

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

No. F.DE.15 ( 181 )/PSB/2021/ 3348-52

Dated: 09/09/21

ORDER

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 Delhi School Education Act, 1973 (hereinafter read as '**the Act**') with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as '**the Rules**').

AND WHEREAS, as per section 18(5) of the Act read with section 17(3), 24 (1) of the Act and Rule 180 (3) of the DSEA & R, 1973, responsibility has been conferred upon the Director (Education) to examine the audited financial, account and other records maintained by the school at least once in each financial year. The section 18(5) and Section 24(1) of the Act and Rule 180 (3) have been reproduced as under:

Section 18(5): *'the managing committee of every recognized 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 recognized 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 authorized by the Director in this behalf and also by officers authorized 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 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Directorate of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court to the Director of Education in the aforesaid matter titled Modern School vs. Union of India and others in Para 27 and 28 in case of Private unaided Schools situated on the land allotted by DDA at concessional rates that:

"27....

(c) *It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...*



28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools.....

.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgment 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 Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA/ land owing agencies.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, are directed to submit the their proposals, if any, for prior sanction for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of this Directorate **Laxmi Public School (School ID-1003211), X-20 Institutional Area, Karkardooma, Delhi-110092**, had submitted the proposal for fee increase for the academic session 2018-2019. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the school for the academic session 2018-2019.

AND WHEREAS, in order to ensure that the proposals submitted by the Schools for fee increase are justified or not, this Directorate has deployed terms of Chartered Accountant at HQ level who has evaluated the fee increase proposals of the School very carefully in accordance with the provisions of the DSEA, 1973, DSEAR, 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 2018-2019, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 01.11.2019 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(28)/PSB/2019/917-921 dated 22/01/2019 issued for academic session 2017-18 were also discussed and school submission were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increased together with subsequent documents/clarification submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school the key findings and status of compliance against order no FDE 15(28)/PSB/2019/917-921 dated 22/01/2019 issued for academic session 2017-18 are as under:





## A. Financial Discrepancies

1. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

As per direction No 2 included in the public notice dated 04.05.1997, it is the responsibility of the society who has established the school to raise such funds from their own source or donations from the other associations because the immovable property of the school become the sole property of the society. Further, as per Order dated 15.12.1999 and as per judgement of Hon'ble Supreme Court, transfer of fund from the school accounts to society accounts is restricted.

Further, Rule 177 of DSER, 1973 states that income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. And the aforesaid savings shall be arrived at after providing for the following, namely:

- a) Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;
- b) The needed expansion of the school or any expenditure of a developmental nature;
- c) The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;
- d) Co-curricular activities of the students;
- e) Reasonable reserve fund, not being less than ten percent, of such savings.

On review of Financial Statement for the FY 2018-19, there was a receivable balance of Rs. 5,47,82,145 from the Laxmi Education Society. Further, it was also noted that School has transferred Rs. 40,54,050 towards Rent (including service tax) to the society till December, 2017.

The similar observation was also noted in the previous order No. 15(28)/PSB/2019/917-921 dated 22.01.2019 issued for academic session 2017-18 that school has transferred an amount of Rs. 3,76,19,010 on account of repayment of building loan and Rs. 96,53,000 towards rent (and service tax thereon) respectively to the society (Laxmi Education Society) accounts. The school had further paid rent to the society for use of building.

As per the reply submitted by the school, all the payment was rightly debited to the society in the books of school. The fund amounting to **Rs. 3,76,19,010** transferred to Laxmi Educational Society and same pertains to the amount spent by the society for construction of school building at Karkardooma institutional Area in the year 2000. In this connection, the Hon'ble



Supreme Court of India in the case of Children Book Trust and Safdarganj Enclave Education Society v/s MCD AIR 1992 SC 1456 "wherein Rule 59(2)(v) of DSEAR'S 1973 has been dealt with, it is stated that society and school are one and the same person. Therefore, the fund are transferred even calling the contributions from school to society would be nothing more but transfer to oneself. Further, Payment of rent was only for the purpose of settling the liability incurred by the society for and on behalf of the school and there is no 3<sup>rd</sup> party involvement as the school and society are two faces of the coin. Therefore, school has paid rent to society for repayment of principal amount of loan, interest thereon and other liability. The school has discontinued paying rent to the society with effect from 01.01.2018. Thus, from the above reply, it appears that school has been transferring fund to Society in contravention of order no. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15.12.1999 and without complying the aforesaid order dated 15.12.1999, the provision of Rule 177 and clause 2 of Public Notice dated 04.05.1997 and the judgement of Hon'ble SC in this regard. Therefore, amount recoverable from society Rs. 5,47,82,145 and Rs. 1,37,07,050 have been added while deriving the fund position of the school with a direction to the school to recover the same from society (Laxmi Education Society).

2. Recruitment Rules prescribed under DSEA, 1973 for various posts in the school does not include any position for Director, which had been hired by the school as one of its staff. Accordingly, the appointment of the staff beyond the prescribed position is in contravention of the prescribed rules. Section 2(m) of DSEA, 1973 states that "Manager/ Director" in relation to a school, means the person, by whatever name called who is entrusted, either on the date on which this Act comes into force or, as the case may be, under a scheme of management made under section 5, with the management of the affairs of that school.

Further, Rule 59 of DSEAR, 1973 states regarding appointment and qualification of Manager 59(2)(i), the educational and other qualifications of the manager and his duties and responsibilities; the position of the manager viz-a-viz the managing committee:

- a) no employee of an aided school (other than the head of school) shall be appointed as the manager, the head of school may be appointed the manager of a school, whether aided or unaided;
- b) Appointment of the manager; the terms and conditions of his appointment; removal of the manager; filling up of casual vacancy in the office of the manager, duties and responsibilities of the manager;
- c) bills (including bills relating to the salaries and allowances of the teachers and non-teaching staff) shall be jointly signed by the manager and the head of the school; but where the head of the school is also the manager, such bills shall be signed jointly by the head of the school and another member of the managing committee specially authorised by that committee in his behalf;
- d) that the administration and academic work of the school shall be attended to by the head of school, and except where the head of school is the manager, the manager shall not interfere with the day-to-day administration and academic work of the school.
- e) Manager shall not be at the same time the manager of any other school and a person shall not be at the same time the chairman of the managing committee and the manager,



Based on the above provisions, the post of manager/director of the private unaided recognised school is honorary post and the same is filled through nomination/election as per the provisions of the Delhi School Education Act and Rules, 1973.

Thus, the manager/director of the school cannot be treated as employee of the school as he/she functions on behalf of the managing committee and cannot be paid salary as per the provisions of the DSEAR, 1973. Accordingly, the manager/director of the school is not entitled to any payment whatsoever from the school funds.

On the basis of aforementioned provision and as per review of financial statement for the financial year 2017-18 and 2018-19, it has been noted that school had paid Rs. 3,564,000 as professional fee to Mrs. Kamla Rani Gupta, who is a member of society. Therefore, payment made to Mrs. Kamla Rani Gupta has been considered as payment made to society which is contravention of the aforementioned rule. Further, school has settled her advances of Rs. 3,500,000 during the financial year 2017-18 and 2018-19.

The similar observation was also noted in the previous order no. DE. 15 (28)/PSB/2019/917-921 dated 22.01.2019 issued for the academic session 2017-18 that school had transferred an amount of Rs. 4,500,000 to a member of the society (Mrs. Kamla Rani Gupta) during previous financial year 2014-15, 2015-16 and 2016-17. Also, school has taken an unsecured loan of Rs. 5,800,000 from Mrs. Kamla Rani Gupta. Therefore, the payable amount has been adjusted with the recoverable amount (paid as professional fee) and the balance amount to be refunded to Mrs. Kamla Rani Gupta with a direction to the school to adjust the amount and not undertake any financial transactions with the member of the society in future. School has submitted that there is no bar under Delhi School education Rules, 1973, for having Director in the School. Mrs. Kamla Rani Gupta happens to be full time director in the school. Therefore, the monthly remuneration paid to her is reasonable.

However, in view of Section 59, Recruitment Rules and other provisions of DSEA & R, 1973 school cannot pay amount to the person appointed as director/ manager. School was strictly directed to not pay any amount to her as professional fee (as per the previous order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019). Based on above, total amount of professional fee paid to her Rs. 45,00,000 (for FY 2014-15 to 2016-17) and Rs. 35,64,000 (@Rs. 148,500 p.m. for FY 2017-18 and 2018-19) is to be recovered from her or from society. The total amount paid to her was Rs. 1,15,64,0000 against the advance of Rs 58,00,000 (as per previous order no. DE.15 (28)/PSB/2019/917-921 dated 22.01.2019). Therefore, school is directed to recover the balance amount of Rs. 57, 64,000 (Rs.1, 15, 64,000-58, 00,000) from her or from the society. Therefore, Rs. 57,64,000 has been considered while calculating the fund position of the School with a direction not to pay remuneration to any member of the society or director or manager.

3. Directorate's order no. F.DE-15/PSB (PMU)/Fee Hike/2017-2018/14073-082 dated 07.04.2017 regarding fee increase proposals for FY 2017-18 states "Schools are strictly directed not to increase any fee until the sanction is conveyed to their proposal by Director of Education." Further, Directorate's order no. F.DE-15/WPC-4109/Part/13/7914-7923 dated 16.04.2016 regarding fee increase proposals for FY 2016-17 states "In case, the schools have already charged any increased fee prior to issue of this order, the same shall be liable



to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal."

On the basis of documents submitted by the School, it has been noted that school has increased tuition fee by 10% without taking prior approval of the Directorate in FY 2017-18 and 2018-19. It appears that school has developed the practice of contravening the provisions of DSEA & R, 1973 and the orders issued by the Directorate and has been indulging in the profiteering and commercialisation of education by increasing the fee of the school despite being having sufficient funds available with them.

The similar finding has noted in the previous order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that school had increased the tuition fee by 10% in the FY 2016-17 and in between 20-22% in FY 2017-18 and further, school had increase development fee by 15% during FY 2016-17 and in between 30-32% during FY 2017-18.

School has submitted that it has increased the tuition fee by 10 % over the tuition fee of the preceding years and development fee had increase 15% over and above the increase tuition fee for the same financial year in FY 2016-17 and 2017-18.

Considering school's submission that it had increased the tuition fee by 10% in FY 2016-17, 2017-18 and 2018-19, the impact of increased tuition fee has been calculated to Rs. 2,01,13,569 and the same have been considered while deriving fund position of the school for FY 2018-19.

Further, since school is not maintaining and presenting development fund account in proper manner, increase in development fee cannot be computed and school has also not furnished the details of increase in development fee in the aforesaid financial years. Accordingly, the school is directed to compute the increased fee in development fee since 2016-17 and refund/ adjust the same to the concerned students.

Also, School is to show cause why recognition of the school not be withdrawn under section 24(3) of DSEA, 1973 as school is continuously contravening the directions of the directorate.

4. As per sub rule (ii) of Rule 110 of DSE(A)R, 1973, every teacher, principal, Vice principal employed in a school shall continue to hold office until the age of 60 Years except any teacher, principal, Vice Principal has obtained National or State Award for rendering meritorious service. On the basis of above provision and as per the records submitted by School, Mrs. Neelam Kalra and Mr. Anil Kumar have attained the age of 60 years on 30.06.2018 and 28.02.2017 respectively and the school have given further extension of service to Mrs. Neelam Kalra as LDC and Mr. Anil Kumar as Accounts Officer for 1 year and 2 years respectively. Therefore, the extension given to Mrs. Neelam Kalra and Mr. Anil Kumar is violation of the provision of sub rule (ii) of Rule 110 of DSER, 1973.

Hence on the basis of aforementioned, the consolidated salary of Rs. 346,122 paid to Mrs. Neelam Kalra for a period from 01.07.2018 to 31.12.2019 and Rs. 991,632 paid to Mr. Anil Kumar from 01.03.2017 to 28.02.2019 are considered for the calculation of fund position of the school with a direction to the school to recover this amount from School Management/Society within 30 days from the issue of the order.



## **B. Other Discrepancies**

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 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."

Clause 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11.0.2009 states "Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."

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

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

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

On review of the documents submitted by the school, it has been noted that school have collected earmarked levies namely Transport fee, Smart Class Fee, Examination fee, IP Fees, Science Fee, Computer Fee, Sport fee, other activity fee from the 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 utilized for meeting other expenses. The calculation of surplus/deficit of the earmarked levies for the financial year 2018-19 is as under:



(Figures in Rs.)

Particulars	Income	Expenditure	Surplus/ Deficit
Smart Class Fee	2,433,154	2,325,243	107,911
Examination Fee	13,861	-#	13,861
Other Fee (IP Fee)	421,200	- #	421,200
Science Fee	755,100	- #	755,100
Computer Fee	698,150	530,971	167,179
Sports Fee	1,118,950	860,371	258,579
Other Activity Fee	2,774,833	- #	2,774,833
Transport Fee	8,018,342	7,195,842	822,500

# School has not submitted the breakup of the expenses of earmarked levies namely examination fee, IP fee, science fee, other activity fee.

On the basis of aforementioned provisions and 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 should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of Smart Class Fee, Game Fee, Activity charges from the all students of the school loses its character of earmarked levies. Thus, the school is directed to not to collect such type of fee as earmarked fee with immediate effect and the expenses related with these earmarked levies should be mitigated from the tuition fee and/or annual charges.

The school is directed to maintain separate fund accounts depicting clearly the amount collected, amount utilized and balance amount for each earmarked levies collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fee collected from the user in subsequent year. Further, the school should evaluate cost incurred against each earmarked levies and propose the revised fee structure for earmarked levies in the subsequent proposal for fee increase by ensuring that the proposal levies are calculated on no profit no loss basis and not to include fee collected from all students as earmarked levies.

2. As per the previous order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that school was directed to prepare consolidated books of account and financial statements including all funds, incomes and expense, which should be enclosed by the school along with the fee increase proposal. As per reply submitted by the school, school has accepted to consolidate the bus accounts and pupil fund accounts, income and expenses accounts with the main accounts of the school, however, till date school has not complied with the direction issued in the previous year order. Accordingly, in the absence of this consolidation of accounts the income and expenses relating to bus accounts and pupil fund accounts have not been considered while deriving the fund position of the school for FY 2018-19.



The, school is again directed to prepare consolidated books of accounts of the school by including income and expenditure related to bus account (transportation activity) and pupil fund account.

3. As per the previous order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that school was directed not to collect pupil fund from students with immediate effect. On review of financial statement for the financial year 2017-18 and 2018-19, it has been noted that school has collected pupil fund from students of all classes which means school has not complied with the direction issued in the previous order. Therefore, school is again directed to stop to collect pupil fund from the students with immediate effect.
4. As per the previous order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that the school was directed to open a separate bank account for deposit and utilisation of development fund and should ensure that the depreciation reserve is created and development fund is utilized in accordance with the directions issued in this regard by the Directorate. The school should also reflect fixed assets at historic purchase price on Asset side of the Balance Sheet and accumulated depreciation under Depreciation Reserve on the liability side of the Balance Sheet. The school is directed not to charge development fee from students till the time it complies with above directions.

However, on review of financial statements for the financial year 2017-18 and 2018-19, it has been noted that school has debited depreciation for the year twice in the income and expenditure accounts. School has failed to submit any clarification on these transactions and also has not maintained separate bank accounts for development fund. Since, school is not maintaining and presenting development fund account in proper manner and also, has not furnished any information regarding the same therefore, the expenditure related to assets purchased out development fund cannot be ascertained. Thus, no impact of development fund as well as assets purchased out of development fund cannot be considered in deriving the fund position of the school. Therefore, school is again directed to utilize development fund for the purchase, up-gradation and replacement of furniture, fixture and equipment in accordance with clause 14 of order dated 11.02.2009 and other directions issued by this directorate from time to time.

5. 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."*

And as per the previous order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that the school was instructed to make necessary rectification entries relating to development fund to comply with the accounting treatment indicated in the Guidance Note. School was also directed to submit the calculation of Development fee collected, amount expended, interest earned, if any, and the balance remaining. However,



school is failed to follow the aforesaid directions. Further school has not made accounting treatment of Development fund in accordance with Para 99 of Guidance note-21 accounting by the School issued by the ICAI.

Therefore, school is again directed to present Development fund in accordance with the Para 99 of Guidance Note.

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

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

However, school has not been providing for gratuity and leave encashment in accordance with aforesaid provisions. As per the order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that the school was directed to get its liability for retirement benefits valued by an actuary and record the same as provision in its books of account. The school was also directed to invest the amount against liability for retirement benefits in investments that qualifies as 'plan-assets' in accordance with Accounting Standard 15 but the School has not complied with the direction of the previous order issued by the department. Therefore, school is again directed to get its liability ascertained by an actuary and records the same in the books of accounts. Further, the school is directed to invest the amount against liability for retirement benefits in the plan assets in accordance with the Accounting Standard 15.

6. As per the order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that school had continued to charge late fee at increased rate which is in contravention of the order no DE.-15/ACT-I/ WPC-4109/ PART/13/61 dated 23.12.2016 . As per reply submitted by the school, fine of Rs. 10 per day for the late payment of fee, being charged is quite reasonable. School submission is in contravention of provisions of order dated 23.12.2016. Therefore, school is again directed to comply with the previous order.
7. As per order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that school should prepare a Fixed Assets Register (FAR), which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. School has not submitted the same for inspection and therefore, it cannot be ascertained whether the school has prepared the fixed assets register. Thus, school is again directed to prepare Fixed Assets Register in accordance with instructions given in order for session 2017-18.





8. As per order no. DE. 15(28)/PSB/2019/917-921 dated 22.01.2019 for the academic session 2017-18 that school should enhance its procurement process and ensure that competitive bids/quotations are invited for procurement of goods and services by the school to ensure that contracts are awarded at arm's length and competitive prices. School has failed to submit any documents related with the procurement of the assets. Therefore, school is again directed to ensure that there is proper internal control system exists in the school for procurement of goods and services and the contracts are being awarded at arm's length and competitive price. Proper document should also be maintained and the same should be made available to department for inspection and verification.
9. As per Order no. F.DE.-15/ACT-I/ WPC-4109/ PART/13/ 61 dated 23.12.2016 issued to the school post evaluation of proposal for enhancement of fee for FY 2016-17 noted that the school is collecting donations from the parents of students in the range of Rs. 15,000 to Rs. 60,000 for which no receipt was issued by the school. Further, it was noted that the school had opened bank accounts in the name of the teachers and operating the same without their permission. Further, though these bank accounts were closed but no clarification was provided by the school regarding the purpose for which these were opened and nature of transactions routed through the same.

School has not submitted any details and clarifications regarding these transactions and bank accounts. Therefore, the school is again directed to submit relevant evidence in relation to same, compliance of which will be validated at the time of evaluation of subsequent fee hike proposal.

10. As per Form 2 of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain the liquidity in the form of investment for 3 months' salary and this amount should be invested in joint name of Dy. Director (Education) and manager of the school.

On the basis of aforementioned provision, School has neither created Salary reserve in its Financial Statement nor deposited the equivalent amount of the reserve in the same financial year.

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

11. According to the Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, in exercise of the powers confirmed by Clause (xviii) of Rule 50 and Rule 180 of the Delhi School Education Rules, 1973, the Director specified that the format of return and documents to be submitted by schools under Rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountant of India, established under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note on Accounting by the Schools (2005). As per the documents submitted by the School, it has been noted that the format of Receipt and Payment for the Financial Year 2017-18 and 2018-19 is not in accordance with the Appendix-II. Therefore,

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

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

- i. The total available funds for the year 2018-19 amounting to Rs. **10,95,68,138** out of which cash outflow in the year 2018-19 is estimated to be Rs. **5,78,35,970**. This results in surplus amounting to Rs. **5,17,32,168**. The details are as follows:

Particulars	Amount (in Rs.)
Cash and Bank balances as on 31.03.18 as per Audited Financial Statement <b>(Refer Note 1 below)</b>	6,04,892
Investment as on 31.03.2018 as per Audited Financial Statement <b>(Refer Note 1 Below)</b>	3,46,963
Add:-Recovery of Amount given as Advance to Society <b>up to Financial Year 2017-18 (As per observation 1 of Financial Discrepancy)</b>	4,60,39,374
Add:-Recovery of Amount given as Advance to Society during Financial Year 2018-19 <b>(As per observation 1 of Financial Discrepancy)</b>	87,42,771
Add:-Recovery of amount paid to Society as Rent for School Building <b>(as per observation 1 of Financial Discrepancy)</b>	1,37,07,050
Add:- Amount paid to Director as remuneration <b>(As per observation 2 of Financial Discrepancy)</b>	57,64,000
Add:- Salary paid to Mrs. Neelam Kalra and Mr. Anil Kumar <b>(As per observation 4 of Financial Discrepancy)</b>	13,37,754
Less: Refund of 10% Tuition fee for the Financial Year 2018-19 (which have been calculated on the basis of income of FY 2017-18) <b>(As per observation 3 of Financial Discrepancy)</b>	2,01,05,819
<b>Available Funds</b>	<b>5,64,36,985</b>
Add: Fees for FY 2018-19 (as per Audited Financial Statements)	5,30,06,294
Add: Other income for FY 2018-19 (as per audited Financial Statements)	1,24,859
<b>Estimated availability of funds for FY 2018-19</b>	<b>10,95,68,138</b>
Less: Expenses for the Financial Year 2018-19 <b>(Refer Note 2 below)</b>	<b>5,78,35,970</b>
<b>Net Surplus</b>	<b>5,17,32,168</b>

**Note 1:** Balances of Cash, bank and investments as on 31.03.2018 have been considered from audited financial statements for Financial Year 2017-18.

**Note 2:** For calculation of fund availability, all expenses as per audited financial statements of Financial Year 2018-19 have been considered except the depreciation, being non-cash expenses, amounting Rs.2,41, 820.

- ii. The School has sufficient funds to carry on the operation of the School for the academic session 2018-19 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 utilizing the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has*



*not been utilized for years together may also be used to meet the shortfall before proposing a fee increase."*

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 Accountant that along with certain financial and other irregularities, that sufficient funds are available with the school to carry out its operations for the academic session 2018-19, accordingly the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of team of Chartered Accountant 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 surplus fund for meeting financial implication for the academic session 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Laxmi Public School (School ID-1003211), X-20 Institutional Area, Karkardooma, Delhi-110092** is rejected by the Director of Education.

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

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2018-19 and if the fee is already increased and charged for the academic session 2018-19, the same shall be refunded to the parents or adjusted in the fee of subsequent months.
2. To communicate the parents through its website, notice board and circular about rejection of fee increase proposal of the school by the Directorate of Education.
3. To rectify all the financial and other discrepancies/violations as listed above and submit the compliance report within 30 days to the D.D.E (PSB).
4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of India in its Judgment of Modern School vs Union of India. Therefore, school not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA, 1973.
5. To utilise the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.
6. In case of submission of any proposal for increase in fee for the next academic session, the compliance of the above listed financial and other discrepancies/violations will also be attached.

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  
Laxmi Public School,  
X-20 Institutional Area, Karkardooma,  
Delhi-110092 (School ID-1003211)

No. F.DE.15 ( 181 )/PSB/2021 / 3348-52

Dated: 09/09/21

**Copy to:**

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE concerned ensure the compliance of the above order by the school management.
4. Guard file.



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