

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

No. F.DE.15 (735)/PSB/2022/ 4543-4547

Dated: 13/06/22

Order

WHEREAS, Doon Public School, B - 2, Paschim Vihar, New Delhi - 110063 (School Id: 1617185), (hereinafter referred to as "School"), run by the Abhinav Shiksha Sansthan (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:

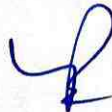
Section 18(5): *'the managing committee of every recognised private School shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

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/2019/2698-2707 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 and 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 for fee regulation.

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 on 17.12.2019 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. During the aforesaid hearing compliances against order no. F.DE.-15(315)/PSB/2019/1605-09 dated 05.04.2019 issued for academic session 2017-18 were also discussed and school submissions were 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

- I. Clause 14 of 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, upgradation 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 the 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 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 above-mentioned Guidance Note states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

- a. *In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end;*
- b. *Assets, such as investments, and liabilities belonging to each fund separately;*
- c. *Restrictions, if any, on the utilization of each fund balance;*
- d. *Restrictions, if any, on the utilization of specific assets."*

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."

From review of the audited financial statements of FY 2018-19, it has been noted that the school has reported balance of development fund of INR 2,27,575 as on 31.03.2019 but has not provided the schedule. Thus, the fund movement such as opening balance, amount received during the year, amount utilized during the year and interest accrued there on cannot be determined. However, review of the Receipts and Payment Accounts revealed that the school has collected development fee of INR1,00,66,330 during the FY 2016-17 and INR 94,32,310 during 2017-18 and INR 91,61,901 during 2018-19 respectively. During personal hearing, school explained that it has been utilizing amount of development fund towards payment of salaries and repair & maintenance expenses along with purchase of furniture, fixture and equipment.

It has also been noted that the school has not maintained depreciation reserve equivalent to the depreciation charged in the revenue accounts and has utilized development fund for the purposes other than purchase, upgradation and replacement of furniture, fixtures and equipment.

From the record submitted by the school, it has been noted that the school has utilized development fund of INR 70,71,316 for revenue expenditure and balance amount of INR 1,20,14,884 was utilized by purchase and upgrade of furniture, fixtures and equipment in last 3 financial years. But the School has not reported this in its audited financial statements which is not in accordance with the accounting treatment specified in the Guidance Note-21 cited above. Accordingly, the school has misstated the value of fixed assets in its audited financial statements which indicates that the school has diverted its assets and funds. Accordingly, the amount of INR 1,20,14,884 (total collection minus amount utilized for meeting the revenue expenditure in last three financial year) 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/ school management. Accordingly, the balance of



development fund of INR 2,27,575 as on 31.03.2019 has not been adjusted in the calculation of fund position of the school.

Similar observations were also noted in the Directorate's Order No. F.DE- 15/ ACT-I/WPC-4109/PART/13/891 dated 04.09.2017 and Order No. F.DE.-15(315)/PSB/ 2019/1605-09 dated 05.04.2019 issued post evaluation of fee increase proposal for FY 2016-17 and 2017-18 wherein the school was directed to pass the necessary rectification entries relating to development fund, fixed assets and depreciation reserve in compliance with clause 14 of the order dated 11.02.2009 and Guidance Note 21 issued by ICAI. Further, the school should present the fixed assets purchased from development fund at historic cost in its audited financial statements to ensure that its financial statements give a true and fair view of all assets and liabilities of the school.

In view of the above, the School is again directed to comply with clause 14 of order dated 11.02.2009, para 99 and para 67 of the GN-21 issued by the Institute of Chartered Accountants of India and not to collect development fee from the students until the school complies with the above-mentioned direction.

- II. Section 18(4) of DSEA,1973 read with Rule 176 and Rule 177 of DSER, 1973 states "*Income derived by unaided school by way of fees shall be utilized only for such educational purpose as may be prescribed*"

Further, 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.*"

The DoE in its Order No. F.DE.-15(315)/PSB/2019/1605-09 dated 05.04.2019 issued post evaluation of fee increase proposal of FY 2017-18, noted that during the FY 2016-17 the school incurred capital expenditure on purchase of car for INR 22,42,798. This car was purchased by taking loan from the bank and incurred financial/ interest expenses of INR 84,218 on the aforesaid loan with the closing balance of loan of INR 17,16,633 as on 31.03.2017. The DoE also observed that this capital expenditure on car was incurred by the school without complying with the requirements of Rule 177 of DSER, 1973. Thus, the school was directed to recover the net amount of INR 6,10,293 (i.e. INR 22,42,708 plus INR 84,218 minus INR 17,16,633) from the society.

The representation submitted by the school against the fee hike order no. F.DE.-15(315)/PSB/2019/1605-09 dated 05.04.2019 issued for academic session 2017-18 vide letter dated 14.05.2019 were taken on record. In its representation the school submitted that it has recovered INR 15,62,613 from the society on 24.05.2029 and submitted the copy of the bank receipts. The school further submitted that the above amount has been recovered from the Society along with the amount further paid during 2017-18 and 2018-19. As per the audited financial statements the closing balance of loan is INR 10,26,126 as on 31.03.2019. Accordingly, the amount collected by the school of INR 15,62,613 has been included while deriving the fund position of the school with the direction to the school not to make any further payment for the aforesaid loan out the school funds.

Further, during the FY 2017-18, the school has purchased another Car (XUV 500) for INR 10,66,678 by taking loan from Federal Bank. During the FY 2018-19 the school has transferred this car to Society at the book value but has not transferred the loan account. The closing balance of the is loan is INR 7,62,879 as on 31.03.2019. Accordingly, the school has paid INR 3,03,799



(i.e. 10,66,678 minus 7,62,879) towards principal and interest cost out of the school funds which is recoverable from the society.

Therefore, the amount of INR 3,03,799 has been included in the calculation of fund position of the school with direction to the school to recover INR 3,03,799 from the society within 30 days from the date of issue of this order.

III. 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 of DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

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

On review of audited financial statements submitted by the school, it has been noted that the school charges earmarked levies in the name of AC Charges, Sports Fee, Smart Card Fee, SC/ML/DL/LL Fee, Maths Lab Fee, Biotech/Comp/Phy Edn/Fashion Lab Fee, Diary/Report card/Syllabus/I card/others Fee, Lexile Framework Fee, Medical care Fee, Mid-Day meal Fee and Transport Fee and but has not maintained separate fund accounts for these earmarked levies. The school further submitted in its representation that "*the earmarked levies which are being charge on monthly and regularly have been merged with the tuition fee. The earmarked levies which are optional to the students have been mentioned separately.*"

In this regard it is important to mention the earmarked levy should always be option and if it is being collected from all the students of the school, it would lose the character of earmarked levy. From reply submitted by the school it appears that the school first intentionally created levies in the different name and then have merged the same within tuition fee which is not acceptable. Accordingly, the School has increased its tuition fee base without obtaining prior approval from Director (Education).

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 of the school, a separate charge cannot be levied towards by the school in the name of AC charges, Sports Fee, Smart card Fee, SC/ML/DL/LL Fee, Maths Lab Fee, Diary/ Report Card/Syllabus/I Card/ Others, Lexile Framework Fee and Medical Care Fee 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).

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.

Thus, the school is directed neither charge nor merged any of the so call earmarked levy with the tuition fee and if it has already merged with the tuition the same need to be reversed and submit the status of compliance within 30 days from the date of issue of this order.

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 the students. 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. 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.

- IV. Para 57 of Accounting Standard 15 – ‘Employee Benefits’ issued by the Institute of Chartered Accountants of India states “*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 recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*” Further, according to para 7.14 of the Accounting Standard 15, “*Plan assets comprise:*

- (a) *assets held by a long-term employee benefit fund; and*
- (b) *qualifying insurance policies.”*

The DoE while evaluating the fee increase proposal for academic session 2017-18, directed the school to deposit at least 10% of the amount of liability arrived by the actuary in an investment that qualify as plan assets as per Accounting Standard -15 and record its liability as per the actuarial valuation report.

The documents submitted by the school post personal hearing were taken on record, from review of documents submitted by the school together with the audited financial statements of FY 2018-19, it has been noted that the school has recorded liability for gratuity in accordance with the actuarial valuation report and submitted that it has invested INR 26,94,661 (which is 10% as per the previous year order) in gratuity fund trust maintained by the Society. The school has not submitted any documentary proof as to whether this trust is recognized gratuity trust fund or not. In the absence of such details amount invested by the school with the Society cannot be considered as amount invested in plan assets. Accordingly, the amount allowed to the school in the previous year order has only been considered while deriving the fund position of the school and no further amount has been considered until the school complies with the previous direction of the Department. Accordingly, the expenditure booked by the school of INR 18,59,321 for the FY 2018-19 has also not been considered while deriving the fund position of the school.

Further, the school further submitted that due to the paucity of the funds it has neither created any provision towards leave encashment nor invested the same in the plan asset. The school is hereby directed to get the actuarial valuation for leave encashment and invest an amount equivalent to the amount determined by actuary (both for gratuity and leave encashment) in an investment that qualify as plan assets as per AS-15 issued by ICAI.

- V. Rule 59 of the DSER, 1973 states “members of the managing committee not entitled to any remuneration, honorarium or allowance but may be permitted to draw allowances for attending meetings of the managing committee at a rate not exceeding the rate of daily allowance or travelling allowance admissible to the non-official members of the committees, boards, and the like in accordance with the orders issued by the Government of India from time to time:

Provided that if the head of school or a teacher happens to be a member of the managing committee, he shall draw his remuneration in his capacity as the head of school or teacher, as the case may be. Provided further that the allowances paid to the members of the managing committee for attending meetings thereof shall not be a charge on the school fund”.

Based on the above-mentioned provisions no payment to the members of the managing committee is allowed out of the school funds. From review of the record submitted by the school, it has been noted that the school has paid remuneration to Administrative Director cum Legal officer amounting to INR 12,73,320 in FY 2015-16 & 2016-17, INR 14,17,500 in FY 2017-18 and INR 14,57,592 in FY 2018-19. Since, this is an honorary post, therefore, the remuneration paid to Administrative Director cum Legal officer totaling to INR 54,21,732 is recoverable from the Society/ Director cum legal officer. 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 Society/ Director Cum Legal Officer. Further, the school is also directed to make adjustment to General Fund for remuneration paid to Administrative Director cum Legal officer.

- VI. The ledger account submitted by the school with respect to professional charges, repair and maintenance of building, advertisement was taken on record. However, from review of the same it has been noted that narration of transactions has not been provided, in the absence of such details, the payment which has been made with the parties could not be identified. The school is hereby directed to make prepare and submit the ledger account along with narration so that each transaction can be verified.
- VII. The From the review of the Society’s ledger account for the FY 2018-19, it has been noted that Society has collected the fee from the students on different dates which has been subsequently received back by the school. Therefore, the school is directed to ensure that henceforth all the fee from the students should be collected by the school only and not by the Society. The detail of such incident is provided below.

Date	Amount (in INR)	Remarks
29.08.2018	17,845	Fee of Gurgushabad Singh
02.03.2019	12,270	Fee of Sidharth Maibam
Total	30,115	

B. Other Observations

- I. On review of fixed assets schedule of the school for FY 2016-17 to 2018-19, it has been noted that the school has not disclosed the movement of depreciation reserve fund in the fixed assets schedule i.e. opening balance, depreciation during the year, deductions during the year and closing balance. Accordingly, the school is directed to disclose depreciation reserve fund properly in the fixed assets schedule.
- II. As per rule 180 of the Delhi School Education Rules, 1973 every unaided recognized private school shall prepare and submit financial statements i.e. receipt and payment account, income and expenditure account and balance sheet in accordance with Appendix II of said rules. However, the school has not prepared its receipt and payment account in the format specified in Appendix II of the said rule. Therefore, the school is directed to comply with Appendix II of Rule 180 of DSER, 1973.
- III. As per Directorate's order No. F.DE.-15(315)/PSB/2019/1605-09 dated 05.04.2019 issued post evaluation of fee increase proposal for FY 2017-18, the school was directed to prepare Fixed Assets Register (FAR) with relevant details such as supplier name, invoice number, purchase date, manufacturer's serial number, quantity, purchase cost, other costs, location, asset identification number, depreciation, etc. to facilitate identification of asset and documenting complete details of assets at one place.

As per the reply dated 03.01.2020, the school has not prepared FAR with complete details such as invoice number, manufacturer's serial number, quantity etc. as directed in the aforesaid order. Accordingly, the school is again directed to prepare FAR with all the details such as supplier name, invoice number, purchase date, manufacturer's serial number, quantity, purchase cost, other costs, location, asset identification number, depreciation, etc. Compliance of the above will be examined at the time of evaluation of proposal for enhancement of fee for subsequent academic session. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

- IV. As per Directorate's order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as DDA land allotment letter, the school shall provide 25% reservation to children belonging to EWS category. However, as per the information provided by the school for FY 2017-18 and 2018-19, it has been noted that the school has not been complying with the above requirement. Therefore, concerned DDE District is directed to look into the matter. The details of total students and EWS students are tabulated below:

Particulars	FY 2017-18	FY 2018-19
Total Strength	2,381	2,389
EWS Students	500	536
% EWS compared to Total Strength	21%	22%

- V. The school prepared and submitted the fee reconciliation for FY 2018-19. However, the same was prepared without giving consideration to the number of students left during the year and fee received during the previous session. Therefore, following differences has been noted.



Particulars (A)	Fee as Provided by the School (B)	Fee as per audited FS of FY 2018-19 (C)	Difference (C-B)
Tuition Fee	6,66,63,564	6,67,72,199	1,08,635
AC Charges	4,60,800	4,62,827	2,027
Sports Fee	26,80,560	26,93,593	13,033
Lexile Framework Fees	8,71,920	8,75,700	3,780
SC/ML/DL/LL Fee	75,19,440	75,53,558	34,118
Maths Lab Fee	14,53,200	14,57,200	4,000
Diary/ Report Card/Syllabus/I Card/ Others	5,90,400	6,02,700	12,300
Medical care charges	22,02,000	22,03,570	1,570
Midday Meal charges	12,09,600	12,20,312	10,712
Annual Fees	47,81,400	48,11,840	30,440
Biotech/Comp/Phy Edn/Fashion Lab Fee	12,16,800	12,36,000	19,200

Therefore, the school is directed to perform a detailed reconciliation of the amount collected from students taking into consideration number of students enrolled by the school, number of students left during the year, amount collected from students left, number of new admissions, amount collected in previous year. Compliance of the above will be examined at the time of evaluation of proposal for enhancement of fee for subsequent academic session.

- VI. 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.

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 2018-19 amounting to **INR 13,01,57,890** out of which cash outflow in the FY 2018-19 is estimated to be **INR 13,27,78,683**. This results in estimated balance of deficit amounting to **INR 26,20,793** for FY 2018-19 after all routine payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.18 as per audited financial statements of FY 2017-18	38,90,908
Investments as on 31.03.18 as per audited financial statements of FY 2017-18	12,83,608
Total Liquid Funds Available with the School as on 31 Mar 2018	51,74,516
Add: Fees and other incomes as per audited financial statements of FY 2018-19	10,95,79,283

Particulars	Amount (in INR)
<u>Add: Recovery from society against diversion of development fee collected during FY 2016-17, 2017-18 and 2018-19 [Refer Financial Discrepancies no. I]</u>	1,20,14,884
<u>Add: Advance recoverable from society as on 31.03.2019 against Car transferred to the society [Refer financial Observation no. II]</u>	18,66,412
<u>Add: Recovery from Society towards salary paid to administrative director cum legal officer [Refer financial observation no. V]</u>	54,21,732
Gross Available Funds for FY 2018-19	13,40,56,826
Less: Fixed Deposit with Bank in the joint name of Chairman CBSE and Manager, Delhi Public School	9,10,210
Less: Fixed Deposit with Bank in the joint name of DDE and Manager, Doon Public School	58,776
Less: Fixed Deposit with Chairman CBSE	2,01,394
<u>Less: Atal Lab Fund-Niti Aayog</u>	33,895
<u>Less: Development fund (Refer financial observations no. 1)</u>	-
<u>Less: Depreciation Reserve Fund (Refer note 1 below)</u>	-
<u>Less: Retirement Benefits (Refer financial observations no. IV)</u>	26,94,661
Net Available Funds for FY 2018-19	13,01,57,890
Less: Actual Expenditure for FY 2018-19 as per audited financial statements of FY 2018-19 (Refer note 2 below)	10,60,60,357
Less: Arrears of salary as per 7th CPC as per the school submission (Refer note 3 below)	2,67,18,326
Estimated Deficit	26,20,793

Note 1: 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 & 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 of INR 37,95,787 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 2: All expenditure as per the audited financial statements of FY 2018-19 has been considered except gratuity amounting to Rs. 18,59,321 (refer financial Observations no. IV) and depreciation being non-cash item.

Note 3: The school has proposed INR 3,71,18,367 towards arrears of 7th CPC from January 2016 to March 2019. Out of the total arrears an amount of INR 1,04,00,041 has already been considered by the DoE while evaluating the fee increase proposal of FY 2017-18. After considering salary arrear of INR 1,04,00,041, the school was allowed to increase its fee by 15% for FY 2017-18. Therefore, the total arrears of INR 3,71,18,367 proposed by the School has been reduced to INR 2,67,18,326 (i.e. INR 3,71,18,367 minus INR 1,04,00,041) which is pending for payment.

- ii. In view of the above examination, it is evident that the school does not have adequate funds for meeting all the operational expenses for the financial year 2018-19 on the exiting fee structure. In this regard, Directorate of Education has already issued directions to the Schools vide circular no. 1978 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 along with certain financial and other observations that the 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 noticed that the school has incurred INR 1,93,03,028 in contravention of provisions of DSER, 1973 and other orders issued by the Department from time to time. Therefore, the school is directed to recover the aforesaid amount from the Society. The amounts of receipts along with copy of bank statements showing receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within sixty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (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, it is relevant to mention 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. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 03% to be effective from 01 July 2022.

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 of academic session 2018-19 of **Doon Public School, B - 2, Paschim Vihar, New Delhi - 110063 (School Id: 1617185)** is accepted by the Director (Education) and the School is hereby allowed to increase the fee by 03% to be effective from 01 July 2022.

Further, the management of said School is hereby directed under section 24(3) of DSEA 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
Doon Public School (School Id: 1617185)
B - 2, Paschim Vihar,
New Delhi - 110063
No. F.DE.15 (735)/PSB/2022 / 4543-4547

Dated 13/06/22

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 (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.



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