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

No. F.DE.15 (326 **)/PSB/2021/** 2092 - 2096 **Dated:** 21/04/22

ORDER

WHEREAS, **Manvi Public School (School ID–1413214), Block C-7, Rohini, Sector -7, Delhi–110085** (hereinafter referred to as "**the School**"), run by the **Shri Nannd Lal Malik Memorial 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 para's 27 and 28 in case of private unaided schools situated on the land allotted by DDA at concessional rates that:

"27....

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

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

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

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

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DoE, the School submitted its proposal for enhancement of fee for the academic session 2018-19. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the school for the academic session 2018-19.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for is justified or not, the DoE 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 DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE 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 14th October 2019 at 3:00PM, to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on the discussion, the School was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing compliances against order no. F.DE. 15(668)/PSB/2018/30823-827 dated 24.12.2018, issued for academic session 2017-18, was also discussed and submission were taken on record.

AND WHEREAS, the response of the school along with documents uploaded on the web portal for fee increase and subsequent documents submitted by the school were evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school, the key findings noted and status of compliance against order no. F.DE. 15(668)/PSB/2018/30823-827 dated 24.12.2018 issued for academic session 2017-18 are as under:

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
A.	**Financial Observations**		
1.	As per Rule 175 of Delhi School Education Rules, 1973, "*The accounts with regard to the School Fund or the Recognised Unaided School Fund, as the case may be, shall be so maintained as to exhibit, clearly the income accruing to the school by way of fees, fines, income from building rent, interest, development fees, collections for specific purposes, endowments, gifts, donations, contributions to Pupils' Fund and other miscellaneous receipts, and also, in the case of aided schools, the aid received from the Administrator.*" During the visit made at the school, it was noted that another institute in the name of 'Manvi Institute of Education and Technology (Manvi Institute of Education And Technology)'under the management of the same Society operates in the basement of the school premises. During the discussion, the school management explained that the basement is being used by Manvi Institute of Education And Technology, whereas the rest 3 floors of the building are used for the purpose of the school. It was further explained that Manvi Institute Of Education And Technology is running teacher training programme (DPSC - Diploma in Pre-School Education) recognised by the National Council of Teacher Education vide	The Manvi Institute of Education and Technology was duly recognised in the year 2004 for running Nursery Teacher Training Course as per Norms of the Govt. Body, NCTE. The recognition to this course was given mainly in nursery school and also, in others for uplift of nursery school education which utmost necessary & important for building future of our country. Keeping in view of the above said objective, the society took initiative to in-house nursery teacher	From the documents submitted by the school, it has been noted the school has not complied with the direction given in order no. F.DE.15 (668) /PSB/2018/30823-827 dated 24.12.2018. The operation of Manvi Institute of Education And Technology is continuously being conducted from the school's building. And on review of the financial statements of Manvi Institute of Education and Technology of last three financial years, it has been noted that Manvi Institute of Education and Technology has earned revenue of INR 28,32,000 in FY 2016-17, INR 27,88,000 in FY 2017-18 and INR 27,34,500 in FY 2018-19 while the total earning of Manvi Public School was INR 43,35,124 in FY 2016-17, INR 51,85,328 in FY 2017-18 and INR 55,40,710. Further, the total fixed assets of Manvi Institute of Education and Technology was INR 14, 24,418 as on 31.03.2019 whereas the total fixed assets of Manvi Public School were INR 19, 59,941 as on 31.03.2019. From the above analysis, it appears the school management is utilising the school building for commercial purposes with the clear intention to earn profit in violation of order No. DE.15/act/163/98/4940-5939 dated 1 January 2001 and Rule 50 (a) 'Condition for Recognition 'of DSER, 1973 and condition to land allotment letter *(13)*. Also, the school management/society is paying more attention running Manvi Institute of Education and Technology rather than running school's operation. As per the

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	letter no F.NCR/NCTE/F-3/DH-281/2004/6821 dated 24 August 2004.It was also mentioned that separate set of books of account and financial statements are prepared for Manvi Institute Of Education And Technology and that the same are not consolidated with the financial statements of the school. From the details provided by the school and taken on record, it was noted that common expenses such as telephone, electricity and water expenses were shared equally by the school and Manvi Institute of Education And Technology. However, other expenses such as security and housekeeping were not apportioned between the two. The school provided the audited financial statements of Manvi Institute Of Education And Technology for FY 2014-2015 to FY 2016-2017. From the audited financial statement of Manvi Institute of Education And Technology, it was noted that Manvi Institute of Education And Technology had a balance of general reserve of INR 15, 24,512 as on 31 March 2017, which is equivalent to net surplus earned by Manvi Institute of Education And Technology till 31 Mar 2017. Also, during the year 2016-2017, Manvi Institute Of Education And Technology earned a surplus of INR 2.15 lakhs.	training institute in one forth part of the said building for supplementing the Nursery school education and institute would bear equal expenses which are common like telephone, water, electricity bill and also, property tax so as to improve the financial health of the school. Both the school and Manvi Institute of Education and Technology has separate sanitation expenses and separate staff. As per the audited Financial statement of Manvi Institute of Education	condition of the land allotment letter the primary use of the land is to run the school and uplift the status of education not to run other institutions. Therefore, the school management is instructed to look into this matter and comply with the land allotment letter as well as the school recognition norms. Accordingly running of Manvi Institute of Education and Technology from the school's building is clear violation of order No. DE.15/act/163/98/4940-5939 dated 1 January 2001 and Rule 50 'Condition for Recognition 'of DSER, 1973. And therefore, cash and bank balance and Fixed Deposit appearing in the Financial Statements of Manvi Institute of Education and Technology as on 31.03.2018 of INR 3,61,596 has been considered as part of the school funds and has been included in the calculation of the fund position of the School. During, the hearing the school was asked to submit the NOC from the DDA which the school has not provided for verification. Therefore, the compliance to this effect will be verified at the time of evaluation of fee increase proposal of the school of subsequent year. Based on the above, the school is directed not to operate Manvi Institute of Education and Technology from the school's premises and comply with the provisions of Delhi School Education Act and Rules 1973 and land allotment letter. The school is also directed to submit the compliance report within 30 days from the date of issue of this order.

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	Accordingly, a sum of INR 17, 39,512 (carried over surplus of Manvi Institute of Education And Technology of INR 15, 24,512 and INR 2, 15,000 as estimated surplus of FY 2017-2018 with the assumption that the amount of surplus earned in FY 2016-2017 would also be earned by Manvi Institute Of Education And Technology during FY 2017-2018) is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school. In addition to above, Rule 50 – 'Condition for Recognition 'of DSER, 1973 states"*(ix) the school buildings or other structures or the grounds are not used during the day or night for commercial or residential purposes (except for the purpose of residence of any employee of the school) or for communal, political or non-educational activity of any kind whatsoever*" Further, as per order No. DE.15/act/163/98/4940-5939 dated 1 January 2001 "*It has been observed that a number of managing committees of government aided and unaided schools are using the school premises for commercial purpose in violation of RULE 50(a). The prominent practices of commercial uses are (1) Running*	And Technology for FY 2017-18, the general reserve is INR 12, 95,147 against your estimated general reserve of INR 17, 95,512. Further, there is liability or INR 9,85,633 towards the secured loan, security (refundable), expenses payable and other payables. Additionally, the Manvi Institute of Education and Technology has taken unsecured loan amount of INR 1,27,319 from the society.	

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	of coaching centers/ computer classes........ This has been viewed seriously. All the managing committees of government aided, and unaided schools are hereby directed to discontinue such practices immediately". Additionally, according to the Perpetual Lease with DDA in respect of the land on which the school has been constructed "*(13) The lessee shall not without the written consent of the lessor carry on, or permit to be carried on, on the said land or in any building thereon any trade or business whatsoever or use the same or permit the same to be used for any purpose other than that of construction of Nursery School only or do or suffer to be done therein any act, or thing or whatsoever which in the opinion of the lessor may be nuisance, annoyance or disturbance to the lessor and persons living in neighbourhood. Provided that if the lessee is desirous of using the said land or the building thereon for a purpose other than that of construction of Nursery School, the lessor may allow such charge of user on such terms and conditions including payment of additional premium and additional yearly rent as the lessor may in his absolute discretion determine.*" Also, according to Memorandum (Ref. No. F20(49)/SCERT/95/3739 dated 17 Aug 2005) of State Council of		

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	Educational Research and Training issued to the Manvi Institute of Education and Technology "*(1)The institute shall provide separate campus for running NTT course within two years.... (4) Institute will conform the provisions of new Master plan-2021 or obtain NOC from DDA within next two years. The institutes which are run on land allotted by DDA for running nursery/middle/secondary/Sr. Secondary schools shall obtain permission of the DDA for running ETE/ECCE course's also.*" Manvi Institute of Education And Technology has not provided copy of NOC from DDA and has continued to operate from the premises of the school. Thus, based on the above-mentioned provisions the school was directed not to operate Manvi Institute of Education and Technology from the premises of the school with immediate effect and comply with the provisions of Rules 175 of Delhi School Education Rules 1973.		
2.	As per Rule 96 (3) of DSER, 1973 "*Selection Committee shall consist of – (i) the Chairman of the managing committee or a member of the managing committee nominated by the Chairman, (ii) the head of the school, ...*" Further, as per sub rule 8 of rule 96 of DSER, 1973 "*Where a*	The school has issued Letter to Mrs. **Mansi Malik Narula** to refund of Salary earned w.e.f. 01.04.2016 till	The examination of documents submitted by the school revealed that the school has not complied with the direction given in order no. F.DE.15 (668) /PSB/2018/30823-827 dated 24.12.2018 issued by this Directorate. The contention of the school that **Mrs. Mansi Malik (daughter of the Manger and Principal)** has denied refunding of salary paid to her is not acceptable. Since here

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	candidate for recruitment to any post in a recognised school is related to any member of the Selection Committee, the member to whom he is related shall not participate in the selection and a new member shall be nominated, in the case of any aided school, by the Director, and in the case of any other school, by the managing committee, in place of such member" Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13361-365 dated 27 December 2016 issued to the school post evaluation of fee increase proposal for FY 2016-2017, noted that in case of appointment of Ms. Mansi Malik in the year 2015, for the post of TGT (General) Ms. Anjali Malik and Mr. K C Malik (parents of Ms. Mansi) were members of the selection committee. Based on discussion with the school, the school mentioned that after receipt of the aforementioned order from DoE, the school re-advertised the positions and selected Ms. Mansi Malik based on the recommendation of the selection committee considering her qualification and experience. Her appointment was further ratified by the managing committee of the school in its meeting held on 8th December 2017. From the documents submitted by the school and taken on records, it	31.12.2018 on 04.01.2019 but she denied paying back the same. She also submitted her resignation from the Post of TGT (Gen) and requested for continuation of her service till 31.03.2019 in the best interest of students because her students were about to appear in CBSE exams. School has accepted her resignation and then asked her to continue the service till 31.03.2019. Because of the above an amount of INR 298,236 should not be considered as Liquid fund	appointment was not done by an independent committee for which school management/society is responsible. Thus, the total salary of INR 8,94,708 (INR 298,236 as per the last order, INR 298, 236 for FY 2017-18 and INR 298,236 for FY 2018-19) paid to her till 31.03.2019 is not in accordance with the provisions of DSEAR, 1973. It has also been noted that the Principal of the school **'Mrs. Anjali Malik'** was retired on 28 February 2017 and her service has been extended for the next two years in a meeting held on 31 January 2018. On review of the minutes of the meeting revealed that Sub-Rule 8 of Rule 96 was not compiled with by the school. Because her father in law (Chairman of the Management Committee) and her husband (Manger of the School) were part of the selection committee wherein her extension was approved. Thus, the procedure adopted for extension of her service was not in accordance with sub-rule 8 of Rule 96 of DSER, 1973. Further, in order to allow any extension for reappointment as Principal, the school need to comply with the provisions of sub rule (ii) of Rule 110 of DSER, 1973, which provides that 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 who has obtained National or State Award for rendering meritorious service. However, from the documents submitted by School, it has been noticed that Mrs. Anjali Malik attained the age of 60 years on 27th January 2017. Further, the school has not

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	was noted that the chairman of the managing committee who was also the chairman of the selection committee (Dr. R.K Malik) constituted after re-advertisements was an uncle of Ms. Mansi Malik and was thus related to the candidate being selected, which was again a non-compliance of the above rule. Accordingly, the appointment of Ms. Mansi Malik is in contravention of the above-mentioned rules and is thus liable to be removed as an employee of the school basis which the salary paid to her needs to be recovered. From the details provided by the school, it was noted that the school has paid INR 2,98, 236 to Ms. Mansi Malik from April 2016 to March 2017. The school has also budgeted the salary of Ms. Mansi Malik amounting to INR 298,236 in budgeted expenses of FY 2017-2018 along with arrears of the salary amounting to INR 66,876 for the period Jan 2018 to Mar 2018. Basis the above, the amount of arrears and salary budgeted by the school have not been considered while deriving the fund position of the school. Thus, the school is directed to follow DOE instruction in this	available with the school.	submitted any documents on whether she is qualified for the extension as per Rule 110 of DSER, 1973 or not. Because of aforesaid the procedure adopted by the school for extension of her service as a principal appears not correct and thus illegal as per the aforesaid provisions. Accordingly, the consolidated salary of INR 8,94,708 paid to **Mrs. Mansi Malik (daughter of the Manger and Principal)** and INR 11,96,872 paid **Mrs. Anjali Malik'** has been included in the calculation of available funds of the school with the direction to the school to recover this amount from the school management/ society. From the record submitted by the school and on review of the audited balance sheet for the FY 2018-19, the school has reported INR 52,23,159 payables to the society under the head other "current liabilities" which were taken by the school over the period for meeting the school expenditure. Accordingly, the amount of **INR 20,01,580** recoverable from the society as mentioned above has been netted off with the amount payable to the society. In other words, the total amount payable to the society has been reduced by INR 20,01,580 with the direction to the society to make necessary adjustment entry in its books of accounts and report the same in its audited financial statements of the subsequent years and submit the compliance report within 30 days from the date of issue of this order.

<table>
<tr><th>S. No.</th><th>Observations and Direction in the previous Order</th><th>Submission of the school</th><th>Remarks on follow up of the previous orders and observations noted for the current year.</th></tr>
<tr><td></td><td>regard selection of the teachers and with the direction to the school to recover the entire amount paid to Ms. Mansi Malik.</td><td></td><td></td></tr>
<tr><td>B.</td><td>Other Observations:</td><td></td><td></td></tr>
<tr><td>1.</td><td>Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11 Feb 2009 states “The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.”

Further clause 21 of the aforesaid order states “No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and ‘overheads’ and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.”

Rule 176 - ‘Collections for specific purposes to be spent for that purpose’ of the DSER, 1973 states “Income derived from collections for specific purposes shall be spent only for such purpose.”</td><td>In FY 2016-17, the school paid a salary to the staff was INR 36, 18,386 and against the total Tuition Fees of INR 32,76,819, so in view of the above, the amount of tuition fee was not utilized for meeting the deficit of INR 106,426 towards the deficit of earmarked levies namely assignment fee & e-learning fee. Instead, the school has received INR 7, 30,000 from society to meet the deficit on account of the salary.</td><td>On examination of the financial statement for FY 2018-19 submitted by the school, it has been noted that the school is not fund-based accounting with respect to E-Learning expenses and Assignment fee. Further, the school is collecting these earmarked levies from all students and any deficit arising out on these levies are being set off against the other income of the school. Thus, it loses the character of earmarked levies being charged by the school.

The calculation of surplus/deficit, as per the financial statement of FY 2017-18 and 2018-2019 is as under:
<table>
<tr><th>Particulars</th><th>E-Learning</th><th>Assignment fee</th></tr>
<tr><td>FY 2017-18</td><td></td><td></td></tr>
<tr><td>Fee received (A)</td><td>5,62,980</td><td>1,35,240</td></tr>
<tr><td>Expenses (B)</td><td>5,69,116</td><td>1,45,950</td></tr>
<tr><td>Surplus / Deficit (A-B)</td><td>(6,136)</td><td>(10,710)</td></tr>
<tr><td>FY 2018-19</td><td></td><td></td></tr>
<tr><td>Fee received (A)</td><td>5,69,580</td><td>1,38,810</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Observations and Direction in the previous Order</th><th>Submission of the school</th><th>Remarks on follow up of the previous orders and observations noted for the current year.</th></tr>
<tr><td></td><td>Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."

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

Also, earmarked levies collected from students are 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 above-mentioned Guidance Note lays down the concept of fund-based accounting</td><td>However, the school accepted to maintain a separate fund account for these earmarked levies depicting the amount collected, amount utilized and balance amount from the financial year 2018-19.</td><td><table><tr><td>Expenses (B)</td><td>5,66,273</td><td>1,38,514</td></tr><tr><td>Surplus / Deficit (A-B)</td><td>3,307</td><td>296</td></tr><tr><td>Total Surplus/ Deficit</td><td>(2,829)</td><td>(10,414)</td></tr></table>
Based on the above-mentioned provisions, the school is hereby directed to maintain a separate fund account depicting the amount collected, amount utilized and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies should be compulsorily utilized or adjusted against earmarked levies in the subsequent year. Thus, the school needs to evaluate costs incurred against each earmarked levy and should propose the revised fee structure for earmarked levies for the ensuing year on a no-profit and no loss basis.</td></tr>
</table>

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column). From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of Assignment Fee, E-Learning Fee, etc. from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been incurring losses (deficit) which is being met from other fees/income, which was also mentioned in DOE's order No. F. DE-15/ACTI/WPC4109/PART/13/361-365 dated 27 December 2016. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-2017 is given below: **Earmarked Fee** — **Surplus (INR)** Assignment Fee — (39,047) E-Learning Fee — (67,379) Based on aforementioned orders, earmarked levies are to be collected only from the user		

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	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). The charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as collection of capitation fee in other manner and form. The school is charging Assignment Fee and E-Learning Fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being nonuser-based fees. Thus, based on the nature of the Information Assignment Fee and E-Learning Fee and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee and should incur the expenses relating to these from tuition fee and/or annual charges, as applicable collected from the students. The school explained that it will ensure that there is no profit or loss to the school from the earmarked levies. However, the school has utilised the tuition fee for meeting the deficit on Assignment Fee and E-Learning Fee. Accordingly, total fees		

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	(including earmarked fee) have been included in the budgeted income and budgeted expenses (including those for earmarked purposes) while deriving the fund position of the school. Thus, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.		
2.	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	The school has submitted that it does not have surplus funds to invest further in the plan assets. However, in the future if, there will be	The examination of the Financial Statements of the school of the FY 2017-18 & 2018-19 and during the personal hearing the school explained that it has not provided any provision for retirement benefit as the same is being paid at the time of retirement /resignation in accordance with the provisions of the law. Till date, the school has neither got an actuarial valuation report from the actuary nor has reported the same in the financial

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	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. It was noted that the school has not got its liability for retirement benefits valued by an actuary valuer and was not recognised the provision for retirement benefits in its books of accounts. During personal hearing, the school confirmed that it is paying retirement benefits to its staff at the time of retirement/resignation in accordance with the provisions of the law of the land. Also, the school has not deposited any amount in investments that qualify as 'plan-assets' under Accounting Standard 15. Accordingly, the school is directed to get its liability for retirement benefits valued by an actuary and record the same as provision in its books of account. Further, the school is directed to invest the amount against liability for retirement benefits in investments that qualify as 'plan-assets' in accordance with Accounting Standard 15 within 30 days from the date of this order. Also, the school is directed to record its liability and corresponding investments in relation to retirement benefits in the audited financial statements.	surplus funds with the school would comply with the provisions of AS-15.	statements per provision of AS-15. Accordingly, the school has not correctly reported all its assets and liabilities in its financial statements. However, the actual payment of INR 10,513 made the during the financial year 2018-19 towards leave encashment has been considered while deriving the fund position of the school. Thus, the school is directed to determine its liability towards gratuity and leave encashment from the actuary and make an investment that qualifies as plan assets as per AS-15 issued by the Institute of Chartered Accountants within 30 days from the issue of this order.

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
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.*" Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school it was noted that the school transferred an amount equivalent to the purchase cost of the assets from development fund to general reserve instead of accounting treatment as indicated in the guidance note cited above. Further, from the Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13361-365 dated 27 December 2016 issued to the school post evaluation of the proposal for FY 2016-2017 and audited financial statements of the school for FY 2016-2017, it was noted that the school from following incorrect practice in relation to depreciation whereby	School has submitted that the Development fund received from the student is transferred to the General Fund Accounts (which is the mirror of the accumulated fund received in the previous year) and after utilization of such fees is transferred from the Development Fund Utilization Accounts along with Depreciation. However, the school has accepted that it has not been done the Accounting treatment of Deferred income in the Income and Expenditure as well as in	Examination of the financial statements for FY 2017-18 and 2018-19 revealed that the school is still not following correct accounting treatment with respect to the development fund utilized and depreciation reserve fund. Upon utilization of the development fund, the school transfers an amount equivalent to assets purchased to the General Fund account instead of treating it as deferred revenue income resulting in an overstatement of a general fund with the notional amount. While the depreciation reserve fund was created out of the development fund account which is also not in accordance with the provisions of Para 99 of GN-21 "Accounting by School' issued by ICAI. Further, the school has reported excess utilization of development fund by INR 6,76,172 which is also not in accordance with clause 14 of the order dated 11.02.2009. Therefore, the capital expenditure incurred by the school has been restricted to the actual development fee received by the school. Accordingly, excess capital expenditure of INR 4,03,065 has been disallowed while deriving the fund position of the school. During the personal hearing, the School has accepted its mistake and promised that going forward school would follow the proper accounting treatment as recommended by the GN-21 issued by The Institute of Chartered Accountants. The above being an accounting issue and does not have any impact on the calculation of fund availability of the school. Therefore, the school is instructed to make

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	depreciation was directly adjusted from the value of fixed assets with the same being reported at written down value in the audited Balance Sheet. Also, the school reduced the amount of depreciation from development fund and transferred the same to depreciation reserve. The above being a procedural finding, the school is instructed to make necessary rectification entries relating to development fund and depreciation reserve to comply with the accounting treatment indicated in the Guidance Note.	Development Fund utilization Accounts. The school has accepted to maintain the Development Fund utilization account in accordance with the provision of Para 99 of Guidance Note-21 issued by ICAI.	necessary rectification entries relating to development fund utilization and depreciation reserve as indicated in the Guidance Note-21 issued by the Institute of Chartered Accountant of India.
4.	Clause 14 of Directorate's Order No. F.DE./15 (56) /Act /2009 / 778 dated 11 Feb 2009 states "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this*	School has submitted that the school is charging 10% of Tuition Fees as development fund and it has been utilized for the purchase of Assets which are temporary erections of INR 88,327 in Financial Year 2003-04, Shed of INR 72,649 in	Examination of the financial statements of FY 2017-18 and FY 2018-19, it has been observed that the school has not opened separate Bank Accounts for collection and utilization of development fee/funds. Further, the school has utilized development fee for the purchased of Library Books amounting to INR17,726 and INR4,319 during the FY 2017-18 and 2018-19 which is not in accordance with clause 14 of the order dated 11.02.2009. During, the personal hearing the school explained that currently, the school collects 10% of the total tuition fee as a development fund. However, going forward the school would ensure compliance with clause 14 of the order dated 11.02.2009. Accordingly, the school

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	fund, will be kept in a separately maintained Development fund Account" It was noted that the school has not been maintaining development fund in a separate bank account. During the personnel hearing the school informed that the same will be opened in FY 2018-2019 and would be used for collection and utilisation of development fund going forward. Further, it was noted that the school had incurred expenditure relating to purchase of sports material of INR 1,26,856, construction of shed of INR 72,649 and temporary erections of INR 88,327 during FY 2016-2017 and reflected the same as utilisation of development fund in the audited financial statements for FY 2016-2017, which was not in accordance with the direction included in above order. The school is directed to follow DOE instruction in this regard open a separate bank account for collection and utilisation of the development fund. The school must also ensure that development fund is utilised only towards purchase of furniture, fixture and equipment.	the financial Year 2009-10 and sports materials of INR 126,856/- (includes the amount of INR 87,388 purchased during the year 2015-16). The Sports materials are used for the student for physical development, and it has not been utilized from the Annual charges due to a deficit of INR 234,147 in Financial Year 2015-16.	is directed to comply with the direction of clause 14 of the order dated 11.02.2009.
5.	As per the affiliation byelaws prescribed by Central Board of Secondary Education (CBSE), there should be 1.5 per teacher per section to teach various subjects.	School has submitted that due to paucity of funds and insufficient	As per representation made by the school in compliance of the previous order and from the information collected from the school relating to teaching staff, students enrolled and the number of sections in the

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	However, based on the information collected from the school relating to number teachers, number of student enrolled and number of section in the school, it has been observed that school has a teacher-section ratio of 1, which is much lower than the ratio prescribed by CBSE. During the personnel hearing, the school informed that it does not have sufficient funds to maintain the teacher-section ratio as directed by CBSE. However, the school has hired 5more staff from FY 2017-2018 to ensuring quality in education. Based on number of classes/sections in the school, the school should rationalise its teaching staff to ensure that the quality of education is not compromised.	collection of tuition fees, the school is not in a position to maintain the ratio of 1.5 teachers per section.	school, the teacher section ratio is not maintained. During the personal hearing the school has also submitted that due to paucity of funds and insufficient collection of tuition fee, it is very difficult to maintain a teacher section ratio of 1.5. However, the school has confirmed that going forward it will certainly try to maintain this ratio as per the norms if its collection of tuition fee gets improves. Based on the number of classes/sections in the school, the school is directed to rationalize its teaching staff as per the norms to ensure that the quality of education is not compromised.
6.	Para 58(i) of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states "*A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note.*" Further, Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13361-365 dated 27 December 2016 issued to the school post evaluation of the proposal for FY 2016-2017 noted that the school was charging	The school has noted this observation and it has been taken from Financial Year 2018-19.	The examination of Financial Statements of FY 2018-19 revealed that the school has modified the rate of depreciation as per the Written Down Value method.

<table>
<tr><th>S. No.</th><th>Observations and Direction in the previous Order</th><th>Submission of the school</th><th>Remarks on follow up of the previous orders and observations noted for the current year.</th></tr>
<tr><td></td><td>depreciation as per the Income Tax Act, 1961 and not as per Guidance Note 21.

From the audited financial statements of FY 2016-2017, it was noted that the school has not changed the rates of depreciation in accordance with the above-mentioned Guidance Note. The school is directed to ensure compliance in this regard.</td><td></td><td></td></tr>
<tr><td>7.</td><td colspan="3">Clause Para 17 of the DDA lease agreement shall be ensured that the strength of the economically weaker section of the student shall not be less than 25% of the total enrolled student. The record of the total number of students enrolled and admission allowed to EWS/DG category was obtained from the school and taken on record. From the examination of the data provided by the school, it has been observed that 23.55% admission was allowed to EWS students thus, the school is not complying with Para 17 of the lease agreement. The details calculation of admission is as under.
<table>
<tr><th>Particular</th><th>Nos. Of Student</th></tr>
<tr><td>Total enrolled Student</td><td>276</td></tr>
<tr><td>Economically Weaker Student</td><td>65</td></tr>
<tr><td>%</td><td>23.55 %</td></tr>
</table>
Therefore, the school is directed to follow condition specified in clause 17 of DDA Lease Agreement.</td></tr>
<tr><td>8.</td><td colspan="3">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 hereby specify 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 the format specified by the Institute of Chartered Accountant of India, established under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note-21 Accounting by the Schools (2005).

The documents submitted by the school revealed that the format of Receipt and Payment for the Financial Year 2017-18 and 2018-19 was not in accordance with Appendix-II. Therefore, the 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.</td></tr>
<tr><td>9.</td><td colspan="3">On review of Financial Statements of FY 2016-17 to 2018-19, it has been noted that school had paid INR 80,000 to Accretive Computer System Pvt. Ltd for installation of R-Tag System in the Financial Year 2016-17 however, the school has neither converted it into Assets/expenditure nor recovered the advance payment from the Supplier.</td></tr>
</table>

S. No.	Observations and Direction in the previous Order	Submission of the school	Remarks on follow up of the previous orders and observations noted for the current year.
	During the personal hearing, the School's Manager explained that INR 80,000 was paid as an advance against the work contract to Accretive Computer System for installation of R-Tag System, however, to date, Accretive Computer System has neither install R- Tag nor refunded the amount to the School. Further school Manger confirmed that despite sending continued reminders through letter and mail, the school could not get the money back however, the school is expecting that this money may be recovered during the ensuing financial year. In view of this amount recoverable of INR 80,000 has been included while deriving the fund position of the school with the direction to the school to recover this amount from the vendor.		

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 **INR 71,65,032** out of which cash outflow for the year 2018-19 is estimated to be **INR 63,82,152**.This results in surplus amounting to **INR 7,82,879**. The details are as follows:

Particulars	Amount in INR
Cash and Bank balances as on 31.03.18 as per Audited Financial Statement **[Refer Note 1 below]**	3,17,916
Investments as on 31.03.18 as per Audited Financial Statements **[Refer Note 1 below]**	4,47,302
Add: Consolidated Salary paid to Ms. Mansi Malik Narula **[Refer Financial Observation No. 2)**	-
Add: Consolidated Salary paid to Mrs. Anjali Malik **[Refer Financial Observation No. 2]**	-
Add: Fixed Deposit and Cash and Bank Balance of Manvi Institute of Education and Technology **[Refer Financial Observation no. 1]**	3,61,596
Add: Advance recoverable from supplier **[Refer Other Observation No. 9] below)**	80,000
Less: Development Fund as on 31.03.2019 **[Refer other observation No. 3]**	-
Less: PTA Fund as on 31.03.2019	457
Total Fund Available with the School	**12,06,357**
Add: Fees for FY 2018-19 as per Audited Financial Statements **(Refer Note 2 Below)**	57,33,702
Add: Other income & Development fee for FY 2018-19 as per audited Financial Statements **(Refer Note 2 Below)**	2,24,973
Estimated Available Fund for FY 2018-19	**71,65,032**
Less: Expenses for the session 2018-19 as per Audited Financial Statement for the Financial Year 2018-19 **(Refer Note 2 Below)**	**63,82,152**
Net Surplus	**7,82,879**

Note 1: Balance of Cash, Bank and Investment as on 31.03.2018 (as per Audited Financial Statement for the Financial Year 2017-18) has been considered for the calculation of Fund Availability of the school.

Note 2: For calculation of fund availability, all income as per the audited financial statement of FY 2018-19 and all expenses as per the audited financial statement of FY 2018-19 have been considered except the depreciation being non-cash expenses and capital expenditure of INR 4,03,065 (refer other observation no. 3).

ii. The school has sufficient funds to carry on the operation of the school for the academic session 2018-19 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 2018-19. Accordingly, the fee increase proposal of the school may be rejected.

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

AND WHEREAS, the recommendations of the team of Chartered Accountants along with the 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 obligations 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 is directed, henceforth to take necessary corrective steps on the financial and other observations noted during the above evaluation process and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal of fee increase for academic session 2018-19 of **Manvi Public School (School ID – 1413214), Block C-7, RohiniSector-7, Delhi – 110085** is rejected by the Director (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 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.

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

To:
The Manager/ Head of School
Manvi Public School (School Id: 1413214)
Block C-7, Rohini Sector-7,
New Delhi - 110085

No. F. DE. 15(326)/PSB/2021/ 2092-2096

Dated: 21/04/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West-B) ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

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