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

No. F.DE.15 (A)/PSB/2023/ 1467 6031-6035 **Dated:** 05/07/23

Order

WHEREAS, **St. Angel's School, A – Block, Sector – 15, Rohini, Delhi – 110089 (School Id: 1413253)** (hereinafter referred to as **"the School"**), run by the **Bal Shekshik Avam Boddhik Vikas Samiti 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, this 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 09th May 2023 to present its justifications/clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 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. The Hon'ble High Court of Delhi in its Judgment dated 30.10.1998 in case of Delhi Abibhavak Mahasangh concluded held that "T*uition 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*".

   Further, 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*".

And the above-mentioned savings shall be arrived at after providing for the following, namely:

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

The Directorate in its Order No. F.DE.15/(127)/PSB/2019/1620-1624 dated 24.04.2019 issued for FY 2017-18, directed the school to recover INR 18,16,500 from the society for the amount spent on purchase of bus. Similar directions were also given by the Directorate in its Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/(447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20. In the orders dated 27.04.2022, the school was directed to recover INR 40,96,166 for purchase of two buses in FY 2017-18. However, the school has not recovered the amounts mentioned above from the society.

Therefore, in view of the provisions of Rule 177 of DSER, 1973 the total amount incurred for purchase of buses by the school of INR 59,12,666 has been included in the calculation of funds availability of the school with the direction to school to recover this amount from the society within 30 days from the date of issue of the order.

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

Also, Rule 177 of DSER, 1973 states "Income derived by an unaided recognized school by way of fees shall be utilized 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 utilized 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 recognized 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.

Clause 14 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 and Clause 7 of Order No. DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 state that *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."*

Accordingly, based on the aforementioned public notice, High Court Judgement and provisions of Rules 177 of DSER, 1973, 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 utilized for the same.

On review of audited financial statements for FY 2019-20, the school has incurred INR 43,66,000 out of development fund on installation of lift in the school which is non-compliance with clause 14 of order 11.02.2009 and clause 7 of order dated 15.12.1999 as the development fund shall be utilized for purchase, upgradation and replacement of furniture, fixtures and equipment and also, in accordance with above-mentioned provisions the lift is part of building itself and cost of lift cannot be charged from school funds as it is the responsibility of the society. Therefore, the school is directed to recover INR 43,66,000 from the society within 30 days from the date of issue of the order. Further, the school is directed to make necessary adjustments to development fund account.

3. The Directorate in its order no. F.DE.15(127)/PSB/2019/1620-1624 dated 24.04.2019 issued for FY 2017-18, noted that the school had paid INR 40,38,853 as remuneration to director (Mr. Archit Bharadwaj) in last three financial years. In the aforesaid order the school was also directed to recover this amount from the director/ society which the school has yet to recover.

Further, the Directorate in its Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20, directed the school to recover from the director/ society INR 85,38,853 (INR 40,38,853 as directed in the order dated 24.04.2019 and INR 45,00,000 for remuneration paid to Director (Mr. Archit Bharadwaj) during FY 2017-18 and 2018-19). However, the recovery is still pending.

On review of the reply submitted by the school in the compliance report dated 28.05.2022, the school has clarified that since August 2019, the school is not having the post of Director as per the directions issued by the Directorate of Education.

However, on review of the salary statement of March, 2022, it was noted that the school has continuously been paying salary to Mr. Archit Bharadwaj in the role of Admin Officer. It seems that the school has only changed the nomenclature of the post of Mr. Archit Bharadwaj from Director to Admin Officer. As the position of "Director" is not a prescribed post in the Recruitment Rules. Therefore, remuneration paid to Director is not in accordance with the DSEAR, 1973. Accordingly, total remuneration of INR 75,00,000 paid to the director during FY 2019-20 to 2021-22 (i.e., for 2019-20 and 2020-21 INR 200000 X 12X 2 = INR 48,00,000 plus for 2021-22 INR 225,000 X 12 = INR 27,00,000) is recoverable from the director/ society being unauthorised expenditure incurred by the school.

Accordingly, INR 1,60,38,853 (INR 85,38,853 as directed in the previous order plus INR 75,00,000 being remuneration paid during FY 2019-20 to 2021-22) has been included while deriving the fund position of the school with the direction to the school to recover this amount from the society/ director within 30 days from the date of issue of the order.

4. The Directorate in its order no. F.DE.15(127) PSB/2019/1620-1624 dated 24.04.2019 issued for academic session 2017-18, observed that school incurred expenditure of INR 43,50,850 for purchase of paints from Renu Nagar but the reasonability of which could not be justified as the invoice of the vendor was questionable. Accordingly, the school was directed to recover this amount from the society which is still pending for recovery.

The school in its reply submitted that the work was awarded to vendor only after fulfilling all the formalities like inviting of quotations, executing proper agreement and duly verified bills after execution of work. Periodical payments were made to the labour. However, the school has not provided any agreement entered with the vendor, details of percentage of completion of work based on which payments were made on regular basis. The school explained that entire work took 4 to 5 months to get it complete. However, as per ledger account, the payments were made over the period of nine months. Thus, the school unable to justify about the genuineness of the expenditure incurred by it. Accordingly, the aforesaid expenditure incurred by the school appears not to be genuine and therefore, has been included while deriving the fund position 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 the order.

5. Clause 14 of DoE's Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account.*"

Further, para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India specify the accounting treatment for specific funds. The GN-21 states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*"

Form the presentation made in the audited financial statements of FY 2019-20 and 2020-21, it was noted that assets purchased out of the development fund is not reflected on the face of balance sheet while the depreciation on the assets purchased out of the development fund was charged to income and expenditure account. The school instead of reporting the value of fixed assets on the face of the balance sheet, reported the same in the fixed assets schedule at the written down value. It has also been noted that the school has not transferred an amount equivalent to the purchase cost of the assets from Development fund to Development Fund utilisation account (Deferred Income) which is not in accordance with the accounting treatment indicated in the Guidance Note cited above.

Similar observations were also noted in Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20.

However, from FY 2021-22, the school has reported the value of fixed assets purchased out of the development fund on the face of balance sheet and has transferred an amount equivalent to the purchase cost of the assets from Development fund to Development Fund utilisation account (Deferred Income). But the school has not transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year which is a non-compliance of para 99 of the Guidance Note 21 issued by the ICAI.

Accordingly, the school is directed to make necessary rectification entries in its books of accounts relating to development fund utilisation account and general fund to ensure compliance of para 99 of Guidance Note 21 issued by the ICAI.

6. 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."*

The Directorate in its Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20, directed the school to make equivalent investments in the plan assets against the liability of gratuity and leave encashment and to disclose the provisions for gratuity and leave encashment along with corresponding investments in the financial statements.

On review of the audited financial statements for FY 2021-22, it was noted that the school has reported total liability INR 1,18,17,487 toward gratuity and INR 53,33,479 toward leave encashment. However, as per the actuarial valuation report of LIC, the gratuity liability stood at INR 2,33,61,886 and leave encashment liability stood at INR 1,12,42,451. Further, the school has only invested INR 61,57,900 towards gratuity and INR 14,69,424 towards leave encashment with the LIC and reported the same in its financial statements for FY 2021-22 and the same has been considered while deriving the funds position of the school. Accordingly, the school is directed to invest an amount equivalent to the liability of retirement benefit and submit the compliance report within 30 days from the date of issue of the order.

The amount proposed by the school in its budget of INR 15,00,000 towards gratuity and INR 7,30,000 towards leave encashment has not been considered because the school has not invested total liability in plan assets.

7. Clause 3 of the public notice dated 04.05.1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary it should be taken once and at the nominal rate of INR 500 per student in any case and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.*"

Further Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

Further Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

The Directorate in its Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20, directed the school to ensure the compliance of clause 18 of the order dated 11.02.2009 and clause 3 of the Public Notice dated 04.05.1997.

On review of the audited financial statements, it has been noted that the school has been refunding only principal amount of caution money to the students at the time of his/ her leaving from the school which is not in accordance with the above-mentioned provisions.

Therefore, the school is hereby directed to comply with the clause 18 of the order dated 11.2.2009 and clause 3 of the Public Noted dated 04.05.1997. Further, the balance of caution money of INR 2,87,000 as on 31.03.2022 has been considered while deriving the fund position of the school.

B. Other Suggestions for Improvement

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.*"

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *Earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts*

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

Also, earmarked levies collected from students are a form of restricted funds, which, according to the 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).

The Directorate in its Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20, directed the school to maintain fund-based accounting in respect of earmarked levies and to disclose all the earmarked levies collected by the school in proposal submitted by the school in subsequent years.

The information provided by the school were taken on record, it has been noted that the school charges earmarked levies in the form of Transport Fees, Science fees, Computer fees, Children Activity Receipts, Exam Fees, Other Fee, ID Card Receipts and Sale of Diaries from students. However, the school has not maintained separate fund accounts for the above-mentioned earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring deficit which has been met from other fees/ income. The details of surplus/ deficit of last three financial years are given below:

Particulars	**Transport Fees**	**Computer Fees***	**Science Fees***	**Examination Fees***	**Other Fees***	**Children Activity Receipts**	**ID Card Receipts**	**Sale of Diaries**
For the year 2019-20								
Fee Collected during the year (A)	20,91,270	3,15,948	10,75,284	8,55,330	5,86,583	-	-	-
Expenses during the year (B)	11,48,393	-	-	-	-	-	-	-
Difference for the year (A-B)	**9,42,877**	**3,15,948**	**10,75,284**	**7,57,980**	**5,86,583**	-	-	-
For the year 2020-21								
Fee Collected during the year (A)	-	60,599	2,34,906	50,505	-	-	41,601	5,85,000
Expenses during the year (B)	11,48,393	-	71,020	-	-	-	27,376	10,62,000
Difference for the year (A-B)	**-11,48,393**	**60,599**	**1,63,886**	**50,505**	-	-	14,225	-4,77,000
For the year 2021-22								
Fee Collected during the year (A)	52,000	1,05,994	6,29,034	1,54,035	-	11,000	3,69,800	2,92,950
Expenses during the year (B)	19,42,673	-	36,580	-	-	5,33,932	48,847	10,41,600
Difference for the year (A-B)	**-18,90,673**	**1,05,994**	**5,92,454**	**1,54,035**	-	**-5,22,932**	**3,20,953**	-7,48,650

* Details of expenses incurred against earmarked levies collected from students was not provided by the school

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. 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.

Accordingly, 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. Further, the school is directed not to collect Children Activity Receipts, Exam Fees, Other Fee, ID Card Receipts and Sale of Diaries from the students. 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. The school is also directed to disclose all the earmarked levies collected by the school in proposal submitted by the school in subsequent years. Further, the school should not charge any earmarked levy from students, which has not been reported/disclosed by the school to the Directorate, as the same remains unapproved.

2. *Rule 174 of DSER, 1973 states "Withdrawals from the School Fund or Recognised Unaided School Fund, as the case may be, shall be made jointly by the head of school and the manager of such school, or jointly by the head of the school and by any duly authorised member of the managing committee, where the head of the school is also the manager of the school"*

From the details submitted by the school it was noted that the school has appointed only manager as the signatory to the bank accounts held by the school. The school does not have joint signatories to the bank accounts, which is not in compliance with the rule mentioned above. During the hearing the school mentioned that that it is taking necessary steps towards compliance of the same. Therefore, the school is hereby directed to necessary steps to have to have joint signatories to the bank accounts of the school within 30 days of the order.

3. Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/975 dated 13 October 2017 issued to school post evaluation of the proposal for enhancement of fee for the academic year 2016-2017 noted that there are various expenses such as repairs and maintenance of building, computer repairs, and garden expenses etc., which are on the higher side. In one such instance, the school had paid INR 56,93,072 to Mr. Mukesh for whitewash and painting work of school building during the period of three years. The bills of vendor were not convincingly genuine, as the vendor was neither registered under VAT nor under service tax. In reply to the observation, the school

has commented that it had deducted and deposited the works contract tax under DVAT for the said party and also submitted the Vat Return and other documents.

However, during the evaluation of fee increase proposal of the school for the FY 2017-18 the DDE (District) was required to check the veracity of these expenditures and submit the report. The report of the concerned DDE(District) is still awaited. In view of this, the DDE (district) is again requested to check the veracity of these expenditures and submit their report within 30 days from the date of issue of the order. The compliance with direction would be viewed while evaluating the fee increase proposal of the subsequent years.

4. Part IV of Appendix III - 'Instructions for preparing Income and Expenditure Account' of Guidance Note 21 issued by the Institute of Chartered Accountants of India specifies that "Any item under which income or expense exceeds 1 per cent of the total fee receipts of the School or INR 5,000, whichever is higher, should be shown as a separate and distinct item against an appropriate account head in the Income and Expenditure Account. These items, therefore, should not be shown under the head 'miscellaneous income' or 'miscellaneous expenses'.

   The Directorate in its Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20, directed the school to ensure that all subsequent year's financial statements are prepared in accordance with the requirements of Guidance Note 21 issued by ICAI.

   However, the school has complied with the above compliance from FY 2021-22 onwards.

5. In the previous order no F.DE.15(127)/PSB/2019/1620-1624 dated 24.04.2019 issued for academic session 2017-18, it was noted that the school has not defined any procurement process and has been awarding contracts on discretionary basis to contractors without inviting quotations/bids from other parties or on single quotation basis.

   However, as per the records submitted by the school, the school has improved its procurement process partially. The school is again directed to strengthen the internal control system in relation to procurement of goods and services so as to ensure that contracts are awarded on Arms' length and competitive prices only. Compliance of the same will be verified at the time of evaluation of subsequent year fee hike proposal.

6. As per para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

   The Directorate in its Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20, directed the school to prepare financial statements, fixed asset schedule that disclose the historical cost of fixed assets in accordance with the Guidance Note-21 on Accounting by Schools.

   However, the school has not complied with the above directions. The school is again directed to prepare and present the financial in a manner that the fixed assets are shown at the historical cost and the depreciation is shown separately.

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 **17,76,46,985** out of which cash outflow in the FY 2022-23 is estimated to be INR **12,24,50,262.** This results in surplus of INR **5,51,96,724** 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	1,46,21,806
Investments as on 31.03.22 as per Audited Financial Statements	1,39,48,425
Liquid Funds as on 31.03.2022	2,85,70,231
Add: Recovery from the society on account of cost of buses purchased without compliance of Rule 177 of DSER, 1973 [Refer Financial suggestions for improvement No. 1]	59,12,666
Add: Recovery from the society on account of installation of lift without compliance of clause 2 of Public Notice dated 04.05.1997 and Rule 177 of DSER, 1973 [Refer Financial suggestions for improvement No. 2]	43,66,000
Add: Recovery from the society on account of remuneration paid to Director [Refer Financial suggestions for improvement No. 3]	1,60,38,853
Add: Recovery from the society on account of painting expenses genuineness of which is questionable [Refer Financial suggestions for improvement No. 4]	43,50,850
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 1 Below)	12,75,19,968
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 1 Below)	12,22,229
Add: Additional Income of Annual Charges and Development Fund (Refer Note 3 Below)	32,22,769
Add: Additional Fees due to increase in fee @12% from 01.07.2022 (Refer Note 4 Below)	1,00,46,470
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 2 Below)	1,56,88,727
Total Available Funds for FY 2022-23	**18,55,61,309**
Less: Caution Money (Refer Financial Observation No. 7)	2,87,000
Less: Investment with LIC against Gratuity and Leave Encashment Liability [Refer Financial suggestions for improvement No. 6]	76,27,324
Net Available Funds for FY 2022-23 (A)	**17,76,46,985**
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	**9,68,94,753**
Less: Salary Arrears of 7th CPC (Refer Note 6 Below)	**2,55,55,509**
Total Estimated Expenditure for FY 2022-23 (B)	**12,24,50,262**
Net Surplus (A-B)	**5,51,96,724**

Note 1: 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 2: The Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 as per the school's submission are as under:

Fee heads	Arrears of FY 2020-21 collected in FY 2021-22
Annual Charges	66,87,217
Development Fee	90,01,510
Total	**1,56,88,727**

Note 3: 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 100% of the tuition fees and annual charges and development fees at 85% 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	9,01,42,319	9,01,42,319	As per reconciliation provided by the school, Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% in compliance of the Directorate's order dated 01.07.2021 and thus, difference amount of INR 32,22,769 has been considered.
Annual Charges	78,35,881	92,18,684	
Development Charges	1,04,26,477	1,22,66,444	
Total	**10,84,04,677**	**11,16,27,446**	

Note 4: The school was allowed to increase fee 6% vide Order No. F.DE. 15/(446)/PSB/2022/2331-2335 dated 27.04.2022 issued for FY 2018-19 and 6% vide Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20, from 1st July, 2022. School has submitted that it has increased the fee @12% 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 @12% for 9 months)
Tuition fees	9,01,42,319	-	9,01,42,319	9,82,55,128

Annual Charges	78,35,881	13,82,803	92,18,684	1,00,48,365
Development Fee	1,04,26,477	18,39,967	1,22,66,444	1,33,70,423
Total	**10,84,04,677**	**32,22,769**	**11,16,27,446**	**12,16,73,916**
Impact of fee increase				**1,00,46,470**

Note 5: All budgeted expenditure proposed by the school amounting to INR 18,87,36,000 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	9,80,00,000	5,31,80,022	Restricted to 130% of expenditure incurred in FY 2021-22.
Gratuity	15,00,000	15,00,000	Refer Financial Observation No. 6
Leave Encashment	7,30,000	7,30,000	
Security & Housekeeping Expenses	1,03,20,000	43,20,911	Restricted to 110% of expenditure incurred in FY 2021-22.
Teacher Workshop	9,11,430	8,72,930	
Professional Expenses	27,72,000	6,82,000	
Children Activity Expenses	20,30,000	14,42,675	
Online Teaching Software	28,00,000	28,00,000	
Newspaper & Periodicals	8,30,000	8,30,000	
Sports Activity Expenses	38,50,000	38,50,000	
Medical Expenses	7,80,000	7,80,000	
Printing & Stationery Expenses	16,10,000	6,10,657	
Legal & Professional Expenses	22,30,000	22,30,000	
Conveyance Expenses	7,30,000	3,22,857	
Telephone & Internet Expenses	3,80,000	2,20,896	
Sanitation Expenses	6,80,000	6,16,149	
Computer Repair & Maintenance	13,60,000	4,32,574	
Depreciation	80,00,000	80,00,000	Depreciation being non-cash expenditure, has not been considered in the calculation of funds availability position of the school.
Transport expenses	47,90,000	47,90,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Capital Expenditure	1,70,00,000	36,29,577	Restricted to development fee expected to be received in FY 2022-23
Total	**16,13,03,430**	**9,18,41,247**	

Note 6: 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 7*th* CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

As per school's reply during hearing, it was held that the school has not implemented 7th CPC recommendations. Further, salary arrears amounting to INR 4,08,73,954 for the period 01.01.2016 – 31.03.2020 has already been allowed in the Directorate's Order No. F.DE.15/ (447)/PSB/2022/2341-2345 dated 27.04.2022 issued for FY 2019-20. Also, salary arrears for the period 01.04.2020 to 31.03.2022 provided separately by the school of INR 2,55,55,509 has been considered while evaluating the funds availability position of the school. Thus, the school is again directed to implement the recommendations of 7th CPC in full within 30 days from the date of issue of the order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

ii. In view of the above examination, it is evident that the school has adequate funds to carry on its operation for the academic session 2022-23 on the existing fee structure. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that,

"All Schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of 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 3,06,68,369 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 **St. Angel's School, A – Block, Sector – 15, Rohini, Delhi – 110089 (School Id: 1413253)** 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 this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This is issued with the prior approval of the Competent Authority.

Nandini

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

To
The Manager/ HoS
St. Angel's School,
A – Block, Sector – 15, Rohini,
Delhi – 110089 (School Id: 1413253)

No. F.DE.15 (1467)/PSB/2023/6031-6035 Dated: 05/07/23

Copy to:

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

Nandini

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