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

**No. F.DE.15 (1255)/PSB/2022/ 1574-1578** **Dated: 16/02/23**

**Order**

WHEREAS, **Lancers Convent School (School ID- 1413256), Prashant Vihar,Delhi-110085,** (hereinafter referred to as **"the School"**), run by the **Anand Education Society** (hereinafter referred to as the "**Society"**), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (**hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act & Rules, 1973 (**hereinafter referred to as "DSEAR, 1973"**). The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'.*

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

AND WHEREAS, besides the above, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 27 and 28 in case of private unaided schools situated on the land allotted by DDA at concessional rates that:

"27....

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

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

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

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/4440-4412 dated 08.06.2022, 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 academic session 2022-23.

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for increase of fee for the academic session **2022-23**. Accordingly, this order dispenses the proposal for increase of fee submitted by the school for the academic session **2022-23**.

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 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 increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 22nd November 2022 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. In the aforesaid personal hearing, compliance of Order No. F.DE.15(647)/PSB/2022/3785-3789 dated 31.05.2022 issued for academic session 2019-20 were also discussed with the school and school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee increase, and subsequent documents submitted by the school as a result of the personal hearing, were evaluated by the team of chartered accountants and key suggestions noted for improvement by the school are hereunder:

**A. Financial Suggestions for Improvement**

1. Clause 2 of Public notice dated 04.05.1997 states *"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 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.*

Rule 177 of DSER,1973 states *"income derived by an unaided private 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. The abovementioned savings shall be arrived at after providing for the following, namely:*

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

Accordingly, based on the abovementioned provisions and pronouncement of court's 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.

The school incurred INR 3,54,71,418 on additions made to the building from FY 2014-15 to FY 2016-17 and the same was directed to recover from the society vide Directorate's Order numbers F.DE.15(601)/PSB/2018/30315-319 dated 10.12.2018 and F.DE.15(647)/PSB/2022/3785-3789 dated 31.05.2022. However, the school has not complied with the above direction and the aforesaid amount is still pending for recovery.

The compliance report submitted by the school against order dated 08.01.2019 were taken on record. The school submitted that "The expenditure were incurred for repair and maintenance of the existing school building in order to maintain existing main school building and for this no building fund has ever been collected from the students. INR 3,54,71,418 incurred from FY 2014-15 to FY 2016-17 was to be shown under Building Maintenance and Repair A/c and not under Building Construction A/c. Due to lack of knowledge of the account staff handling the accounts at that time.
The above contention of the school cannot be accepted considering the fact that the above-mentioned capital expenditure was taken from audited financial statements which was signed by the principal and auditor of the school.

Therefore, the amount utilised by the school towards construction of building of INR 3,54,71,418 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

2. Clause 14 of DoE's Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, 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.*"

Further, para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India specify the accounting treatment for specific funds. The GN-21 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 67 of GN-21 States *"the financial statement should disclose, inter alia, the historical cost of fixed assets."*

The school incurred INR 2,99,85,517 for purchase of assets out of development fund in FY 2014-15 which was not reported on the face of Balance Sheet. It was noted that the school has shown these fixed assets as addition and then shown as deduction/ adjustment in fixed assets schedule , the same was directed to recover from the society vide Directorate's Order no. F.DE.15(647)/PSB/2022/3785-3789 dated 31.05.2022.

On review of audited financial statements for FY 2021-22, it has been noted the school has disclosed all the fixed assets which were purchased in FY 2014-15 on the face of balance sheet and passed the necessary journal entries as per the guidance note issued by the ICAI..

Therefore, the school has complied with the direction issued vide Directorate's Order no. F.DE.15(647)/PSB/2022/3785-3789 dated 31.05.2022. Thus, school has complied with the direction provided under aforesaid order. Hence, INR 2,99,85,517 has not been considered as fund available with the school while calculating the fund position of the school.

3. As per Rule 177 of DSER,1973 states "*income derived by an unaided private 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. The abovementioned 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."*

   The school incurred INR 4,56,43,245 for repayment of loan taken for purchase of buses and installation of AC system from FY 2014-15 to FY 2018-19 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(647)/PSB/2022/3785-3789 dated 31.05.2022. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

   The compliance report submitted by the school against order dated 08.01.2019 were taken on record. The school submitted that "The buses are purchased for providing pick and drop facility to students. Further, the centralized AC system is installed in the school building which is needed expansion of the school to facilitate the students which is under permissible expenses mentioned under Rule 177 of DSER because for last many years students and their parents pressurized the management of the school to install and run centralized AC system".

The above contention of the school cannot be accepted considering the fact that the income of the school at first instance should be used for meeting the establishment cost including the retirement benefit payable to the staff and if there is any balance the same can be utilised for meeting the capital expenditure.

On review of audited financial statements for FY 2019-20, it has been noted that the school continually repaid loans and interest thereon in respect of buses and car which were purchased from FY 2014-15 to FY 2018-19. The details of school funds utilized by the school for repayment of loan and interest thereon has been provided below:

| Financial Year | Principal | Interest | Total | Remarks |
|---|---|---|---|---|
| Till 2018-19 | 4,56,43,245 | | 4,56,43,245 | As per Directorate's Order no. F.DE.15(647)/PSB/2022/3785-3789 dated 31.05.2022 |
| 2019-20 | 63,07,481 | 8,51,862 | 71,59,343 | As per calculation of repayment of principal and interest of secured loans submitted by the school. |
| 2020-21 | 40,50,611 | 4,31,191 | 44,81,802 | |
| 2021-22 | 21,87,100 | 70,108 | 22,57,208 | |
| **Total** | | | **5,95,41,598** | |

Accordingly, the school is directed to recover INR 5,95,41,598 from the Society within 30 days from the date of issue of this order, as the school has used its for repayment of loan and interest cost without complying with the requirement of Rule 177 of the DSER 1973.

4. 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.

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.*"

On review of the documents submitted by the school, it has been noted that the school has reported liability for gratuity was INR 5,65,97,290 and for leave encashment was INR 1,58,62,808 in accordance with the actuarial valuation report under audited financial statements for the FY 2021-22.

However, the school has not made any investment in plan assets against provision for gratuity and leave encashment shown in its audited financial statements for the FY 2021-22. Since, the school has not invested anything against gratuity and leave encashment in the 'Plan Assets' as per the requirements of AS-15 issued by the ICAI. Therefore, no amount has been considered while calculating the fund position of the school.

The school is hereby directed to invest an amount equivalent to the amount determined in the actuarial valuation report in plan assets as per requirement of AS-15 form the date of issue this order.

Further, the school has proposed expenditure for FY 2022-23 towards gratuity amounting to INR 75,00,000 and towards leave encashment amounting to INR 8,00,000 has not been considered while calculating the fund position of the school.

**B. Other Suggestions for Improvement**

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."*

   Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."*

   Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 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."*

   Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states *"Earmarked levies shall be charged from the user student only."*

   Rule 176 states *"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."*

   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 at 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 form of restricted funds, which, according to Guidance Note-21 '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 Guidance Note-21 lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

   From the information provided by the school post personal hearing, it has been noted that school charges earmarked levies in the form of transport fees, educational tour fees and practical fees from the students. However, the school has not maintained separate fund accounts for these earmarked levies. The surplus/deficit generated by the school from these earmarked levies in last three financial years are as under:

| Particulars | Transport Fees | Educational Tour | Practical Fee |
|---|---|---|---|
| **For the year 2019-20** | | | |
| Fee Collected during the year (A) | 6,48,90,083 | 55,15,780 | 7,25,400 |
| Expenses during the year (B) | 6,49,74,543 | 55,15,780 | 30,14,445 |
| **Difference for the year (A-B)** | **(84,460)** | **-** | **(22,89,045)** |
| **For the year 2020-21** | | | |
| Fee Collected during the year (A) | - | - | - |
| Expenses during the year (B) | 1,43,34,894 | - | 80,281 |
| **Difference for the year (A-B)** | **(1,43,34,894)** | **-** | **(80,281)** |
| **For the year 2019-20** | | | |
| Fee Collected during the year (A) | - | 2,63,250 | 3,31,200 |
| Expenses during the year (B) | 1,72,62,425 | - | - |
| **Difference for the year (A-B)** | **(1,72,62,425)** | **2,63,250** | **3,31,200** |
| **Total (Surplus)** | **(3,16,81,779)** | **2,63,250** | **(20,38,126)** |

In view of the above the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students at the school, a separate charge cannot be levied towards these services by the school as the same would get covered either from 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 educational tour fees and practical fees from all the students loses its character of earmarked levy. Thus, the school is directed not to charge educational tour fees and practical fees as earmarked levy with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

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 must 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 in the subsequent proposal of fee increase by 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.

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

2. The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to the students belonging to weaker section. However, as per the information provided by the school for FY 2019-20 to FY 2021-22, it has been noted that the school has not complied with above requirement in FY 19-20 and FY 20-21. Therefore, DDE District may be requested to look into this matter and ensure compliance with the above requirements. The details of total students and EWS students for the FY 2019-20 to 2021-22 are tabulated below:

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 |
|---|---|---|---|
| EWS | 1008 | 1079 | 1154 |
| Total Strength | 4790 | 4846 | 4869 |
| **% Of EWS students to total strength** | **21%** | **22%** | **24%** |

3. As per Section 18(5) of the DSEA, 1973, the management committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed.

   Further, Rule 180 of DSER, 1973 states " (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31st day of July of each year.(3) The account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by any officers authorised by the Comptroller and Auditor General of India"

   And Section 24 (2) of DSA. 1973 states "The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him".

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

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

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

   Accordingly, the Council in the 379th meeting of ICAI held on 17.12.2018 and 18 .12. 2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

   - All Certification done by Practicing CAs w.e.f. 01.02.2019.
   - All GST & Tax Audit Reports w.e.f. 01.04.2019.
   - All other attest functions w.e.f. 01.07.2019.

   However, on review of the audited financial statements for FY 2019-20 and FY 2020-21 submitted by the school, it was observed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. This being the procedural observation therefore, the school management are directed to ensure this compliance from the Auditor of the school.

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

i. The total funds available for the FY 2022-23 amounting to INR **37,78,84,390** out of which cash outflow for the FY 2022-23 is estimated to be INR **27,91,43,611.** This results in surplus of INR **9,87,40,779** for the FY 2022-23 after all payments. The details are as follows:

| **Particulars** | **Amount (in INR)** |
|---|---|
| Cash and Bank balances as on 31.03.22 as per Audited Financial Statements | 11,54,310 |
| Investments as on 31.03.22 as per Audited Financial Statements **(Refer Note 1 Below)** | 9,63,503 |
| **Liquid Funds as on 31.03.2022** | **21,17,813** |
| Add: Capital Expenditure incurred by the school on building should be recoverable from society **(Refer Financial Suggestion No. 1)** | 3,54,71,418 |

| Particulars | Amount (in INR) |
|---|---|
| Add: Development fund utilised in FY 2014-15 **(Refer Financial Suggestion No. 2)** | - |
| Add: Amount recoverable from society against repayment of loan **(Refer Financial Suggestion No. 3)** | 5,95,41,598 |
| Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note 2 Below)** | 28,11,61,444 |
| Add: Other income for FY 2021-22 as per Audited Financial Statements **(Refer Note 3 Below)** | 5,55,620 |
| **Total Available Funds for FY 2022-23** | **37,88,47,893** |
| Less: FDR in the name of CBSE as on 31.03.2022 **(Refer Note 1 Below)** | 9,63,503 |
| Less: Gratuity and Leave Encashment Fund with LIC as on 31.03.2022 **(Refer Financial Suggestion No. 4)** | - |
| **Net Available Funds for FY 2022-23 - (A)** | **37,78,84,390** |
| Less: Budgeted expenses for the session 2022-23 **(Refer Note 4 Below)** | 27,91,43,611 |
| Less: Salary arrears of 7th CPC for the period Jan 2016 to June 2019 **(Refer Note 5 Below)** | - |
| **Total Estimated Expenditure for FY 2022-23 - (B)** | **27,91,43,611** |
| **Net Surplus (A-B)** | **9,87,40,779** |

**Note 1**: The detail of fixed deposits held by the school as per the audited financial statements of FY 2021-22 is provided below:

| Particulars | Amount (in INR) | Remarks |
|---|---|---|
| FDR in the name of CBSE | 9,63,503 | Same has been deducted while calculating the fund position of the school. |
| **Total** | **9,63,503** | |

**Note 2:** The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

(i) *"to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of **unutilized facilities** by the students during the relevant period of academic year 2020-21"*. And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.
(ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.
(iii) The above arrangement is also applicable for collection of fees for FY 2021-22.

From review of the audited financial statements of FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported 100% of the tuition fees and 85% of annual charges and development fees in its audited financial statements of FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to annual charges and development fees has been grossed up to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

| Particulars | Income as per AFS of FY 2021-22 | Income Considered while deriving the fund position for the FY 2022-23 | Remarks |
|---|---|---|---|
| Tuition Fee | 17,55,50,278 | 22,56,38,766 | As per the Budget 2022-23, the school has proposed expenditure of "Poor/Eco Weaker Students" tuition fee income as expense hence, Tuition fee for FY 2021-22 has been considered after including the tuition fee income of "Poor/Eco Weaker Students" |
| Annual Charges | 1,96,58,100 | 2,36,77,228 | As per reconciliation submitted by the school for FY 2021-22, annual charges amounting to INR 2,01,25,644 and development fee amounting to INR 2,66,73,000 are collected at 85%. The same has been grossed up to 100%. |
| Development Fees | 2,66,73,000 | 3,13,80,000 | |
| **Total** | **22,18,81,378** | **28,06,95,994** | |

**Note 3:** All other income as per audited financial statements of FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23 except the following:

| Particulars | Amount (in INR) | Remarks |
|---|---|---|
| Depreciation on assets acquired from development fund | 4,52,10,700 | Non-cash items |

**Note 4:** All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

| Heads | Budgeted expenditure in FY 2022-23 | Amount Disallowed | Remarks |
|---|---|---|---|
| Provision for Gratuity | 75,00,000 | 75,00,000 | Refer Financial Suggestion No. 4 |
| Provision for leave encashment | 8,00,000 | 8,00,000 | Refer Financial Suggestion No. 4 |
| Depreciation | 2,80,82,063 | 2,80,82,063 | Expense being a non-cash item |
| Depreciation on Vehicle | 27,94,347 | 27,94,347 | Expense being a non-cash item |

| Heads | Budgeted expenditure in FY 2022-23 | Amount Disallowed | Remarks |
|---|---|---|---|
| Transport Expenses against transport fees | 4,91,12,972 | 4,91,12,972 | Neither income nor expenditure has been considered while calculating the fund position of the school for FY 2022-23 on the assumption that earmarked levies are collected on no profit/no loss basis. |
| **Total** | **8,82,89,382** | **8,82,89,382** | |

**Note 5:** The school has implemented the recommendations of 7th CPC w.e.f August 2019. Further, the school has submitted 7th CPC arrears for the period 01.01.2016 to 31.07.2019 amounting to INR 8,16,51,111.

However, during the fee hike proposal for academic year 2018-19 and 2019-20, the 7th CPC arrears already been considered for the period 01.01.2016 to 31.03.2019 amounting to INR 7,20,27,915. Further, the school has not recognized salary arrears as per 7th CPC in its audited financial statements for the FY 2021-22 even after the implementation of recommendations of 7th CPC.

Hence, no 7th CPC arrears has been considered while calculating the fund position of the school for the academic year 2022-23.

ii. The school has sufficient funds to carry on its operation for the academic session 2022-23 on the existing fee 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 2022-23. Accordingly, the fee increase proposal of the school may be rejected.

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 2022-23. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Lancers Convent School (School ID- 1413256), Prashant Vihar, Delhi-110085,** is rejected by the Director of 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 2022-23 and if the fee is already increased and charged for the academic session 2022-23, 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

Nandini

**(Nandini Maharaj)**
**Additional Director of Education**
**(Private School Branch)**
**Directorate of Education, GNCT of Delhi**

**To:**
**The Manager/ HoS**
**Lancers Convent School**
**School ID- 1413256,**
**Prashant Vihar,**
**Delhi-110085**

No. F.DE.15 (1255)/PSB/2022/ 1574-1578 Dated: 16/02/23

**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) 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.

Nandini

**(Nandini Maharaj)**
**Additional Director of Education**
**(Private School Branch)**
**Directorate of Education, GNCT of Delhi**