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

No. F.DE.15(211) / PSB / 2019 / 1300 – 1304 Dated: 29.3.2019

ORDER

WHEREAS, this Directorate vide its order No. DE.15 (318)/PSB/2016/19786 dated 17 Oct 2017 of Directorate of Education, Govt. of NCT of Delhi, has issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private unaided recognized schools in Delhi' and required that private unaided schools, which are running on land allotted by DDA/other govt. agencies with the condition in their allotment letter to seek prior approval of Director (Education) before any fee increase, need to submit its online fee increase proposal for the academic session 2017-2018. Accordingly, vide circular no. 19849-19857 dated 23 Oct 2017 the fee increase proposals were invited from all aforesaid schools till 30 Nov 2017 and this date was further extended to 14 Dec 2017 vide Directorate's order No. DE.15 (318)/PSB/2016/20535 dated 20 Nov 2017 in compliance of directions of Hon'ble High Court of Delhi vide its order dated 14 Nov 2017 in CM No. 40939/2017 in WPC 10023/2017.

AND WHEREAS, attention is also invited towards order of Hon'ble High Court of Delhi dated 19 Jan 2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others where it has been directed by the Hon'ble Delhi High Court that the Director of Education has to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA.

AND WHEREAS, The Hon'ble High Court while issuing the aforesaid direction has observed that the issue regarding the liability of Private unaided Schools situated on the land allotted by DDA at concessional rates has been conclusively decided by the Hon'ble Supreme Court in the judgment dated 27 Apr 2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others wherein Hon'ble Supreme Court in Para 27 and 28 has held as under:-

"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."

7404

AND WHEREAS, the Hon'ble Supreme Court in the above said Judgment also held that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of Delhi School Education Rules, 1973, Directorate of Education has the authority to regulate the fee and other charges to prevent commercialization of education.

AND WHEREAS in response to this directorate's circular dated 23 Oct 2017 referred to above, **Vivekanand Public School (School ID-1001181), B Block, Anand Vihar, Delhi-110092** submitted its proposal for enhancement of fee for the academic session 2017-2018 in the prescribed format including the impact on account of implementation of recommendations of 7th CPC.

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of expert 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, necessary records and explanations were also called from the school through email. Further, school was also provided an opportunity of being heard on 20 August 2018 at 10:15 AM to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. Additionally, a visit was made at the school by the Chartered Accountant evaluating the fee increase proposal submitted by the school on 31 October 2018 to gather and review information/data relevant for evaluation of the proposal.

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

A. Financial Discrepancies

1. As per direction no. 2 included in the Public Notice dated 4 May 1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30 Oct 1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   Accordingly, based on the aforementioned public notice and Hon'ble 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.

2405

The financial statements of the school for FY 2015-2016 and FY 2016-2017 revealed that the school has incurred expenditure on additions to building out of school funds totalling to INR 69,22,650 in the aforesaid financial years, which was not in accordance with the aforementioned provisions. Also, the aforementioned financial statements also indicated that the school had appropriated development fund to meet this cost incurred towards addition to building, while development fund could only be utilized towards purchase, up-gradation and replacement of furniture, fixture and equipment. Further, this capital expenditure was incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973. Though the financial statements of the school reflect opening block of building, adjustment in the fund position of the school has been done to the extent of additions made in the past three financial years (based of financial statements obtained for evaluation of the fee increase proposal for FY 2017-2018). Thus, this amount of INR 69,22,650 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

2. 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."

It was noted that though the school obtained an actuarial valuation report regarding its liability towards retirement benefits (gratuity and leave encashment) as on 31 Mar 2017 and created provisions for gratuity and leave encashment for equivalent amounts in its books of account, it had not made any investment with LIC (or any other agency) in accordance with the requirements of Accounting Standard 15 (AS-15) cited above. During the personnel hearing the school informed that the school does not have sufficient fund for investment of retirement benefits.

As the school has not build any surplus/reserve for protecting the retirement benefits of its employees till date and FY 2017-2018 being the year of implementation of the recommendation of 7th CPC, an amount equivalent to 10% of the liability determined by the actuary in its valuation report as on 31 Mar 2017 (i.e. 10% of INR 2,99,23,230 determined by actuary towards gratuity and INR 48,26,902 towards leave encashment) has been considered while deriving the fund position of the school (enclosed in the later part of this order) with the direction to the school to deposit the aforementioned amounts in investments that qualify as 'Plan Assets' in accordance with AS-15 within 30 days from the date of this order to protect the statutory liability towards staff of the school. Further, the school should ensure to deposit sufficient amounts in these investments over the coming years to build reserve equivalent to the liability determined by the actuary.

In light of above, the amount of expenditure recorded by the school during FY 2017-2018 (as per financial statements of FY 2017-2018 submitted by the school) towards provision of retirement benefits has not been considered as expenses for FY 2017-2018 while deriving the fund position of the school (enclosed in the later part of this order).

3. 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).

   From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of E governance charges, Computer Fees, Think Lab Charges & Excursion Fees etc. from students. It was noted that the school started charging Smart Class Fee and Think Lab Charges from students during FY 2016-2017. However, the school has not maintain separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) which has been met from other fees/income. The same was included in DOE's order No. F. DE-15/ACT-I/WPC-4109/PART/13/76 dated 23 November 2016. Further, the school did not submit break-up of expenses incurred against earmarked levies. Thus, details of calculation of surplus/deficit, based on audited financial statements for FY 2017-2018 and FY 2016-2017 are given below:

Earmarked Fee	FY 2017-2018 (Amount in INR)			FY 2016-2017 (Amount in INR)		
	Income (A)	**Expenses (B)**	**Surplus (C)=(A+B)**	**Income (D)**	**Expenses (E)**	**Surplus (F)=(D-E)**
Excursion Fees	-	75,300	(75,300)	40,000	1,41,500	(1,01,500)
Science fee	19,14,739	1,36,105	17,78,634	17,84,989	17,874	17,67,115
Computer Science fee*	64,51,844	3,26,166	61,25,678	15,45,542	3,57,550	11,87,992
Smart Class fee*		9,73,095	(9,73,095)	36,73,635	8,77,400	27,96,235
E-Governance charges*		12,744	(12,744)	13,83,667	22,026	13,61,641
Web Technology & Multimedia^	-	-	-	-	-	-
Think Lab Charges	-	-	-	9,73,774	8,15,842	1,57,932
Total	**83,66,583**	**15,23,410**	**68,43,173**	**94,01,607**	**22,32,192**	**71,69,415**

* Breakup of income against Computer Science Fee, Smart Class fee and E-Governance charges has not been included by the school in the audited financial statements of FY 2017-2018.

^ Details regarding income and expenses have not been separately provided by the school.

The school explained that it levied Think Lab charges from students of class 4 to 8 during FY 2016-2017 on an experimental basis and incurred expenditure against the same. However, it has discontinued think lab and has not collected any fee towards the same from students during FY 2017-2018 and onwards. While the school explained that it has stopped collecting think lab charges from students, the school is directed not to levy any new charge/fee from students without prior approval of the Directorate.

On the basis of aforementioned orders, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge cannot be levied for the service/facility by the school as the same would get covered either under tuition fee (expenses

7-408

on curricular activities) or annual charges (expenses other than those covered under tuition fee). The school is charging Smart Class Fee and E-Governance charges 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 smart class fee and E-Governance charges, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges, as applicable collected from the students with immediate effect. The school explained that 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 expenditure, 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) have been included in the estimated income and actual expenses for FY 2017-2018 (included those for earmarked purposes) have been considered while deriving the fund position of the school (enclosed in the later part of this order).

The proposal for enhancement of fee for FY 2016-2017 submitted by the school was rejected by the Directorate. However, the school collected Smart Class fee during FY 2016-2017 without prior approval of the Directorate, which was charged from all students of the school. Thus, the school is directed to refund/adjust the Smart Class fee collected from students during FY 2016-2017 and onwards within 30 days from the date of this order. Accordingly, the amount collected by the school towards smart class fee (as per breakup above) during FY 2016-2017 has been adjusted and the same has not been considered as budgeted income for FY 2017-2018 while deriving the fund position of the school (enclosed in the later part of this order).

The school is also directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

B. Other Discrepancies

1. 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."

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."

Also, para 67(ii) of the aforementioned Guidance Note states "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*"
Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school transferred an amount equivalent to the cost of assets purchased from development fund to general reserve instead of accounting treatment indicated in the guidance note cited above.

Directorate's order F. DE-15/ACT-I/WPC-4109/PART/13/76 dated 23 November 2016 issued to the school post evaluation of the proposal for enhancement of fee for the academic year 2016-2017 noted that depreciation reserve fund was not maintained equivalent to the depreciation charged in the revenue accounts by the school. Further, from the audited financial statements for FY 2016-2017, it was noted that the school has created depreciation reserve fund during FY 2016-2017, however, the same was not created in accordance with the depreciation charged in the revenue accounts.

Further, based on the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school reported purchase of assets from depreciation reserve fund and reflected the same as deduction from depreciation reserve. Further, the school reflected a transfer of INR 8,35,000 from general reserve to depreciation reserve fund and transferred interest earned of INR 1,11,381 to depreciation reserve. However, the school did not provide any details regarding how the funds has been allocated from general reserve. Further, reasonable justification for non-maintenance of the depreciation reserve fund, equivalent to the deprecation charged in the revenue accounts could not be provided by the school.

2.4.10

The school is directed to maintain depreciation reserve fund in compliance to the above mentioned order equivalent to the amount of accumulated depreciation on fixed assets.

From the above, it has been derived that while the school is charging development fund from students for purchase, up-gradation and replacement of furniture, fixture and equipment, it has also indicated utilisation of depreciation reserve for purchase of assets. Depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue accounts as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009) is more of an accounting head for appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note 21 issued by the Institute of Chartered Accountants of India. Thus, the same cannot be used for purchase of assets and the school has incorrectly presented utilisation of depreciation reserve and credit of interest to depreciation reserve.

Also, from the audited financial statements for FY 2016-2017, it was noted that the school has reported value of fixed assets at written down method instead of Gross (historic) value. Further, the Significant Accounting Policies and Notes on Accounts annexed to the Financial Statements with respect to fixed assets stated that "*fixed assets are stated at Historic cost ….*", which seemed inconsistent with the actual presentation made by the school in its financial statements.

Also, the school has enclosed a consolidated fixed assets schedule giving details of all assets carried over by the school in its audited financial statement for FY 2016-2017 and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve.

The school is instructed to comply with the directions included in orders above regarding development fund, depreciation reserve and make necessary rectification entries relating to development fund and presentation of fixed assets to comply with the accounting treatment indicated in the Guidance Note cited above. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/fund and report historic cost of fixed assets in same. The school is further instructed not to collect development fee from students until it comply with the above requirements.

Accordingly, since the school has not created depreciation reserve in accordance with the requirements mentioned above, no adjustment has been made towards the same while deriving the fund position of the school for FY 2017-2018 (enclosed in the later part of this order).

2. The school has prepared a Fixed Assets Register (FAR) that only captures date, asset name and amount. The FAR should also include details such as supplier name, invoice number, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

2411

During the personal hearing, school mentioned that it has prepared fixed assets register, but the same is not in the required format. The school also mentioned that it will make recommended changes from FY 2018-2019 onwards. Accordingly, the school is directed to update the FAR with relevant details mentioned above. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

3. Para 18 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states that *"schools should follow recognition and measurement principles, within the framework of accrual basis of accounting, for the purpose of preparation of their financial statements."*

   Based on the details provided by the school and taken on record, it was noted that the school is recording income on cash basis and has not accounted for income of INR 18,23,276 (i.e. Tuition fees INR 16,48,395, Annual charges INR 90,825 and Development fees INR 84,056) in its audited financial statements of the school for FY 2016-2017, which was accrued during FY 2016-2017, but not received. Thus, the school has not correctly applied recognition and measurement principles mentioned in Guidance note cited above. The school explained that the school has been following the practice of recording income on receipt of the fee from students as there a number of students who do not pay fee even after multiple reminders and the same is not realisable. The school further explained that it is following accrual basis of accounting for expenses.

   The school is directed to follow accrual basis of accounting and accrue both income and expenses on that basis. This being a procedural finding, no adjustment has been made in the fund position of the school (enclosed is the later part of the order).

4. Part IV of Appendix III - 'Instructions for preparing Income and Expenditure Account' of Guidance Note 21 issued by the Institute of Chartered Accountants of India specifies that "*Any item under which income or expense exceeds 1 per cent of the total fee receipts of the School or INR 5,000, whichever is higher, should be shown as a separate and distinct item against an appropriate account head in the Income and Expenditure Account. These items, therefore, should not be shown under the head 'miscellaneous income' or 'miscellaneous expenses'.*"

   From the audited Income and Expenditure Account for the FY 2016-2017, it was noted that the school had not segregated all the income which exceeded INR 5,000 or 1% of the total fee receipts as a separate and distinct item as 'Computer Science Fee', 'Smart Class fee' and 'E-Governance charges' were clubbed together and reported as 'Computer and I.T. Fees'.

   The school is directed to ensure that all subsequent financial statements are prepared in accordance with Guidance Note 21 complying with all presentation and disclosure requirements.

2412

5. Directorate's order F. DE-15/ACT-I/WPC-4109/PART/13/76 dated 23 November 2016 issued to the school post evaluation of the proposal for enhancement of fee for the academic year 2016-2017 noted that related party disclosures have not been made by the school in its financial statements. Further, on examination of the audited financial statements for FY 2016-2017 and FY 2017-2018, it was noted that required disclosures have still not been made by the school is its financial statements.

   The school is directed to ensure that relevant disclosures are made in all subsequent financial statements.

6. Directorate's order F. DE-15/ACT-I/WPC-4109/PART/13/76 dated 23 November 2016 issued to the school post evaluation of the proposal for enhancement of fee for the academic year 2016-2017 noted that the school has given the contract to private vendors for sale of books, stationery & uniform shop within the school premises. Further, the aforementioned order cited that the school insisted parents to buy books, stationery & uniform from the shop within the school premises.

   During the visit made to the school on 31 October 2018, it was noted that the shop was closed. The school explained that there was no book shop within the school premises and it has never insisted the parents to buy books, stationery & uniform from the book shop. However, no evidence was provided by the school to substantiate its claim against the observation raised in the order dated 23 November 2016.

   DDE(District) is directed to verify the existence/non-existence of book shop, stationery & uniform store, validate with a sample of parents regarding the same and submit its report to the Directorate within 30 days from the date of this order.

7. 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.*"

   The following were noted in Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/76 dated 23 December 2016:

2413

- School had not maintained separate bank account for deposit of caution money collected from students.
- School had not refunded interest on caution money along with refund of caution money to students at the time of leaving.

During the personal hearing, school mentioned that it has stopped collecting caution money from students from FY 2017-2018 onwards. Also, the school has started adjusting the caution money already collected from existing students against the fee due in FY 2018-2019. The same would be completely adjusted in FY 2018-2019. Thus, based on the explanation provided by the school, the school should refund/adjust total caution money within FY 2018-2019 and should not collect it subsequently. Based on discussion with the school, an amount of INR 9,00,000 (estimated based on the number of the students enrolled with the school) has been considered as caution money refundable/adjustable while deriving the fund position of the school (enclosed in the later part of this order).

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

i. The total funds available for the year 2017-2018 amounting to INR 8,67,92,923 out of which cash outflow in the year 2017-2018 is estimated to be INR 9,13,03,322 . This results in net deficit of INR 45,10,399. The details are as follows:

Particulars	**Amount (INR)**
Cash and Bank Balance as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	68,35,349
Total Liquid Funds Available with the School as on 31 Mar 2017	**68,35,349**
Add: Estimated Fees and other incomes for FY 2017-2018 based on audited financial statements of FY 2016-2017 of the school [Refer Note 1]	8,10,83,573
Add: Recovery of cost incurred on additions to building from the Society [Refer Financial Finding No. 1]	69,22,650
Gross Estimated Available Funds for FY 2017-2018	**9,48,41,572**
Less: Staff Retirement benefits- Gratuity [Refer Financial Finding No. 2]	29,92,323
Less: Staff Retirement - Leave Encashment [Refer Financial Finding No. 2]	4,82,690
Less: Refund/adjustment of smart class fee collected during FY 2016-2017 [Refer Financial Finding No. 3]	36,73,635
Less: Development Fund [Refer Other Finding No. 1]	-
Less: Caution Money [Refer Other Finding No. 7]	9,00,000
Net Estimated Available Funds for FY 2017-2018	**8,67,92,923**
Less: Expenses for FY 2017-2018 (as per the audited financial statements of FY 2017-2018 submitted by the school) [Refer Note 1]	7,54,58,065
Less: Arrears of salary as per 7th CPC for the period Jan 2016 to March 2018 (as per separate computation of 7th CPC submitted by the school)	1,58,45,257
Estimated deficit	**45,10,399**

2414

Notes:

1. The school submitted its audited financial statements for FY 2017-2018. Based on the audited financial statements for FY 2017-2018, all the incomes and expenses of INR 9,10,64,824 (including capital expenses but excluding arrears for salary of INR 1,58,45,257 considered separately in table above) during the FY 2017-2018 have been considered with the following adjustments made in the expenses for FY 2017-2018 for considering the same in the fund position:

Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
Additions to Building	42,48,402	49,65,410	-	49,65,410	The school fee cannot be utilised for construction of school building. Further, this capital expenditure has been budgeted without ensuring compliance with the requirements of Rule 177 of DSER, 1973. Hence, the same is not considered. Also, Refer financial finding No. 1.
Depreciation	45,32,491	46,73,934	-	46,73,934	Depreciation being a non-cash expense does not result in cash outflow. Hence, it has not been considered.
Gratuity	46,98,058	70,26,740	23,46,075	46,80,665	The school has only created a provision without actually depositing any amount with LIC/ other insurer during FY 2017-2018. Hence, the provision has not been considered. Refer Financial Finding No. 2.
Leave Encashment	18,02,544	14,42,791	1,56,041	12,86,750	
Total	**1,52,81,495**	**1,81,08,875**	**25,02,116**	**1,56,06,759**	

ii. It seems that the school may not be able to meet its budgeted expenses from the existing fee structure and accordingly, it should utilise its existing funds/reserves and other resources. In this regard, Directorate of Education has already issued directions to the schools vide circular no. 1978 dated 16 Apr 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 though certain financial irregularities exist (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings noted (appropriate instructions against which have been given in this order), the fee increase proposal of the school may be accepted.

And whereas, recommendations of the team of Chartered Accountants along with relevant materials were put before Director of Education for consideration and who after considering all material on record has found it appropriate to allow increase in tuition fee by 12.5% with effect from April 2019.

Accordingly, it is hereby conveyed that the proposal of enhancement of fee of **Vivekanand Public School (School ID-1001181), B Block, Anand Vihar, Delhi-110092** has been accepted by the Director of Education with effect from April 2019 and the school is hereby allowed to increase tuition fee by 12.5%. 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 tuition fees only by the prescribed percentage from the specified date.
2. To rectify the financial and other irregularities as listed above and submit the compliance report within 30 days from the date of this order to D.D.E.(PSB).
3. To ensure implementation of recommendations of 7th CPC in accordance with Directorate's order dated 25 Aug 2017.
4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of Delhi in its Judgment of Modern School vs Union of India. Therefore, school not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA, 1973.
5. To utilise the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

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.

2416

This order is issued with the prior approval of the Competent Authority.

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

To:
The Manager/ HoS
Vivekanand Public School
School ID 1001181
B Block, Anand Vihar, Delhi-110092

No. F.DE.15(211) / PSB / 2019 / 1300 - 1304 Dated: 29.3.2019

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 Spl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned with the direction to verify the existence/non-existence of book shop, stationery & uniform store within school premises, validating with a sample of parents regarding the same and submit its report to the Directorate within 30 days from the date of this order.
5. Guard file.

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