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

No. F.DE.15 (1270)/PSB/2023/ 2029-2033 **Dated:** 02/03/23

Order

WHEREAS, **St. Gregorios School (School ID- 1821186), Plot No. 12, Sector 11, Dwarka, Delhi-110045,** (hereinafter referred to as **"the School"**), run by the **The Gregorian Orthodox Church Society(Regd.)** (hereinafter referred to as the "**Society"**), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi **(hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act & Rules, 1973 **(hereinafter referred to as "DSEAR, 1973")**. The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'.*

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

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

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in 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 ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee 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 07th November 2022 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee increase, and subsequent documents submitted by the school as a result of the personal hearing, were evaluated by the team of chartered accountants and key suggestions noted for improvement by the school are hereunder:

A. **Financial Suggestions for Improvement**

1. As per clause 2 included in the 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 10.02.02005 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. 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.

Accordingly, based on the above-mentioned public notice and judgement of the Court, the cost relating to land and construction of the school building must be met by the society, being the property of the society and the school funds i.e., fee collected from students should not be utilized for the same.

On review of the audited financial statements for the FY 2019-20 to FY 2021-22, it has been noted that the school was incurring capital expenditure on building and capitalising the head "Capital Work in Progress" from FY 2019-20 to FY 2021-22. In FY 2021-22, the school transferred the amount of INR 9,75,93,711 from "Capital Work in Progress" to "Building" head in the fixed assets schedule.

Further, on review of the receipt and payment account, it has been observed that St. Gregorios Pre-Primary School infused funds from FY 2019-20 to FY 2021-22 amounting to INR 4,73,04,305 and out of which school repaid the INR 15,14,052 to St. Gregorios Pre-Primary School and remaining balance amounting to INR 4,57,90,253 created as current liability to St. Gregorios Pre-Primary School on the face of the balance sheet of FY 2021-22.

The school was asked to provide relevant details for aforesaid observations via e-mail dated 09.11.2022, 23.11.2022 and 16.01.2022 but no response was being received from the school. In the absence of detailed information about where the amount spent which was received from St. Gregorios Pre-Primary School and from which funds school made additions to the building.

Therefore, the remaining balance amounting to INR 5,18,03,458 (INR 9,75,93,711 – INR 4,57,90,253) utilised by the school for additions to the building has been considered as fund available with the school while deriving the fund position with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

2. As per 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 stated "*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 income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account.*"

   Para 99 of Guidance Note-21 Accounting by Schools issued by the Institute of Chartered Accountants of India states "Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."

Further, Para 102 of the Guidance Note-21 also states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

i. In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end;
ii. Assets, such as investments, and liabilities belonging to each fund separately;
iii. Restrictions, if any, on the utilization of each fund balance;
iv. Restrictions, if any, on the utilisation of specific assets."
v. Also, as per para 67(ii) of the Guidance Note-21 "The financial statements should disclose, inter alia, the historical cost of fixed assets."

Taking the cognisance from the above para, the school needs to create the 'Development Fund Utilisation Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortised in the proportion of the depreciation charged to income and expenditure account. If the school follows the accounting treatment specified by para 99 of the guidance note, the depreciation reserve fund would be mere an accounting head and school is not required to invest equivalent for that. However, review of the audited financial statements of FY 2021-22 revealed that the school is not following para 99 of the GN 21 cited above as the school has created the deferred income account upon purchase of assets out of the development fund but has not transferred any amount from deferred income account to the credit of income and expenditure account equivalent to the depreciation charged on those assets.

Further, on review of the audited financial statements for the FY 2020-21 and FY 2021-22, it has been noticed that the school has incurred capital expenditure towards installation of lift amounting to INR 31,20,540 (i.e. INR 29,79,000 + INR 1,41,540) out of the development fund which is not in accordance with clause 14 of the order dated 11.02.2009 and clause 7 of the order dated 15.12.1999.

Moreover, on review of the documents submitted by the school, the school has not maintained separate bank account for development fee collection which is also in contravention of aforesaid clause 14 of order dated 11.02.2009.

Accordingly, the amount of INR 31,20,540 utilized by the school for installation of lift has been considered while calculating the fund position of the school with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

Further, the school is directed to utilise the development fee and maintain separate bank account in accordance with clause 14 of the order dated 11.02.2009 and also directed to follow para 99 of the GN 21.

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

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

   Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*"
   An appropriate charge to the income and expenditure account for a year should be made through a provision for accruing liability. The accruing liability should be calculated according to actuarial

valuation. However, if the school employs only a few persons say less than 50, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in *"Plan Assets"* as per AS-15 issued by ICAI.

On review of the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is applicable to the school as it employed more than 50 staff in a year. Further, on review of the audited financial statements for the FY 2021-22, it was noted that the school has recorded the net amount payable for investment in LIC amounting to INR 80,88,055 on the face of the balance sheet on net basis (i.e. Provision for Gratuity amounting to INR 3,44,85,424 less Gratuity fund investment amounting to INR 2,63,97,369 = Net amount payable to LIC amounting to INR 80,88,055).

Moreover, as per actuarial valuation report dated 31.03.2020 submitted by the school, the provisions for gratuity should be INR 2,82,39,489. However, the remaining provision towards gratuity booked in audited financial statements by the school is on management estimate basis. Further, the school has made provision for leave encashment amounting to INR 42,28,501 on management estimate basis.

Accordingly, an amount of INR 2,63,97,369 has been considered while deriving the fund position of the school with the direction to the school to make provision for gratuity and leave encashment in the audited financial statements based on the actuarial valuation report and to make an equivalent investment which qualify as plan assets within the meaning of AS-15 against gratuity and leave encashment and submit the compliance report within 30 days from the date of issue of this order.

4. 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.*"

   While evaluating the fee increase proposal for the academic session 2022-23, the following has been noted with respect the caution money:

- School has been collecting caution money from the students from FY 2019-20 to FY 2021-22.
- School had not maintained separate bank account for deposit of caution money.
- School had not refunded interest on caution money along with refund of caution money.
- School had not treated un-refunded caution money as income in the next financial year after expiry of 30 days.

The school is directed to ensure compliance with the above requirements especially ensuring that caution money is refunded along with interest to the students and un-refunded caution money shown as income while projecting the fee increase proposal of the subsequent year. Therefore, the amount refundable amounting to INR 10,37,500 as on 31.03.2022 as per the audited financial statements has been considered while deriving the fund position of the school.

B. **Other Suggestions for Improvement**

1. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states *"The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."*

   Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states *"No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school."*

   Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 states *"Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."*

   Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states *"Earmarked levies shall be charged from the user student only."*

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

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

   Also, earmarked levies collected from students are form of restricted funds, which, according to Guidance Note-21 'Accounting by Schools' issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

   Further, the Guidance Note-21 lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

   From the information provided by the school post personal hearing, it has been noted that school charges earmarked levies in the form of (i) computer and smart class fees, (ii) Diary and syllabus charges, (iii)Transport charges and (iv) Web application from the students. However, the school has not maintained separate fund accounts for these earmarked levies. The surplus/deficit generated by the school from these earmarked levies in last three financial years are as under:

Particulars	**Computer and Smart Class Fee**	**Diary and syllabus charges***	**Transport charges**	**Web application***
For the year 2019-20**				
Fee Collected during the year (A)	14,92,880	2,80,500	1,37,26,893	-
Expenses during the year (B)			1,29,90,120	-
Difference for the year (A-B)	**14,92,880**	**2,80,500**	**7,36,773**	**-**
For the year 2020-21**				

Particulars	Computer and Smart Class Fee	Diary and syllabus charges*	Transport charges	Web application*
Fee Collected during the year (A)	-	1,11,000	-	7,55,600
Expenses during the year (B)	-		-	
Difference for the year (A-B)	**-**	**1,11,000**	**-**	**7,55,600**
For the year 2021-22**				
Fee Collected during the year (A)	-	43,500	2,34,700	7,56,000
Expenses during the year (B)	-	1,01,840	2,17,200	7,13,408
Difference for the year (A-B)	**-**	**(58,340)**	**17,500**	**42,592**
Total (Surplus)	**14,92,880**	**3,33,160**	**7,54,273**	**7,98,192**

*Web App Charges and Diary and Syllabus Charges (Collected from all classes)

** The school was asked to provide income and expenses of earmarked levies for the FY 2019-20 to FY 2021-22 via email dated 09.11.2022, 23.11.2022 and 16.01.2023. However, the school has not submitted the same.

In view of the above the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students at the school, a separate charge cannot be levied towards these services by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of Web App Charges and Diary and syllabus charges from all the students loses its character of earmarked levy. Thus, the school is directed not to charge Web App Charges and Diary and syllabus charges as earmarked levy with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

The school is also directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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.

2. School was requested to submit the fixed assets register for verification; however, it has failed to provide the same. Therefore, it seems that the school does not follow the practice of preparing Fixed Assets Register (FAR). The FAR should include details such as invoice date, invoice number, supplier name, description of asset, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and document complete details of assets at one place.

   Accordingly, the school is directed to prepare the fixed assets register by capturing all the details mentioned above and submit the compliance report within 30 days from the date of issue of this order. Compliance of the above shall be verified at the time of evaluation of proposal for increase of fee for subsequent year.

3. According to the Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, In exercise of the powers confirmed by Clause (xviii) of Rule 50 and Rule 180 of the Delhi School Education Rules, 1973, the Director specified that the format of return and documents to be submitted by schools under Rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountant of India, established

under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note on Accounting by the Schools (2005).

Further, Para 58(i) of the Guidance Note states "A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."

On review of audited financial statements of the FY 2021-22, it has been noted that the school has charged depreciation on fixed assets at the rates prescribed in the Income Tax Rules, 1962.

Therefore, school is directed to provide depreciation on assets in accordance with the guidance note cited above.

4. It is also pertinent to mentioned here that post personal hearing, necessary records and explanations were called from the school vide email dated 09th November 2022, but the school neither submitted the requested documents nor gave any communication to the department for not submitting the same. Further, the department by taking lenient view and has sent another e-mail dated 23th November 2022 and 16th January 2023 requesting the school to submit the required documents mentioned in the above sent e-mail. But the school, like earlier, didn't sent the requested documents. Therefore, after waiting for more than 30 days for the documents, it is concluded that the school is not interested in submitting the required documents/explanations to get its fee increase proposal evaluated by the department. The list of documents which the school have not provided are given below:

   a. Copy of audit report of FY 2019-20, FY 2020-21 and FY 2021-22.
   b. Details of income and expenses against all earmarked levies collected by the school for the FY 2019-20,20-21 and 2021-22.
   c. Copy of FDR's as on 31st March 2022. (Front and Back side)
   d. Fee Reconciliation of FY 2019-20, FY 2020-21, and FY 2021-22.
   e. Fee structure with all heads of income of FY 2019-20, FY 2020-21, and FY 2021-22
   f. Ledger of Land and Society of FY 2019-20, FY 2020-21, and FY 2021-22.
   g. Declare the utilization of loan taken from society, feeder school and Bank OD till date along with the society ledger, feeder school ledger and Bank OD ledger of FY 2019-20, FY 2020-21, and FY 2021-22.
   h. Documents of feeder school such as Audited financial statements, fee reconciliation, fee structure and fee receipts of FY 2019-20, FY 2020-21, and FY 2021-22.
   i. Details of Transport Contract with their respective ledgers of FY 2019-20, FY 2020-21, and FY 2021-22.
   j. Increase in fee structure (feeder and Senior Secondary School) during FY 2019-20, FY 2020-21, and FY 2021-22.
   k. Detailed calculation of 7th CPC arrears in excel.

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 **12,79,44,154** out of which cash outflow for the FY 2022-23 is estimated to be INR **10,46,40,517.** This results in surplus of INR **2,33,03,637** for the 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	18,34,144
Investments as on 31.03.22 as per Audited Financial Statements **(Refer Note 1 Below)**	2,04,47,823
Liquid Funds as on 31.03.2022	**2,22,81,967**
Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note 2 & 3 Below)**	8,84,67,703

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Particulars	Amount (in INR)
Add: Other income for FY 2021-22 as per Audited Financial Statements **(Refer Note 3 Below)**	2,87,021
Add: Recovery from society for additions done in building during FY 2021-22 **(Refer Financial Suggestion 1)**	5,18,03,458
Add: Amount recoverable from society for installation of lift in FY 2020-21 and FY 2021-22 **(Refer Financial Suggestion 2)**	31,20,540
Total Available Funds for FY 2022-23	**16,59,60,689**
Less: FDR with joint name of chairman of the school and DDE as on 31.03.2022 **(Refer Note 1 Below)**	10,02,728
Less: Depreciation Reserve Fund as on 31.03.2022 **(Refer Note 4 Below)**	-
Less: Development Fund as on 31.03.2022 **(Refer Note 5 Below)**	95,78,938
Less: Gratuity and Leave Encashment Bank Balance **(Refer Financial Suggestion No. 3)**	2,63,97,369
Less: Caution money as on 31.03.2022 **(Refer Financial Suggestion No. 4)**	10,37,500
Net Available Funds for FY 2022-23 (A)	**12,79,44,154**
Less: Budgeted expenses for the session 2022-23 **(Refer Note 6 Below)**	10,46,40,517
Less: 7th CPC Arrears **(Refer Note 7 Below)**	-
Total Estimated Expenditure for FY 2022-23 - (B)	**10,46,40,517**
Net Surplus (A-B)	**2,33,03,637**

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

Particulars	Amount (in INR)	Remarks
FDR - DDE & School	10,02,728	Considered while calculating the fund position of the school
FDR – Scholarship Fund	32,000	FDR of INR 12,000 has been considered as it is renewed.
FDR - Depreciation Reserve Fund	1,83,55,205	Refer Note 5 Below
FDR – Reserve Fund (Rule 177)	10,57,890	Not deducted as it is in the name of society.
Total	**2,04,47,823**	

Note 2: 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.

(iii) The above arrangement is also applicable for collection of fees for FY 2021-22.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported 100% of the tuition fees, annual charges and development fees in its audited financial statements for the FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fees, annual charges and development fees has been considered for the FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per AFS of FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition Fee	6,89,90,690	6,89,90,690	As per explanation provided by school during personal hearing the school, 100% tuition fee, annual charges and development fee was collected in FY 2021-22. Since, the school have not provided reconciliation therefore the fee collected in FY 2021-22 have been considered while calculating the fund position of the school.
Annual Charges	95,78,938	95,78,938	
Development Fees	82,07,045	82,07,045	
Total	**8,67,76,673**	**8,67,76,673**	

Note 3: All other income as per audited financial statements of 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 4: As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided school. The first category of fee comprised of "*Registration fee and all one Time Charges*' levied at the time of admissions such as admission charges and caution money. The second category of fee comprises '*Tuition Fee*' which is to be fixed to cover the standard cost of the establishment and to cover the expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science, and computer fee up to class X and examination fee. The third category of the fee should consist of '*Annual Charges*' to cover all expenditure not included in the second category and the fourth category consist of all '*Earmarked Levies*' for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

The purpose of each head of the fee has already been defined and it is nowhere defined the usage of development fee or any other head of fee for investments against depreciation reserve fund. Further, Clause 7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the order no F.DE./15(56)/Act/2009/778 dated 11.02.2009, "*development fee, not exceeding 15%*

of the total annual tuition fee 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 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". Thus, the above direction provides for:

- Not to charge development fee for more than 15% of tuition fee.
- Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- Development fee will be treated as capital receipts.
- Depreciation reserve fund is to be maintained.

Thus, the creation of the depreciation reserve fund is a pre-condition for charging of development fee, as per above provisions and the decision of Hon'ble Supreme Court in the case of Modern School Vs Union of India & Ors.: 2004(5) SCC 583. Even the Clause 7 of the above direction does not require to maintain any investments against depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' 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."*

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is mere of an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note -21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, the depreciation reserve fund as reported by the school in its audited financial statements for the FY 2021-22 has not been considered while deriving the fund position of the school.

Note 5: The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16.04.2010 states "*All schools must, first of all, explore and exhaust the possibility of 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 utilized for years together may also be used to meet the shortfall before proposing a fee increase.*" Over a number of years, the school has accumulated development fund and has reflected the closing balance of INR 2,26,48,213 in its audited financial statements of FY 2021-22. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school for meeting the revenue expenditures. Therefore, the amount collected in the FY 2021-22 amounting to INR 95,78,938 has been considered as fund available with school.

Note 6: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except the following:

Heads	Budgeted expenditure in FY 2022-23	Amount Disallowed	Remarks
Hire Charges for Private Bus	1,50,00,000	1,50,00,000	Neither Income nor expense has been considered while calculating the fund position of the school on the assumption that earmarked levies are collected on no profit no loss basis
Depreciation	1,36,77,091	1,36,77,091	Being a non-cash item
Total	**2,86,77,091**	**2,86,77,091**	

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.

During personal hearing, the school mentioned that it has not implemented the recommendation of 7th CPC till yet. Further, post personal hearing, the school was asked to provide the detailed calculation of 7th CPC vide email dated 09.11.2022, 23.11.2022 and 16.01.2023 but the same was not provided by the school.

Also, the school had not applied for fee increase proposal during any previous year. From that it seems the school has sufficient funds to meet expenditure during the above-mentioned period. Hence, 7th CPC salary arrears has not been considered while calculating the fund position of the school with the direction to the school to implement the recommendations of the 7th CPC.

ii. The school has sufficient 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 above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial and other irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting financial implication for the academic session 2022-23. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2022-23

Accordingly, it is hereby conveyed that the proposal of fee increase of **St. Gregorios School (School ID- 1821186), Plot No. 12, Sector 11, Dwarka, Delhi-110045,** is rejected by the Director of Education. Further, the management of said School is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2022-23 and if the fee is already increased and charged for the academic session 2022-23, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.

3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

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. Gregorios School
School ID- 1821186
Plot No. 12, Sector 11,
Dwarka, Delhi-110045

No. F.DE.15 (270)/PSB/2023/ 2029-2033

Dated: 02/03/23

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