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

No. F.DE.15 (1559)/PSB/2023/ 8198 - 8202 **Dated:** 25/09/23

Order

WHEREAS, **Lovely Public English School (School ID-1001212), A-100, Yojna Vihar, Delhi-110092** (hereinafter referred to as "School"), run by the Laws Angles educational 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, the manager of every recognized 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.'

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA,1973 and returns and documents submitted under section 18(5) of DSEA,1973 read with rule 180(1) of DSER,1973.

AND WHEREAS, besides the above, the Director(Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

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

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

> "27....(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...
> 28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools.......
> .....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

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

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/4440-4412 dated 08.06.2022, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the academic session 2022-23.

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

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has evaluated the fee increase proposals of the school carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 09thMay2023to present its justifications/clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE. 15/(823)/PSB/2022/5269-5273 dated 30.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(824)/PSB/2022/5264-5268 dated 30.06.2022 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

1. Clause 7 of Order No. DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 states "Development fee, not exceeding 15% of the total annual tuition fees may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixture and equipment. Development fee, if required to be charged shall be treated as capital receipt and shall be collected only if the school is maintaining depreciation reserve fund, equivalent to the

depreciation charged in the revenue accounts and the collections under this head along with income generated from the investment made out of this fund, will be kept separately maintained development fund account". The same was upheld by the Supreme Court in the matter of Modern School vs Union of India & Ors. through its judgement dated 27.04.2004. This was also reiterated by the Directorate in its order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009. Thus, based on the above provisions, development fund can be utilized only for purchase, replacement and upgradation of furniture fixtures and equipment.

In Order No. F.DE. 15/(823)/PSB/2022/5269-5273 dated 30.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(824)/PSB/2022/5264-5268 dated 30.06.2022 issued for FY 2019-20 it was noted that from review of the audited financial statements from FY 2015-16 to 2017-18 submitted by the school, it was noted that the school utilized development fee for purchase of liability books, revenue expenditure and for upgradation of building in contravention of the provision of the aforementioned clause and the school was directed to pass rectification entries in the development fund account and development utilisation account and general fund account.

School submitted that revenue expenditure of INR 4,89,565 and INR 1,87,678 were related to plant, machinery, furniture, fixtures, library rooms and building etc. Also, that instead of debiting Income and Expenditure account for aforesaid revenue expenditure incurred in FY 2015-16 and 2016-17 the school directly deducted the same from the development fund account. Moreover, the school was asked to submit the copies of invoices to substantiate the aforesaid expenditure in tern the school submitted only one invoice amounting to INR 50,726 (Vendor Name- Malik Trading Co.) on examination of the invoice submitted by the school, it was noted that description about the nature of expenditure could not be identified. Also, there was overwriting on the submitted invoice which led to conclude that the invoice submitted by the school was fabricated. Therefore, in view of aforesaid facts like non-submission of required details and submission of fabricated invoice, it was concluded that the development fee/ fund was utilized in contravention of aforesaid provisions cited above.

Further, direction no. 2 included in the Public Notice dated 04.05.1997 states "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Accordingly, based on the aforementioned public notice and Hon'ble High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e., fee collected from students is not to be utilised for the same.

However, basis the presentation made in the financial statements in the FY 2016-17, it was noted that the school incurred INR 4,74,797 out of development fee for upgradation of building but the same was not capitalized by the school. From the above facts, it appears that the school had utilized development fund for construction of building which is the responsibility of the society.

The Directorate vide order No. F.DE. 15/(823)/PSB/2022/5269-5273 dated 30.06.2022 issued for FY 2018-19 and order No. F.DE. 15/(824)/PSB/2022/5264-5268 dated 30.06.2022 issued for FY 2019-20, directed the school to recover the aforesaid amounts of INR 4,74,797 incurred on school's building together with other revenue expenditure of INR 6,77,243 out of development fee. It is noted that, school has not recovered the above stated amounts. Thus, the amount recoverable from the society are considered as fund available with the school and the school is again directed to recover the amounts of INR4,74,797 and INR 6,77,243 from the society within 30 days from the date of issue of the order.

On review of the audited Financial Statements for the FY 2021-22, it is noted that school has reported closing balance of Development Fund of INR 42,54,512 but has not kept separate bank account for collection and investment of development fee/fund. Therefore, the school is directed to maintain a separate bank account for collection and deposit of development fund as required by clause 14 of the order dated 11.02.2009.

Moreover, the accounting and presentation of development fund and depreciation fund is not in accordance with clause 7 of order dated 15.12.1999 and clause 14 of order dated 11.02.2009. In view of the aforesaid non-compliance in utilisation and presentation of development fund, the correct balance of development fund cannot be determined and accordingly, no amount has been considered while determining the fund position of the school.

Also, as per Para 67 of the Guidance Note on 'Accounting by Schools' issued by Institute of Chartered Accountants of India, "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*" Further, Notes to Part II of Appendix III to the aforementioned Guidance Note states "*Under each head, the original cost, the additions thereto and deductions therefrom during the year, depreciation written off or provided during the year, and the total depreciation written off or provided up to the end of the year should be stated.*"

However, on review of audited Financial Statements submitted by the school, it has been noted that in FY 2015-16 and FY 2016-17, school had created depreciation reserve fund out of development fund and general fund respectively and, presented its fixed assets at written down value. This implies that the depreciation had been charged twice in the financial statements i.e., firstly from the Income and expenditure account and secondly, out of the development fund or general fund account. However, in FY 2017-18, school has made rectification entry for reversal of depreciation reserve fund to general fund account only and has not made any adjustment for reversal of depreciation reserve in the development fund account. Further, fixed assets purchased out of depreciation reserve fund in FY 2015-16 ultimately belongs to development fund since the depreciation reserve fund was also created out of development fund. During hearing, the school was asked to submit the complete details for the adjustments made in the depreciation reserve fund account and general fund account which school has failed to submit. Therefore, rectification entries passed by the school is not in conformity with the generally accepted accounting principles.

It was also noted in FY 2015-16 that, the school has transferred INR 6,69,161 from general fund account as 'Depreciation transferred' but the corresponding impact of this entry could not be traced as complete set of audited Financial Statements for the year has not been submitted. Accordingly, school is required to provide proper details and records to establish the genuineness of the transaction at the time of submission of proposal for next financial year failing which it shall be presumed that school funds have been diverted or misappropriated.

2. 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."

In order No. F.DE. 15/(823)/PSB/2022/5269-5273 dated 30.06.2022 issued for FY 2018-19 and order No. F.DE. 15/(824)/PSB/2022/5264-5268 dated 30.06.2022 issued for FY 2019-20 it was noted that in FY 2017-18 to 2018-19 accounting adjustment was not in compliance of para 99

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and thus, the school was directed to comply with the provisions of Para 99 of the Guidance Note 21, "Accounting by School" issued The Institute of Chartered Accountants of India. However, on review of audited Financial Statements for the FY 2019-20 to FY 2021-22 it was noted that the school has start comply with direction from FY 2019-20.

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

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

   Clause no. 16 of Letter of Allotment of Land issued by Delhi development Authority to the Society running the school states that *"The school shall not increase the rates of tuition fee without the prior sanction of the Director of Education Delhi Admn. and shall follow provisions of Delhi School Education Act/ Rules, 1973 and other instructions from time to time."*

   Moreover, for determination of fee for entry level classes including nursery, the Directorate vide order dated 11.02.2009 and 16.04.2010 has issued detailed guidelines to be followed for determination of fee under various heads and it has been emphasized that the rate of tuition fee shall be determined so as to cover the standard cost of establishment including provisions for DA, bonus etc. and all terminal benefits, and also the expenditure of revenue nature concerning curricular activities. The school is being run by the society on "no profit no loss" basis, and in the guise of autonomy, the school cannot adopt unfair practice while determining the fee structure. The fee should be commensurate with the expenditure incurred by a school for providing educational facilities in a particular class or earmarked levies should commensurate with the specific facilities or services provided to a particular student. The provision regarding determination of fee and increase in fee under the provisions of DSEA & R, 1973 and circulars, notifications, circulars issued there under in this regard are equally applicable to all classes including entry level classes.

   On review of Fee Receipts and Fee Structure submitted by the school, it was noted that, the school has increased Tuition Fee, Development Fee, Pupil Fund, Smart Board Fee, Annual Charges and Exam Fee at entry level in FY 2016-17 and the same has been carried forward in the subsequent years to class KG and I without obtaining prior approval from DOE which is in contravention of the aforesaid guidelines.

   Also, school increased Pupil Fund, Smart Board and Exam fee for class KG to VII in the same FY 2016-17. While in FY 2017-18, School has merged pupil fund and Smart Board charges with Activity fee and Exam fee with Annual Charges. The summary of fee increased by the school are as under:

Categories of Fee	Classes	FY 2015-16 (in INR)	FY 2016-17 (in INR)	FY 2017-18 (in INR)
Tuition Fee	Nursery	2200	2500	-
Development Fee	Nursery	330	375	-

Categories of Fee	Classes	FY 2015-16 (in INR)	FY 2016-17 (in INR)	FY 2017-18 (in INR)
Pupil Fund	Nursery	110	150	-
Smart Board Fee	Nursery	135	150	-
Annual Charges	Nursery	108	250	-
Exam Fee	Nursery	50	83.33	-
Pupil Fund	KG to VII	110	120	-
Smart Board Fee	KG to VII	135	150	-
Exam Fee	KG to VII	50	83.33	-
Tuition Fee	KG	-	2200	2500
Development Fee	KG	-	330	375
Pupil Fund	KG	-	120	-
Smart Board Fee	KG	-	150	-
Activity Fee	KG	-	-	300
Annual Charges	KG	-	108	333
Exam Fee	KG	-	83.33	-
Tuition Fee	I	-	-	2200
Development Fee	I	-	-	330
Activity Fee	I	-	-	270
Annual Charges	I	-	-	191

From the above, it is apparent that the school had increased fee during FY 2016-17 and FY 2017-18 without obtaining prior approval from the Director of Education. Therefore, the school is required to calculate the excess fee charged from students and to refund/adjust the excess fee charged from the students in the subsequent month/quarter and submit the compliance of the same within 30 days from the date of receipt of the order. Compliance of the same shall be verified at the time of evaluation of fee increase proposal for the next year. Since details of excess fee collected is not available no impact has been considered while deriving the fund position of the school.

4. Rule 176 of DSER, 1973 states that "Income derived from collections for specific purposes shall be spent only for such purpose." Further, 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.

Additionally, the above-mentioned Guidance Note also 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).

However, on review of audited Financial Statements for FY 2019-20 to 2021-22, it has been observed that the school was collecting earmarked levies namely Activity fee and Transport fee from the students, but these fees were not charged on 'no profit no loss' basis because school has either earned surplus or incurred deficit from these earmarked levies. During the period under evaluation, school submitted that it has earned surplus on Activity fee and has incurred deficit on Transport fee. The details of earmarked levies collected and expenditure against that are as under:

Particulars	Transport Fees^	Activity Fees
For the year 2019-20		
Fee Collected during the year (A)	12,40,590	15,13,660
Expenses during the year (B)	20,12,161	10,96,061
Difference for the year (A-B)	**-7,71,571**	**4,17,599**
For the year 2020-21		
Fee Collected during the year (A)	0	0
Expenses during the year (B)	1,47,420	0
Difference for the year (A-B)	**-147,420**	**0**
For the year 2021-22		
Fee Collected during the year (A)	0	10,95,480
Expenses during the year (B)	3,01,615	67,985
Difference for the year (A-B)	**-301,615**	**10,27,495**

^It is not clarified by school that whether the details of salaries for staff engaged for transport facility is included in transport expenses or in included in salary expenditure.

Further, school is not following fund-based accounting for these earmarked levies and therefore, the school is directed to follow fund-based accounting for earmarked levies and to adhere the abovementioned provisions and if required, make necessary adjustments in the General Reserve balance.

And 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 levies 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 from the Tuition Fee or from Annual Charges. However, as per the response submitted by the school, Activity fee is being charged from all students and hence it loses its character of earmarked levy. Therefore, the school is directed to stop collecting separate charges in the name of the "Activity fee" from the students immediately.

B. Other Suggestions for Improvement

1. AS-15 'Employee Benefit' issued by ICAI states that, "An entity should determine the present value of defined benefit obligations and their fair value of any plan asset so that the amounts recognized in the financial statement do not differ materially from the amounts that would be determine at the balance sheet date.

   Further, according to para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*Plan assets comprise:*
   a) assets held by a long-term employee benefit fund; and
   b) qualifying insurance policies."

   Post hearing the school has submitted the actuarial valuation report dated 13.11.2019 and 14.11.2019 regarding its liability towards gratuity and leave encashment respectively. Also, it has submitted the draft actuary reports dated 22/03/2023 for gratuity and leave encashment showing opening liability of INR 11,33,001 for gratuity and INR 22,278 for Leave Encashment. However, in the audited financial statements for the FY 2021-22 these liabilities were not presented at these values. During the personal hearing the school was asked to the submit the details of the amount invested with LIC or other agency in terms of plan assets. And based on the reply submitted by the school, it has been observed that the school has not invested any amount in the plan assets for gratuity and leave encashment.

   Accordingly, it appears that the school has obtained and submitted the actuarial valuation report to the get expenditure allowed by the Director (Education) in order to get the fee, increase only. Therefore, aforesaid liability of INR 11,55,279 determined by the actuarial valuer has not been considered while deriving the fund position of the school with the direction to the school to record this liability in the financial statements and deposit the amount determined by the actuary in the investments that qualify as 'Plan Assets' within 30 days from the date of the order.

2. Clause 18 of Order No. F.DE. /15 (56) /Act /2009 / 778 dated 11.02.2009 states that, no caution money/ security deposit of more than INR 500 per student shall be charged. The Caution Money thus collected shall be kept deposited in a schedule bank in the name of concerned School and shall be returned to the student at the time of his/her leaving the School along with the bank interest thereon irrespective of whether or not he /she request for a refund. On review of audited financial statements, it is noted that the school has stopped collection of caution money from FY 2015-16. It is also noted that only the principal amount of caution money has been refunded to students and no interest has been paid to the students, which is a contravention of clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. Thus, the School is directed to comply the aforesaid provision related to caution money and thus, pay interest on caution money along with principal amount.

3. During hearing, school was asked to provide copy of invoices relating to purchase of Fixed Assets for FY 2015-16 to 2018-19 along with the Fixed Assets Register. The school has submitted only few invoices for the fixed assets purchased during this period. Moreover, school

has failed to produce fixed assets register for verification. Hence, authenticity of the assets purchased and safeguarding of assets could not be established. School is directed to make available all such invoices and fixed assets register for verification at the time of evaluation of fee increase proposal of the school for next financial year.

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

i. The total funds available for the FY 2022-23 amounting to **INR 1,85,42,343** out of which cash outflow in the FY 2022-23 is estimated to be **INR 1,58,90,791.** This results in surplus of **INR 26,51,552** for FY 2022-23 after all payments. The details are as follows:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	12,55,193
Investments as on 31.03.22 as per Audited Financial Statements	11,51,260
Liquid Funds as on 31.03.2022	**24,06,453**
Add: Amount recoverable from the society for diversion of Development fund (Refer Financial Suggestion for improvement no. 1)	11,52,040
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2)	1,32,39,984
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2)	42,264
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4)	7,91,167
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 5)	15,75,635
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3)	-
Total Available Funds for FY 2022-23	**1,92,07,543**
Less: FDR in the joint name of Director, Education and Manager, School (Refer Note 1)	1,18,509
Less: FDR in the joint name of Dy. Director, Education and Manager, School (Refer Note 1)	3,06,396
Less: Development Fees (Refer Financial Suggestion for improvement no. 1)	-
Less: Caution Money (Refer Other suggestion for improvement no. 2)	2,40,295
Less: Retirement benefit (Refer Other suggestion for improvement no. 1)	-
Net Available Funds for FY 2022-23 (A)	**1,85,42,343**
Less: Budgeted expenses for the session 2022-23 (Refer Note 6)	**1,58,90,791**
Less: Salary Arrears of 7th CPC (Refer note 7)	-
Total Estimated Expenditure for FY 2022-23 (B)	**1,58,90,791**
Net Surplus	**26,51,552**

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

Particulars	Amount (in INR)	Remarks
FDR in the joint name of Dy. Director, Education and Manager, School	1,18,509	Deducted while calculating available funds of the school.
FDR in the joint name of Dy. Director Education and Manager, School	3,06,396	
Total	**6,78,075**	

Note 2: All the fee and other income as per audited financial statements for the FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

Note 3: The school has not depicted any collection of arrears of Annual Charges and Development Charges for FY 2020-21 in the financial statements of the FY 2021-22 and thus, no adjustment is required to be made.

Note 4: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

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

(i) "to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of **unutilized facilities** by the students during the relevant period of academic year 2020-21". And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

(ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

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

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee	87,31,200	87,31,200	As per details provided by the school, Tuition Fee, Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% and thus, difference amount of INR 7,91,167 has been considered.
Annual Charges	10,29,350	12,11,000	
Development Charges	34,53,930	40,63,447	
Total	**1,32,14,480**	**1,40,05,647**	

Note 5: The school was allowed to increase fee by 3% vide order No. F.DE. 15/(823)/PSB/2022/5269-5273 dated 30.06.2022 issued for FY 2018-19 and by 12% vide order No. F.DE. 15/(824)/PSB/2022/5264-5268 dated 30.06.2022 issued for FY 2019-20 from 1st July, 2022. School has submitted that it has increased the fee @15% from 1st July 2022. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @15% for 9 months)
Tuition fees	87,31,200	-	87,31,200	97,13,460
Annual Charges	10,29,350	1,81,650	12,11,000	13,47,238
Development Fee	34,53,930	6,09,517	40,63,447	45,20,585
Total	**1,32,14,480**	**7,91,167**	**1,40,05,647**	**1,55,81,282**
Impact of fee increase				**15,75,635**

Note 6: All budgeted expenditure proposed by the school amounting to INR 2,75,03,500 has been considered while deriving the fund position of the school except the following:

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Salary - Teaching and Non-teaching staff	1,97,05,000	82,03,011	Restricted to 130% of expenditure incurred in FY 2021-22.
Consultancy Expenses	40,000	40,000	New heads of expenditure proposed without any justification
Science Olympiad	20,000	20,000	
Advertisement Exp.	50,000	50,000	
Festivals expenses	60,000	60,000	
Examination Expenses	40,000	11,391	Restricted to 110% of expenditure incurred in FY 2021-22.
Photocopy	60,000	48,450	
Printing & Stationery Expenses	1,25,000	36,402	
Conveyance Expenses	60,000	47,185	
Repair & maintenance	5,00,000	2,09,996	
Computer Repair & Maintenance	1,00,000	86,274	

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Depreciation	11,75,000	11,75,000	Depreciation being non-cash expenditure, has not been considered in the calculation of funds availability position of the school.
Activity charges	1,25,000	1,25,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Transport expenses	15,00,000	15,00,000	
Total	**2,35,60,000**	**1,16,12,709**	

Note 7: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

Further, Directorate of Education has adopted the Central Civil Serviced (Revised Pay) Rules, 2016 vide Circular No 30-3(17)/(12)/VII pay Comm./2016/11006-11016 dated 19.08.2016 and No. 30-3 (17)/(12)/VII pay Comm./Coord./2016/12659-12689 dated 14.10.2016 for employees of Government Schools.

Further, in exercise of the powers conferred under clause (xviii) of Rule 50 of the Delhi School Education Rules, 1973, vide Competent Authority order No DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the managing committees of all Private unaided Recognized Schools have already been directed to implement central Civil Services (Revised Pay) Rule, 2016 in respect of the regular employees of the corresponding status with effect from 01.01.2016 (for the purpose of pay fixation and arrears). Further, guidelines/detailed instructions for implementation of 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

The salary arrears amounting to INR 63,86,421 has already been allowed in the Directorate's Order No. F.DE. 15/(823)/PSB/2022/5269-5273 dated 30.06.2022 issued for FY 2018-19 and order No. F.DE. 15/(824)/PSB/2022/5264-5268 dated 30.06.2022 issued for FY 2019-20. School has neither proposed any budget for salary arrears nor provided any amount any liability in the audited balance sheet for salary arrears and thus, no impact of salary arrears, if any, need to be considered in the order. Thus, the school is directed to ensure the payments of salary to the staff as per 7th CPC.

ii. In view of the above examination, it is evident that the school has adequate funds for meeting all the operational expense for the financial year 2022-23. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 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 beused to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate the proposal of the school for session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instructions against which have been given in the order).

AND WHEREAS, it is noticed that the school has incurred INR 11,52,040 in contravention of Rule 177 and other provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 1973 without providing any further opportunity of being heard.

AND WHEREAS, the fee proposal of the school 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 sufficient funds are available with the school for meeting financial implication for the academic session 2022-23.

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 school is directed, henceforth to take necessary corrective steps on the financial and other suggestion noted during the above evaluation process and submit the compliance report within 30 days from the date of issue of the order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee hike of **Lovely Public English School (School ID- 1001212), A-100, YojnaVihar, Delhi-110092** filed by the school in response to the order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is rejected by the Director (Education) with the above conclusion and suggestions.

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/charges during FY 2022-23. In case, the school has already charged increased fee during FY 2022-23, the School should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

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 the 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.

(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Lovely Public English School (School ID- 1001212),
A-100, YojnaVihar,
Delhi-110092

No. F.DE.15 (1559)/PSB/2023/8198-8202   Dated: 25/09/23

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (East) 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.

(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi