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

No. F.DE.15 (183)/PSB/2021/ 3338 - 3342 **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 the their proposals, if any, for prior sanction for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of this Directorate **Cambridge Primary School, New Friends Colony, New Delhi- 110065 (School ID-1925283),** had submitted the proposal for fee increase for the academic session 2019-20. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the said school for the academic session **2019-20**.

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 2019-20, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 25.11.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. During the aforesaid hearing compliances against order no. F.DE.15(559) PSB/2018/30310-314 dated 10.12.2018 issued for the academic session 2017-18 were also discussed and school submissions were taken on record.

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 based on evaluation of fee proposal of the school the key findings and status of compliance against order no.

F.DE.15(559) PSB/2018/30310-314 dated 10.12.2018 issued for academic session 2017-18 are as under:

A. Financial Discrepancies

1. As per Clause 8 of order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12. 1999, Clause 23 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 and Section 18(4) of DSEA, 1973 read along with Rule 176 and 177 of Delhi School Education Rules, 1973, "Fees/funds collected from the parents/students shall be utilised strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973. No amount whatsoever shall be transferred from Private Recognized Unaided School Fund to the society or the trust or any other institution."

   The above position was subsequently amended through judgement of the Supreme Court in the matter of Action Committee, Un-Aided Private, Schools & Ors. vs Director of Education, Delhi & Ors. on 07.08.2009, whereby words "except under the management of the same society or trust" were added to the last sentence of the above para. Thus, the new sentence is read as follows; "No amount whatsoever shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution except under the management of the same society or trust.".

   However, on review of audited Financial Statements of the school for FY 2016-17, FY 2017-18 and FY 2018-19, it has been noted that the school has transferred funds to the society towards staff training and curriculum development amounting to Rs. 11,82,930, Rs.99,295 and Rs.61,880 during the FY 2016-17, FY 2017-18 and FY 2018-19 respectively. Similar observation was also noted in the order no. F.DE.15(559) PSB/2018/30310-314 dated 10.12.2018 issued for academic session 2017-18 and it was directed to the school to recover the aforesaid amounts from the society. Further, it has been noted that the school has recovered Rs. 10,04,000 during the FY 2018-19 from the society. Accordingly, the balance amount of Rs. 3,40,105 has been considered in the calculation of fund position of the school with the direction to recover the same from the society within 30 days from the date of issue of this order.

2. As per the Clause 2 of Public notice dated 04.05.1997, "Schools are not allowed to charge building fund and development charges when the building is complete or otherwise as it is the responsibility of the society. Society should raise such fund from their own sources because the immovable property of the school become the sole property of the society. Therefore, the students should not be burdened by way of collecting the building fund or development charges". Moreover, the Hon'ble High Court of Delhi in its Judgment dated 30.10.1998 in case of Delhi Abibhavak Mahasangh concluded that "Tuition Fee cannot be fixed to recover capital expenditure to be incurred on the properties of the Society". Also, clause (vii) of order No. F.DE/15/Act/2k/243/KKK/883-1982 dated 10.02.2005 issued by this Directorate states "Capital Expenditure cannot constitute a component of financial fee structure.

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

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

On review of audited Financial Statements for FY 2016-17, 2017-18 and 2018-19, it has been noted that the school has utilised its funds on capital expenditure for construction of building amounting to Rs. 2,23,762, Rs. 12,36,557 and Rs. 66,376 respectively in contravention of aforesaid provisions. Building is the responsibility of the society and as per direction no. 2 of public notice dated 04.05.1997, the cost of the same need to be met by society only. Moreover, as per Rule 177 of DSER, 1973, fee shall, on first instance, be used for payments to staff including salaries, arrears, allowances, gratuity and leave encashment, etc. and cannot be utilised for construction of building without complying requirements of Rule 177 of DSER, 1973. Accordingly, the aforesaid amounts are required to be recovered from the society and thus, the same has been considered in the calculation of fund availability of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

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

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

Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*"

Further, as per Directorate's order no. F.DE.15(559) PSB/2018/30310-314 dated 10.12.2018, the school was directed to make earmarked investments against provision for gratuity and leave encashment with LIC (or any other agency) within 30 days of the receipt of the said order and to ensure that provisions for gratuity and leave encashment should be done based on Actuarial valuation.

As per notes to accounts of the Financial Statements for the FY 2018-19, the school has made provision for gratuity and leave encashment based on actuarial valuation. The liability recognised in the financial statements towards gratuity amounts to Rs. 1,01,49,536 and towards leave encashment amounts to Rs.30,86,631. Also, in FY 2018-19 the school has made investments in plan assets against retirement benefits amounting to Rs.25,00,000.

As the school has partially complied with the direction given in the order dated 10.12.2018, therefore, the liability as on 31.03.2019 has been considered for calculation of available fund of the school and directed the school to make equivalent investments in plan assets within 30 days from the date of the order. Accordingly, the provision for gratuity of Rs. 14,03,134 and the provision for leave encashment of Rs. 3,17,841 made by the school in FY 2018-19 has not been considered in the calculation of fund availability to avoid duplicity.

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

Further, the aforesaid savings shall be arrived at after providing for the following, namely:

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

However, on review of audited Financial Statements for FY 2018-19, it has been noted that the school has purchased bus during the year for Rs. 23,56,315 without complying the conditions prescribed in Rule 177 of DSER, 1973 such as it has not made appropriate investments in plan assets in accordance with AS-15 "Employees Benefits" issued by The Institute of Chartered Accountant of India. Thus, the capital expenditure incurred by the school amounting Rs. 23,56,315 for purchase of bus is not in accordance with the provision of Rule 177 of DSER, 1973. Accordingly, school is directed to recover this amount from the society within 30 days from the date of issue of this order and the same has been considered as the fund available with the school while calculating the fund available.

5. As per Section 18(4) of DSEA 1973, income derived by Unaided Recognised School by way of fees should be utilized only for educational purposes as prescribed under Rules 176 and 177 of the DSER. 1973. However, the school has utilized school funds on purchase of Luxury Car of Rs.18,86,146 during FY 2018-19. It indicates that school funds have not been utilized in accordance with Section 18 (4) read with Rule 176 and 177 and is being utilised for creation of capital expenditure without complying provisions of DSEA & R, 1973. Moreover, as per Rule 177 of DSER, 1973, fee shall, on first instance, be used for payments to staff including salaries, arrears, allowances, gratuity and leave encashment, etc. and cannot be utilised for capital expenditure for purchase of car without complying requirements of Rule 177 of DSER, 1973. Therefore, the amount so utilized by the school for purchase of car has been included in the calculation of fund position of the school with the direction to recover this amount from the society within 30 days from the date of issue of this order.

6. As per the condition of Land allotment letter, the School shall not increase the rate of any fee without prior sanction of the Directorate of Education and shall follow the provisions of Delhi Education Act/ Rules, 1973 and other instruction issued from time to time. Accordingly, the Directorate of Education sought online proposals from the Schools which was allotted land by Land owning agencies having condition of obtaining prior approval from the Directorate of Education vide Order No. F. DE-15/ACT-I/WPC-5256/16/9352/-9359 dated 16.04.2016. However, on review of the fee receipts provided by the school it has been observed that the school has increased the fee in all heads in FY 2018-19 without obtaining prior approval from the Directorate of Education. Therefore, the school is directed to roll back the increased fee or adjust the excess amount collected by the school against the future fee receivable from the students.

B. Other Discrepancies

1. Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

   Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11.02.2009 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.*" 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 is administered.*"

However, it has been noted that the school charges earmarked levies in the form of Bus fee, Mid-Day Meal Fees, Trips & Excursion Fees, Medical & Contingency Fees, Tennis Fee and Sports Fee from students. Further, from the FY 2018-19, school has started collecting PTA fee from all the school.

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

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

In the directorate order no. F.DE.15(559) PSB/2018/30310-314 dated 10.12.2018 issued for academic session 2017-18, the school was directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students for all earmarked levies collected from students. However, on review of audited financial statements of the school for the FY 2018-19, it is noticed that the school has not followed fund-based accounting for earmarked levies in accordance with GN-21 Accounting by Schools as issued by the Institute of Chartered Accountants of India. Thus, school is directed to follow fund based accounting for presentation of earmarked levies in accordance with aforesaid GN-21.

Further, as per the Duggal Committee report, there are only four categories of fee that can be charged by a school. The first category of fee comprises of "registration fee and all One Time Charges" which is 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, etc., and 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.

Based on the aforesaid provisions, earmarked are to be collected only from the user students availing the services. And if the services are extended to all the students of the school, a separate charge should not be levied by the school as it would get covered either form the Tuition Fee or from Annual Charges. Therefore, the school is directed to stop collecting separate charges in the name of the PTA Fees and Medical and contingency fees.

2. As per directorate order no. F.DE.15 (559) PSB/2018/30310-314 dated 10.12.2018 issued for academic session 2017-18, it was noticed that the school had revalued the building in its books of account during FY 2016-17 and increased the carrying cost of the building from Rs. 1.37 crores as on 31.03.2016 to Rs. 6.62 crore as on 31.03.2017 by creating an 'Infrastructure Revaluation Reserve' on the liabilities side of its financial statement for FY 2016-2017. The school was directed to reverse the impact of revaluation of building from school financial statements as it is the property of the society, if required, revaluation of building should have been done by the society in its books of account and correspondingly reflected in its financial statements and not in the financial statements of the school.

   On review of audited Financial Statements of the school for the FY 2017-18 and FY 2018-19, it has been noticed that the school has not made adjustments as per the directions mentioned aforesaid order. Therefore, the school is again directed to reverse the impact of revaluation of building from its financial statements.

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.*"

   As per audited financial statements for FY 2016-17, FY 2017-18 and 2018-19, the school has purchased fixed assets out of development fund amounting to Rs. 4,89,654, Rs. 16,30,940 and Rs. 15,79,394 respectively during the above-mentioned years. The school has not followed the accounting treatment prescribed in the aforesaid GN-21 and thus, has not created any restricted fund, in the nature of deferred income, to the extent of the cost of the asset. The school has transferred the whole amounts utilised for purchase of fixed assets out of development fund to General Fund. This has results into overstatement of General Fund balance. Similar observation was also noted in the order no. F.DE.15(559) PSB/2018/30310-314 dated 10.12.2018 issued for academic session 2017-18 and school was directed to make necessary adjustments. Therefore, the school is again directed to prepare and present its financial statements as per the Guidance Noted- 21 issued by ICAI.

4. As per directorate's order no. F.DE.15(559) PSB/2018/30310-314 dated 10.12.2018 issued for academic session 2017-18 it was noted that the school had not prepared Fixed Asset register (FAR) in proper format and captured the asset name, date of

purchase and the amount in the FAR. The school had not included complete details in the FAR such as serial number, location, invoice number, supplier, identification number, depreciation, etc. to facilitate identification of asset and documenting complete details of assets at one place.

During personal hearing, the school was asked to present the fixed asset register. However, the school has failed to submit the same. Therefore, the school is again directed to prepare the FAR with relevant details mentioned above and the same shall be verified at the time of examination of fee proposal for next financial year. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

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

i. The total funds available for the FY 2019-20 amounting to Rs. **12,05,83,579** out of which cash outflow in the FY 2019-20 is estimated to be Rs. **6,52,04,191.** This results in net balance of Surplus amounting to Rs. **5,53,79,388** for FY 2019-20 after all payments. The details are as follows:

Particulars	**Amount (in Rs.)**
Cash and Bank balances as on 31.03.19 as per Audited Financial Statements of FY 2018-19	2,18,771
Investments as on 31.03.19 as per Audited Financial Statements of FY 2018-19	6,83,19,244
Liquid Fund as on 31.03.2019	**6,85,38,015**
Add: Additions to building in contravention of Clause 2 of Public notice dated May 4th, 1997 in the FY 2016-17, FY 2017-18 and FY 2018-19 should be recoverable from the society (Refer Financial Discrepancies no.2)	15,26,695
Add: Recovery of funds transferred to society (Refer Financial Discrepancies no.1)	3,40,105
Add: Recovery from society against purchase of car (Refer Financial Discrepancies no.5)	18,86,146
Add: Recovery from society against purchase of school bus (Refer Financial Discrepancies no.4)	23,56,315
Add: Fees for FY 2018-19 as per Audited Financial Statements (we have assumed that the amount received in FY 2018-19 will at least accrue in FY 2019-20)	6,11,23,930
Add: Other income for FY 2018-19 as per Audited Financial Statements (we have assumed that the amount received in FY 2018-19 will at least accrue in FY 2019-20)	80,29,536
Total Available Funds for FY 2019-20	**14,38,00,742**
Less: FDR with joint name of School Manager and Dy. Director of Education as on 31.03.2019.	80,88,946
Less: Development Fund (Refer Note-2)	18,92,050

Particulars	Amount (in Rs.)
Less: Staff retirement benefits- Gratuity	1,01,49,536
Less: Staff retirement benefits- Leave Encashment	30,86,631
Net Available Funds for FY 2019-20	**12,05,83,579**
Less: Budgeted expenses as per the Budgeted Financial Statement for the Financial Year 2019-20. (after making adjustment) **(Refer Note 3)**	**6,52,04,191**
Estimated Surplus	**5,53,79,388**

Note 1: Fee and income as per audited financial statements of FY 2018-19 (excluding Profit on sale of Fixed assets Rs.5,17,525, Caution money written off Rs. 2,91,500 and Prior period income Rs. 10,04,000.) has been considered with the assumption that the amount of income during FY 2018-19 will at least accrue during FY 2019-20.

Note 2: 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 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." Over a number of years, the school has accumulated development fund and has reflected the closing balance of Rs. 5,89,27,533 in its audited financial statements of FY 2018-19. 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 for meeting the financial implication of 7th CPC to be implemented by the school. However, development fund equivalent to amount collected in one year i.e. Rs. 18,92,050 (FY 2018-19) from students has been considered for deriving the fund position of the school, which is considered sufficient basis the spending pattern of the school in past.

Note 3: As per the budget submitted by school for the FY 2019-20, the following expenditure are not considered in the evaluation of fee increase proposal.

Particulars	Amount in Rs.	Remarks
Provision for Gratuity & Leave Encashment	26,00,000	Refer Financial Discrepancies no.3
Capital Expenditure-Building	50,00,000	As School has proposed for Building in contravention of the Clause 2 of Public notice dated 04.05.1997, hence disallowed.

Further under the following heads the School has proposed expenditure in excess of 10% as compared to the actual expenditure incurred in FY 2018-19 or proposed new head of expenditure for which the school has not offered satisfactory explanation/ Justification. Therefore, the aforesaid expenditure in excess of 10% over the previous year and/or new head of expenditure have not been considered in the evaluation of fee increase proposal.

(Figures in Rs.)

Particulars	**FY 2018-19**	**FY 2019-20**	**Increase**	**% Change**	**Amount disallowed in excess of 10%**
Legal & Professional Expenses	1,05,900	1,50,000	44,100	42%	33,510
Meeting Expenses	61,744	1,00,000	38,256	62%	32,082
Vehicle Running Expenses-Car	1,09,087	1,35,000	25,913	24%	15,004
Advertisement Expenses	25,200	1,50,000	1,24,800	495%	1,22,280
School Function	4,61,879	7,30,000	2,68,121	58%	2,21,933
Total	**7,63,810**	**12,65,000**	**5,01,190**		**4,24,809**

ii. The School has sufficient funds to carry on the operation of the School for the academic session 2019-20 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 2019-20. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, it is also noticed that the School has incurred Rs. 15,26,695 for addition to building out of the school fund which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973. The school has transferred funds to society amounting Rs. 3,40,105 towards staff training which is not in accordance with the order dated 15.12.1999. Further, school has incurred capital expenditure of Rs. 18,86,146 on purchase of car in contravention of section 18(4) (a) of DSEA, 1973 and incurred expenditure of Rs. 23,56,315 on purchasing vehicle which is not in accordance with Rule 177 of the DSER, 1973. Thus, the school is directed to recover Rs. 61,09,261 from the society. The amount of above receipt along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

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

Accordingly, it is hereby conveyed that the proposal of fee increase **Cambridge Primary School, New Friends Colony, New Delhi- 110065 (School ID-1925283),** is rejected by the Director of Education. Further, the management of said School is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2019-20 and if the fee is already increased and charged for the academic session 2019-20, 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
Cambridge Primary School (School ID-1925283),
New Friends Colony, New Delhi- 110065

No. F.DE.15(183)/PSB/2021/ 3338-3342 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