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

No. F.DE.15 (187)/PSB/2021/ 3416 – 20 **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 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 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 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 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 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 **East Point School (School ID-1002281), FC-26, Vasundhara Enclave, Dallupura, Delhi-110096** had submitted the proposal for fee increase for the academic session **2018-19**. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the said school for the academic session **2018-19**.

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 hike proposal filed by the aforesaid School for the academic session 2018-19, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 02.12.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted.

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

A. Financial Discrepancies

1. As per clause 2 of 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 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 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   Also, as per Clause 14 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009, development fee, not exceeding 15% of the total annual tuition fees may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixture 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 depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts and the collections under this head along with income generated from the investment made out of this fund, will be kept separately maintained development fund account.

   The financial statements of the school for the FY 2017-18 revealed that the school has incurred expenditure amounting to Rs. 72,07,155 on construction of building out of development fund and shown it as capital work in progress, is not in accordance with the aforementioned provisions. Moreover, in FY 2018-19 school has incurred capital expenditure for building amounting Rs. 1,14,89,561. These amounts of Rs. 72,07,155 and Rs. 1,1,4,89,561 are 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 of the date of this order.

   Further, the utilization of development fund for building amounting to Rs. 72,07,155 is not in accordance with Clause 14 of the Directorate's order No. F.DE./15(56)/Act /2009/778 dated 11.02.2009, therefore, the school is directed to make adjustment in development fund account.

2. Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 11.02.2009 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 state that "Earmarked levies shall be charged from the user student only."

   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."

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-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.

On review of audited financial statements submitted by the school, it has been noted that the school charges earmarked levies in the name of IT Account Fee, Magazine Fee, Examination & worksheet Fee, Mid-day Meal Fee, Transport Fee, and Science charges. The school is following fund-based accounting in respect of all earmarked levies but the receipts and expenditure against the earmarked levies are not routed through the income and expenditure account and directly shown the fund position in the balance sheet. Accordingly, the school is directed to show the receipts and expenditure against the earmarked levies in the income and expenditure in accordance through GN -21 Accounting by Schools issued by the Institute of Chartered Accountants of India (ICAI).

Details of fund balance of earmarked levies as on 31.03.2018 are as under:

Particulars	**Balance as on 31.03.2018**
IT Account	90,970
Magazine Fund	2,06,818
Examination and Worksheet Fund	36,999
Mid-day meal fund	-
Transport Fund	4,33,587
Science Charges	-

Further, it has been noted that the school charges IT fees, PTA fees, Magazine fees and Examination and Worksheet from all the students and that too, on yearly basis. As per clause 6 of order dated 15.12.1999 and clause 22 of order dated 11.02.2009, 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 of the school, a separate charge cannot be levied towards this 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 IT Account Fee, Magazine Fee, Examination & worksheet Fee and PTA fees from all the students loses its character of earmarked levy. Thus, the school is directed based on the nature of the IT Account Fee, Magazine Fee, Examination & worksheet Fee and PTA fees, not to charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

3. 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 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 2015-16 and 2017-18 submitted by the school, it was noted that the school has not transferred an amount equivalent to the purchase cost of the assets from Development fund to Development Fund utilisation account (Deferred Income) which was not in compliance with the accounting treatment of development fund indicated in the guidance note cited above.

   However, the school has transferred the whole amounts utilised for purchase of assets out of development fund to General Fund resulting in overstatement of General Fund balance. Therefore, the school is directed to prepare and present its financial statements as per the Guidance Noted- 21 issued by ICAI. Further, the school is directed to adjust General Fund for the purpose of determination of actual position of General Fund. As per audited Financial Statements for FY 2015-16, 2016-17 and 2017-18, development fund utilized are as under.

(Figures in Rs.)

Particulars	**FY 2015-16**	**FY 2016-17**	**FY 2017-18**	**Total**
Development Fund utilised	29,35,266	-	72,07,155	1,01,42,421

4. As per the Duggal Committee report, there are four categories of fee that can be charged by a school. The first category of fee comprised of "registration fee and all One Time Charges" levied at the time of admission such as admission and caution money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for

the improvement of curricular facilities like library, laboratories, science and computer fee up to class X and examination fee. The third category of the fee should consist of "Annual Charges" to cover all expenditure not included in the second category and the fourth category should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc.

Clause 20 of Order No. F.DE./ 15(56) /Act/ 2009/ 778 dated 11/02/2009 states that "no fee, fund or any other charges by whatever name called , shall be levied or realised unless it is determined by the managing committee in accordance with the directions contained in this order and unless the representatives of the PTA and the nominees of the undersigned are associated with these directions"

In view of the above, the school cannot collect or levy any fees or charges other than mentioned above. However, as per fee structure submitted by the school the school is collecting Rs.100 per month from every student as PTA Fund which does not come under the ambit of either tuition fee or annual charges etc as mentioned above.

Therefore, the collection of PTA Fund by the school is not accordance with the above-mentioned provisions. Accordingly, the school is hereby directed to stop the collection of PTA fund immediately and refund the amount corrected to the parent within 30 days from the date of issue of this order. Thus, the closing balance of PTA fund of Rs.14,01,261 as on 31.03.2019 has been adjusted while calculating the fund position of the school.

5. As per the Generally Accepted Accounting Principles, if the school is creating depreciation reserve fund, then the fixed assets should be shown at Gross Value.

Also, para 67(ii) of the aforementioned Guidance Note-21 states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

However, the school has a practice of disclosing fixed assets at written down value resulting in non-compliance with the aforesaid para 67(ii) of Guidance Note and Depreciation reserve fund is not being created accurately as per Generally Accepted Accounting Principles. Accordingly, the school is directed to comply with Generally Accepted Accounting Principles and Guidance Note.

Further, on review of the audited financial statements of the school, it has been noted that the school has disclosed its fixed assets at WDV and at the same time depreciation reserve fund appeared at the liability side of the financial statements. This implies that General Fund was debited twice with the amount of depreciation. First at the time of charging depreciation on fixed assets and second, at the time of creating depreciation reserve fund through General Fund.

Further, 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 abovementioned 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/utilization 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 utilization of each fund balanced
d. Restrictions, if any, on the utilization of specific assets

Thus, creation of depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts as per clause 14 of the order dated 11.02.2009, is mere accounting head for appropriate accounting treatment of depreciation in the books of account of the school in accordance with GN-21 issued by ICAI. Thus, the Depreciation Reserve Fund will not have any financial impact in the calculation of fund position of the school and accordingly, has not been considered in the calculation of fund position of the school. Further, the school is directed to make necessary accounting adjustment in general fund account and depreciation reserve fund account.

The details of depreciation reserve fund created by the school out of general reserve/out of income and expenditure appropriation account is given below:

Particulars	**As per Audited FS for FY 2015-16**	**As per Audited FS for FY 2016-17**	**As per Audited FS for FY 2017-18**	**Total**
Depreciation Reserve Fund created through General Fund	44,90,006	55,67,886	48,53,433	**1,49,11,325**

6. As per the order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided schools whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of DoE. Further, as per the directions of Supreme Court in ***Modern School vs. Union of India & Ors.*** (supra), a Circular dated 16.04.2010 has been issued reiterating as under:

a) It is reiterated that annual fee-hike is not mandatory.
b) School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.
c) If any school has collected fee in excess of that determined as per procedure prescribed here-above, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

On review of Fee Structure submitted by the school, it has been noted that the school has increased Transport fee in FY 2016-17, 2017-18 and 2018-19 on certain bus routes without obtaining prior approval from DOE which is in contravention of the aforesaid provisions. The summary of transport fee increased by the school are as under.

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Route No. 1	825	925	925
Route No. 2	900	1,010	1,010
Route No. 3A/ 3B	855	960	960
Route No. 4	950	950	1,065
Route No. 5	950	950	1,065
Route No. 6A-6G	640	640	720
Route No. 7, 7A, 7B	640	640	720

The school is required to compute the transport cost on no profit no loss basis in accordance with orders issued by Directorate from time to time and submit the same to the Directorate. This detailed computation of transport cost shall be examined at the time of evaluation of fee proposal for the next financial year.

7. As per Section 13 of Right to Education Act, 2009, the school should not charge capitation fee from the students at the time of admission. Further, the Supreme Court in its Judgement dated 02.05.2016 in the matter of Modern Dental College And Research Centre Vs. State of Madhya Pradesh [Medical Council of India] held that education is a noble profession. "**Every demand of capitation fee by educational institutions is unethical & illegal. It emphasised that the commercialization and exploitation is not permissible in the education sector and institutions must run on 'no-profit-no-loss' basis".**

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

On review of audited financial statements for FY 2015-16, it has been noted that the school is collecting one-time charges of Rs.5,000 in the name of "Management Fund" at the time of admission from the new student. This type of collection by the school from the student clearly tantamount as capitation fee. However, school has claimed to discontinue collection under this head from FY 2016-17 onwards.

Similar observation was also noted in Directorate's order No. F.DE-15/ACT-I/WPC-4109/PART/13/221-225 dated 26.12.2016 in which the school was directed to refund the fees collected under this head to the students. However, the school has not complied with the said order. Therefore, school is once again directed to comply with the order dated 26.12.2016 and refund fees collected in the name of "Management Fund".

Details of Management fee collected are as under:

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Management Fund	29,73,749	39,32,916	36,15,000

Moreover, on review of audited Financial Statements for FY 2016-17, it has been noted that school has debited General fund and Maintenance fund for Rs. 29,09,747 but has disclosed the corresponding impact of these transactions in the Financial Statements. Accordingly, school is directed to prepare and present its Financial Statements in proper manner and to submit the details of aforesaid transactions to the Directorate as the same shall be examined at the time of evaluation of next fee proposal of the school.

8. As per 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 define benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."*

   Further, para 7.13 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India 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.

   Though, the school has taken group gratuity scheme from LIC only but the provision for leave encashment has been provided on the basis of management estimates. The school is directed to present the value of plan assets and liability towards gratuity and leave encashment in the financial statements to reflect true and fair view of the financial statements. Also, the school is directed to make earmarked investments with LIC (or any other agency) against provision for leave encashment, Accordingly, provision for leave encashment has not considered in the calculation of fund position of the school.

9. 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/Direction" 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.

   Based on the above provisions, school is not allowed to appoint any person on the post of Manager/ Director. Thus, the Manager/ Director of the school cannot be allowed as employee of the school and cannot be paid salary as per the provisions of the DSEA & R, 1973. Accordingly, the Manager/ Director of the school is not entitled to any payment whatsoever from the school funds.

As per notes to accounts of the school, it has been noted that the school has paid remuneration to Manager and Director amounting to Rs. 22,78,976 in FY 2017-18 and Rs. 12,02,988 in FY 2018-19. Since, this is an honorary post, therefore, the remuneration paid to manager and director have been disallowed and is recoverable from the society. Accordingly, the aforesaid amounts have been included in the calculation of fund availability of the school with the direction to the school to recover this amount from society. Further, the school is also directed to make adjustment to General Fund for remuneration paid to manager and director.

B. Other Discrepancies

1. As per DOE order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as DDA land allotment letter, the school shall provide 25% reservation to children belonging to EWS category. However, the school has not complied with above requirement in the FY 2016-17, 2017-18 and 2018-19. Therefore, DDE District is directed to look into the matter. The details of total students and EWS students for the FY 2016-17, 2017-18 and 2018 -19 are given below:

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Total Strength	1,890	2,005	2,049
EWS Strength	293	328	363
Ratio of EWS Strength to Total Strength	**16%**	**16%**	**18%**

2. As per Right to Education act, pupil teacher ratio for primary classes and upper primary classes should be 30:1 and 35:1 respectively. Also, as per the affiliation bye-laws prescribed by Central Board of Secondary Education (CBSE), the student's teacher ratio should not exceed 30:1 and section teacher ratio must be 1:1.5 excluding principal, physical education teacher and counsellor to teach various subjects.

The information collected from the school relating to total students and number of teachers has been included in the below table.

Particulars	FY 2016-17	FY 2017-18
Total Number of Students (A)	2,005	2,049
Number of Teacher excluding Coach (B)	100	104
Students to teacher ratio (A/B)	20.05	19.70

From the above calculation, it has been observed that there is one teacher on every 20 or 21 students which is much higher than the standard prescribed by the CBSE and RTE Act. Hence, it seems that there is overstaffing of teaching staff in the school. Therefore, the school management is required look into this aspect and try to establish an equilibrium, without compromising the standard of education, between the standard prescribed by the CBSE and the existing student teacher ratio.

3. On review of copy of FDRs submitted by the school, it has been noted that the school has following FDRs in the name of "Starex International school":
FDR No. 31790300000203
FDR No. 31790300002078
FDR No. 31790300003088

The school has submitted in its reply dated 20.03.2020 that previously the school was operating in the name of "Starex International School" and in FY 2012-13, the school's name has changed from "Starex International School" to "East Point School". However, the name in the above-mentioned FDRs have not been changed yet. Therefore, the school is directed to ensure that the FDRs should be in the name of East Point School.

4. As per clause 3 of the public notice dated 04.05.1997 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 11.02.2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

   However, on review of audited Financial Statements for the FY 2015-16 to 2018-19, it has been observed that the school is being refunding only the principal amount of caution money without any interest thereon to the students, which is a contravention of clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009.

   Further, as per Clause 4 of Order No. DE./15/150/ACT/2010/4854-69 dated 09.09.2010, after the expiry of 30 days, the un-refunded caution money belonging to ex-students shall be reflected as income for the next financial year and it shall not be shown as liability. Further, this income shall also be taken into account while projecting fee structure for ensuing academic year. However, on review of 'Audited receipts and payments of FY 2018-19' submitted by the school it was noted that school has not considered the un-refunded caution money as receipts. In the absence of availability of information of un-refundable caution money belonging to ex-students which can be treated as income, correct/ actual liability of the school cannot be ascertained.

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 2018-19 amounting to Rs. **15,54,80,895** out of which cash outflow in the FY 2018-19 is estimated to be Rs. **10,68,83,219.** This results in net balance of Surplus amounting to Rs. **4,85,97,676** for FY 2018-19 after all payments. The details are as follows:

Particulars	Amount in Rs.
Cash and Bank balances as on 31.03.18 (as per audited Financial Statements of FY 2017-18)	1,21,87,716
Overdraft Balance as on 31.03.2018 (as per audited Financial Statements of FY 2017-18)	(17,681)
Investments as on 31.03.18 as per audited Financial Statements (as per audited Financial Statements of FY 2017-18)	4,92,16,864
Total Liquid Funds Available with the School as on 31 Mar 2018	**6,13,86,899**
Add: Fees and other incomes for FY 2018-19 based on audited financial statements of FY 2018-19 of the school	9,01,10,949
Add: Recovery from Society of amount spent on Building during FY 2017-18 and 2018-19 [Refer Financial discrepancies no. I and Refer Note 4 below]	1,86,96,716
Add: Recovery from Society of salary paid to manager and director of the school [Refer observation IX of Financial discrepancies]	34,81,964
Gross Available Funds for FY 2018-19	**17,36,76,528**
Less: Development Fund collected during FY 2017-18 (Refer Note 1)	1,09,44,831
Less: PTA Fund Balance as on 31.03.2018	14,01,261
Less: FDR in joint name of Director of Education and Manager of school	13,95,672
Less: School Examination A/c	1,25,203
Less: School IT A/c	10,13,340
Less: School Magazine A/c	3,17,171
Less: School Midday meal A/c	1,83,358
Less: School Science charges A/c	92,095
Less: School Transport Fund A/c	9,84,954
Less: Caution money as on 31.03.2018	17,37,750
Net Available Funds for FY 2018-19	**15,54,80,895**
Less: Actual expenses for FY 2018-19 (as per audited Financial Statements of FY 2018-19) (Refer Note 2 to 4)	10,68,83,219
Net Surplus	**4,85,97,676**

Note 1: The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16.04.2010 states "All schools must, first of all, explore and exhaust the possibility of 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." Over the number of years, the school has accumulated development fund and has reflected the closing balance of Rs 2,19,20,922 in its audited financial statements of FY 2017-18. Accordingly, the accumulated reserve of development fund created by

the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school. However, development fund equivalent to amount collected in FY 2018-19 for Rs. 1,09,44,831 has been left with the school to meet its future requirements.

Note 2: The school has implemented 7th CPC w.e.f. 01.01.2017 and accordingly, the expenses shown in the above calculation is inclusive of 7th CPC impact.

Note 3: As per audited financial statements for FY 2018-19, the School has provided for leave encashment on the basis of management estimates instead of Actuarial valuation basis in accordance with AS-15. Therefore, the same has not been considered in the evaluation of fee increase proposal of the school for FY 2018-19.

Note 4: As per audited Financial Statements for FY 2018-19, the School has spent Rs. 1,14,89,561 on building by utilising its development fund balance in contravention of clause 2 of Public Notice dated 04.05.1997, Rule 177 of DSER, 1973 and clause 14 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009. Since, the building is the responsibility of the society the school is required to recover the said amount from the society and accordingly, the same has been added as fund available. Therefore, the same has not been considered in the evaluation of fee increase proposal of the school for FY 2018-19.

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 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 2018-19. 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 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2018-19.

AND WHEREAS, the school has incurred capital expenditure for building amounting Rs. 1,86,96,716 in contravention of clause 2 of public notice dated 04.05.1997, Rule 177 of DSER, 1973 and Clause 14 of order dated 11.02.2009 which is the responsibility of the society. School has also paid remuneration to Manager and Director amounting Rs. 34,81,964 in contravention of Recruitment Rules and the provisions of DSEA & R, 1973 in FY 2017-18 and 2018-19. Accordingly, school is directed to recover aforesaid amounts within 30 days from the date of issue of this order.

Accordingly, it is hereby conveyed that the proposal of fee increase of **East Point School (School ID-1002281), FC-26, Vasundhara Enclave, Dallupura, Delhi-110096** 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 irregularities/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 irregularities/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
East Point School (School ID-1002281),
FC-26, Vasundhara Enclave, Dallupura,
Delhi-110096

No. F.DE.15 (187)/PSB/2021 / 3416 - 20 **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