditure of INR. 42,08,385 on purchase of costly cars in contravention of order date 10.02.2005. Thus, the school is directed to recover INR. 69,34,219 from the society. The amount of above receipt along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

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 academic session 2019-20 of **Daisy Dales Sr. Sec. School (School ID-1925264), East of Kailash, Delhi-110065** is rejected by the Director (Education).

Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2019-20 and if the fee is already increased and charged for the academic session 2019-20, the same shall be refunded to the parents or adjusted in the fee of subsequent months.
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
Daisy Dales Sr. Sec. School (School ID-1925264)
East of Kailash,
Delhi-110065

No. F.DE.15 (458)/PSB/2022 / 2356-2360

Dated: 27/04/22

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 (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