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

No. F.DE.15(625)/PSB/2022/ 3890-3894 **Dated:** 31/05/22

ORDER

WHEREAS, **St. Rosier Public School (School ID-1309170), Shalimar Bagh, Delhi-110088** (hereinafter referred to as "**School**"), run by the St. Rosier Educational Society (hereinafter referred to as the "**Society**"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "**DoE**"), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as "**DSEAR, 1973**"). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, 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 authorized 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/ other land-owning agencies.

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

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

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the School very carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2018-19, necessary records and explanations were also called from the school through email. Further, the School was also provided an opportunity of being heard 03.12.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues were noted. During the aforesaid hearing, compliances against Order No. F.DE.15(266) PSB/2019/1370-1374 dated 29.03.2019 issued for academic session 2017-18, was also discussed and submissions taken on record.

AND WHEREAS, the response of the school along with documents uploaded on the web portal for fee increase, and subsequent documents submitted by the school, were evaluated by the team of Chartered Accountants, the key findings noted are as under:

A. Financial Observations

1. As per direction no. 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 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

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

The abovementioned savings shall be arrived at after providing for the following, namely:

a) Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;

b) The needed expansion of the school or any expenditure of a developmental nature;

c) The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;

d) Co-curricular activities of the students;

e) Reasonable reserve fund, not being less than ten percent, of such savings.

Based on the above-mentioned provisions, the cost relating to land and construction of the school building should be met by the society, being the property of the society as the school funds should not be used for the same.

Review of the audited financial statements of FY 2018-19, revealed that the school has capitalized INR 12,55,945 under the head building without complying with the requirements of Rule 177 of DSER, 1973. From the record submitted by the School, it has been noted that the school is yet to pay salary arrears as per the recommendation of the 7th CPC to its staff and has to invest an amount in plan assts as required by AS-15 for the retirement benefits. The school instead of paying salary to its staff in terms of Section 10(1) of DSEA, 1973 has preferred to incur the capital expenditure which is otherwise the responsibility of the Society. Therefore, the amount of INR 12,55,945 capitalized by the school on buildings is recoverable from the Society. Accordingly, this amount has been included in the calculation of fund availability of the School with the direction to the school to recover this amount from the Society within 30 days from the date of issue of this order.

2. 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.*"

The DoE in its Order no. F.DE.15(266) PSB/2019/1370-1374 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for academic session 2017-18, it was noted that the school spent INR 14,75,874 for purchase of bus during the FY 2016-17 out of which INR 3,75,874 was utilised from development. The school had incurred this expenditure without complying with the requirements of Rule 177 of DSER, 1973 and clause 14 of the order dated 11.02.2009. The remaining balance of INR. 11,00,000 was incurred by the society. However, the same was reported as payable to the Society in the audited financial statements. It was also noted that the school did not used this bus for more than a year. Accordingly, the school was given the direction to recover INR. 3,75,874 from the society and adjust the amount of INR. 11,00,000 which was payable to the Society with the remaining balance of bus.

Form review of audited financial statements of FY 2018-19, it has been noted that the school has neither recover the aforesaid amount from the Society nor has adjusted the amount payable to the Society. Hence, the amount of INR. 3,75,874 is still recoverable from the Society and therefore, has been included in the calculation of fund position of the school with the direction to the school to recover this amount from the Society and adjust the balance amount payable to society within 30 days from the date of issue of this order.

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 for FY 2016-17 to 2018-19 submitted by the school, it has been noted that the school transferred an amount equivalent to the purchase cost of the assets from development fund to 'Development Fund Utilisation Account' which is in the nature of fund utilisation accounts. However, school did not transfer an amount to the credit of the income and expenditure account in proportion to the depreciation charged from the Development fund utilisation which is not in accordance with the accounting treatment as indicated in the GN-21 mentioned above.

Accordingly, the accounting treatment followed by the school does not fulfil with requirements of the aforesaid clause 14 of the order dated 11.02.2009 and GN-21 issued by the Institute of Chartered Accountant of India. Thus, the school is required to make necessary rectification entries relating to development collection and utilisation to comply with statutory and accounting treatment indicated in clause 14 of the order dated 11.02.2009 and the Guidance Note-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.*"

The audited financial statements of the school for FY 2018-19 indicated that the school has not made any provision towards its liability for gratuity and leave encashment.

As per the actuarial valuation report submitted by the school, the liability towards gratuity as on 31.03.2019 is INR. 77,06,046. However, the school has not reported liability for retirement benefits in its audited financial statements and has not invested any amount in plan assets as required by AS-15. Since, the school has not invested anything in 'Plan Assets'. Therefore, no amount has been considered in the fund position of the school.

Further, the school has neither got the actuarial valuation report for leave encashment nor reported the same in its audited financial statements. Accordingly, the school is directed to get the actuarial valuation report for its retirement benefit and report the same in its audited financial statements. The school is further directed to investment an amount equivalent to the liability determined by the actuary in plan asset within 30 day from the date of issue of this order.

B. Other Observations

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

Para no. 22 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

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

It has been noted that the school charges earmarked levies in the form of Transport fee, Digital Learning Fee, PTA Fees, IP Fees and Activity fee form the students. However, the school has not proposed the Transport fees, IP Fees and Activity Fees in the proposal submitted for academic year 2018-19. Therefore, the school is directed to mention all earmarked levies in the future proposals.

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

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

However, the school has not been maintaining separate fund accounts for the above-mentioned earmarked levies. The details of funds position for the three financial years as follows.

Particulars	Computer /Digital Learning Fees	PTA Fees*	IP Fees*
For the year 2015-16			
Fee Collected during the year (A)	5,23,130		
Expenses during the year (B)	-		
Difference for the year (A-B)	**5,23,130**	**-**	**-**
For the year 2016-17			
Fee Collected during the year (A)	5,15,770		-
Expenses during the year (B)	6,37,700		-
Difference for the year (A-B)	**(1,21,930)**	**-**	**-**
For the year 2017-18			
Fee Collected during the year (A)	1,85,100	78,530	74,550
Expenses during the year (B)	32,354	-	-
Difference for the year (A-B)	**1,52,746**	**78,530**	**74,550**
Total	**5,53,946**	**78,530**	**74,550**

* Expenditure incurred against PTA Fees and IP Fees has not provided by the school.

Earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee).

The school is charging computer fee and co-curriculum fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user-based fee. Thus, based on the nature of computer fee and co-curriculum fee and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked levy and should incur the expenses relating to these either from the tuition fee or from the annual charges as applicable. The school explained that tuition fee collected from students is not sufficient to meet the establishment cost and annual charges are also not sufficient to meet other revenue expenses of the school. Thus, the surplus generated from earmarked levies has been applied towards meeting establishment cost/other revenue expenditure of the school. Accordingly, total fees (including earmarked fee) have been considered while deriving the fund position of the school.

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.

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 for all earmarked levies collected from students. Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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

   On review of the audited financial statements for the FY 2016-17 to FY 2018-19, it has been noted that after purchase of assets out of the development fund/fee, the school does not treat the same ad deferred revenue income and this deferred income should be written off in the proportion of deprecation charged to the income and expenditure account. Accordingly, the School has not been complying with the accounting treatment specified in the Guidance Note citied above.

   Further, Para 67 of the Guidance Note-21, issued by the Institute of Chartered Accountants of India, *"The financial statements should disclose, inter alia, the historical cost of fixed assets"*.
   However, on review of the audited Financial Statements, it has been noted that fixed assets purchased out of general fund are shown at written down value and the fixed assets purchased out of development fund are shown at gross block which inconsistent with the Guidance Note-21. Therefore, the school is hereby directed to comply with the requirements of Guidance Note-21 with respect to presentation of fixed assets in the audited financial statements.

3. As per section 13 of RTE Act,2009, the school should not charge capitation fee from the students at the time of admission, contravention of which shall be punishable with fine which may extend to ten times of the capitation fee charged. As per Duggal committee only 'registration fee, caution money and admission fee may be collected form the students at the time of admission.

   However, it has been observed that the school was collecting INR. 10,000 in the name of 'Activity Charges' from all students admitted to KG and Nursery classes in FY 2018-19 with the intention to generate profit from the fee. Therefore, the school is directed to immediately stop such capitation fee.

4. Order no. F.DE.15(266) PSB/2019/1370-1374 dated 29.03.2019 noted that Fixed Assets Register is not maintained by the school and consequently, physical verification of assets is not being done by the school on periodical basis.

   During evaluation of fee increase proposal for the FY 2018-19, the school was asked to provide the copy of Fixed Asset Register. However, the school has failed to submit the same. Therefore, the school is once again directed to prepare the Fixed Asset Register which iinclude details such as supplier name, invoice number, purchase date, manufacturer's serial number, location, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. Also, the value of assets reported in the FAR should reconcile with the amount mentioned in Fixed Asset Schedule.

Further, the school has given the certificate that they conduct the physical verification of the stock every year the month of December. However, the school has not submitted the copy of physical verification report done by the school. Therefore, the school is directed to update the FAR with relevant details mentioned above and conduct physical verification of assets on periodic basis. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

5. On review of the financial statements for the FY 2016-17, 2017-18, 2018-19 it has been observed that the School has received the unsecured loans from many individuals. The School has not submitted the reason for such unsecured loans and has only submitted the loan confirmation of such individuals without any amount mentioned in it.

   From the record submitted by the School, it has been noted that the school is yet to pay salary arrears as per the recommendation of the 7^{th} CPC to its staff. Therefore, the School is directed that the repayment of such unsecured loans cannot be paid out of the school funds as provided in Rule 177 of the DSER, 1973.

6. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on 'Accounting by Schools', issued by the ICAI, there is a requirement that keeping in the view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

   From review of the audited financial statements of 2018-19, it has been noted that the School has not made any disclosure relating to related party transactions in its audited financial statements. In the absence of such details, the purpose and genuineness of transactions entered into between the related parties cannot be determined. Therefore, the School is hereby directed to include such details in audited financial statements of the subsequent year.

7. As per Section 18(5) of the DSEA, 1973, the management 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.

   Further, Rule 180 of DSER, 1973 states " (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31st day of July of each year.(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 any officers authorised by the Comptroller and Auditor General of India"

   And Section 24 (2) of DSA. 1973 states "The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him".

   Whereas Appendix-II to Rule 180 specify that "final accounts i.e. receipts, and payment account, income and expenditure and balance sheet of the preceding year should be duly audited by Chartered Accountant.

   And It has been noticed that Financial Documents/ Certificates Attested by third person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholder. ICAI is also receiving number of complaints of signatures of CAs being forged by non CAs.

   To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e. Unique Document Identification Number which is being implemented in phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Council in the 379th meeting of ICAI held on 17.12.2018 and 18 .12. 2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

- All Certification done by Practising CAs w.e.f. 01.02.2019.
- All GST & Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

However, on examination of the financial statements submitted by the school for evaluation of fee increase proposal of FY 2018-19, it been has observed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. This being the procedural finding therefore, the school management are instructed to ensure this compliance from the Auditor of the school.

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

i. The total available funds for the year 2018-19 amounting to INR. **2,24,39,320** out of which cash outflow in the year 2018-19 is estimated to be INR. **2,36,41,795**. This results in net deficit amounting to INR. **12,02,475**. The details are as follows:

Particulars	Amount in INR
Cash and Bank balances as on 31.03.18 as per Audited Financial Statements for the FY 2017-18	4,43,766
Investments as on 31.03.18 as per Audited Financial Statements for the FY 2017-18	10,68,406
Liquid Fund as on 31.03.2018	**15,12,172**
Add: Additions to building in contravention of Clause 2 of public notice dated May 4th,1997 in the FY 2018-19 should be recoverable from the society (**Refer Financial observation No 1**)	12,55,945
Add: Recovery from Society due to misutilization of development fund (**Refer Financial observation No 2**)	3,75,873
Add: Fees for FY 2018-19 as per Audited Financial Statements (**Refer Note 1**)	2,06,55,830
Add: Other income for FY 2018-19 as per audited Financial Statements (**Refer Note 1**)	1,91,978
Total Available Funds for FY 2018-19	**2,39,91,798**
Less: FDR with joint name of School Manager and DOE as on 31.03.2018	3,75,768
Less: FDR with joint name of School Manager and CBSE as on 31.03.2018	1,84,430
Less: Development Fund as on 31.03.2018	9,92,280
Less: Earmarked Investment with LIC towards Gratuity and Leave Encashment (**Refer Financial observation No 3**)	-
Less: Depreciation Fund (**Refer Note 2 below**)	-
Net Available Funds for FY 2018-19	**2,24,39,320**
Less: Actual Expenses for the FY 2018-19 (**Refer Note 3 below**)	2,13,01,413
Less: Arrears of 7CPC (**Refer Note 4 Below**)	23,40,382
Net Deficit	**12,02,475**

Note 1: Fee and income as per audited financial statements FY 2018-19 has been considered.

Note 2: 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 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 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 & OINR: 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 of INR 3,82,373 as reported by the school in the audited financial statements for the FY 2017-18 has not been considered while deriving the fund position of the school.

Note 3: The Depreciation amounting to INR 7,93,932 has not considered in the determination of fee increase for the FY 2018-19 as being a non-cash expense, it would not result in cash flow.

Note 4: Post personal hearing the school has provided salary arrears of INR 80,78,132 for FY 2018-19 which is too high. This comes to 52% of the actual salary paid by the school during FY 2018-19. Therefore, this expenditure has been restricted to INR 23,40,382 towards the impact of 7th 7CPC.

ii. The school do not have sufficient funds to carry on the operation of the school for the academic session 2018-19 on the existing fees structure. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that,

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

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial and other findings that sufficient funds are not available with the school to carry out its operations for the academic session 2018-19. Accordingly, the fee increase proposal of the school may be accepted.

AND WHEREAS, it is also noticed that the School has incurred INR 12,55,945 for building out of the school fund which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177. Further, the school has incurred INR 3,75,873 out of development fund in contravention of clause 14 of the order dated 11.02.2009. Thus, the school is directed to recover INR 16,31,818 from the society. The amount of above receipt along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

As regard, the date of implementation of recommendation in increase in fee, the issue was discussed at length with the competent authority and keeping in view that Covid-19 pandemic had a widespread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC. Hence, it was decided in principle to affect the increase in fee w.e.f. 01 July 2022.

In the view of above and exercising the power conferred under Rule 43 of DSER, 1973, the Director (Education) may accept the proposal submitted by the school and the school may be allowed to increase in fee by 5% to be effective from 01 July 2022.

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 funds are not available with the school for meeting financial implication for the academic session 2018-19.

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

Accordingly, it is hereby conveyed that the proposal of fee increase for academic session 2018-19 of **St. Rosier Public School (School ID-1309170), Shalimar Bagh, Delhi-110088,** is accepted by the Director of Education and the school is hereby allowed to increase the tuition fee by **5%** to be effective from 1 July, 2022.

Further, the management of said School is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. To increase the fee only by the prescribed percentage from the specified date.

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.

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

To:

The Manager/ HoS
St. Rosier Public School
School ID-1309170,
Shalimar Bagh,
Delhi-110088

No. F.DE.15 (625)/PSB/2022 / 3890 - 3894 Dated: 31/05/22

Copy to:

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

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