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

No. F.DE.15(546) / PSB / 2022 / 3187-3191 Dated: 19/5/22

ORDER

WHEREAS, **DAV PUBLIC SCHOOL, (School ID-1720148), Vasant Kunj, Delhi-110070,** (hereinafter referred to as **"the School"**), run by the **DAV College Trust & Management 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 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 this Directorate **DAV PUBLIC SCHOOL, (School ID-1720148), Vasant Kunj, Delhi-110070** submitted its proposal for enhancement of fee for the academic session **2018-19.** Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the school for the academic session **2018-19**.

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 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 06.11.2019 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, the reply of the school, documents uploaded on the web portal for fee increase and subsequent documents submitted by the school were thoroughly evaluated by the team of Chartered Accountants and key findings noted are as under:

A. Financial Observations

1. Rule 177 of DSER, 1973 specified the manner in which the school should utilise fee collected from the students. And the Director's Order No. DE15/ Act/ Duggal.com/203/99/23033/23980 dated 15.12.1999 states " *management of the school is restrained form transferring any amount from the recognised school fund to society or trust or any other institution*". The Supreme Court also through its judgements on a review petition in 2009 confirm restriction on transfer of fund to the society"

   The audited financial statements of the school for FY 2017-18, reflected receivable balance (Reserve Fund) of INR 37,46,787 from DAV CMC (Society) which has been carried over from the previous year. During the personal hearing, the school has submitted that the society is paying interest @8% per annum. In financial year 2018-19 the school has booked INR 2,99,743 towards interest on this fund. Therefore, the amount recoverable of INR 40,46,530 has been included while deriving the fund position of the school with the direction to the school to the recover this amount from the society within 30 days from date of issue of this order.

2. As explained by the school an administrative charge payable to DAV CMC are accounted for @ 4% of the basic salary paid by the school to its staff up to financial year 2016-17. However, DAV CMC has increased this administrative charge to 7% of the basic salary paid by the school to its staff from the financial year 2017-18. While evaluating the fee increase proposal for the financial year 2017-18, the school was directed to reduce percentage of administrative charges to 2% instead of 7% of the basic salary paid to its staff. Thus, the school instead of following the direction of the department, has increased the rate of administrative charge payable to DAV CMC.

   Accordingly, the excess amount of INR 57,96,508 (INR 2,29,509 as per previous order + INR 19,02,992 + INR 36,64,008) paid by the school to DAV CMC by way of administrative charge is recoverable from the society and has been included while deriving the fund position of the school considering the same fund is available with 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. Administrative charges paid by the school to DAV CMC has been provided below.

Particulars	**FY 2017-18**	**FY 2018-19**
Basic Pay	3,49,54,169	7,11,45,468
Total	**3,49,54,169**	**7,11,45,468**
Applied Rate	7%	7%
Administrative charges (as per applied rate) (A)	26,02,075	50,86,917
Allowable rate	2%	2%
Administrative charges (as per allowable rate) (B)	6,99,083	14,22,909
Difference (A-B)	19,02,992	36,64,008
Less: Administrative charges payable (as per audited financial statements)	-	-
Balance recoverable from Society	**19,02,992**	**36,64,008**

3. As per practice adopted by the schools under the management of the DAV CMC, the school provides for Gratuity and Leave encashment expense @ 7% and 3% respectively of Basic Pay and Dearness Allowance and then this is transferred to the DAV CMC. The DAV CMC in turn manages and maintains common pool of funds for all the schools under its management and uses the same for payment of gratuity and leave encashment liability as and when arises on account of his/her resignation or retirement. The department had directed to the school through its order no. F.DE-15/Act/-I/WPC-4109/Part/13/944 dated 04.10.2017 to obtain an actuarial valuation of its gratuity and leave encashment liabilities and disclose its liabilities on account of gratuity and leave encashment along with corresponding investments in its financial statements.

Further, during personal hearing of last academic session 2017-18, the school had agreed to report its liability as per the actuarial valuation along with investment in plan assets as per the requirements of AS-15 from financial year 2018-19. The school also agreed to invest the amount of funds available with DAV CMC in plan assets.

The school for the first time has obtained Actuary report for gratuity and leave encashment as at 31.03.2019 which has been taken on record. As per the Actuary report, the school has liability towards gratuity and leave encashment as on 31.03.2019, INR 6,88,70,327 and INR 1,38,94,135 respectively. But the school has not recorded total liability towards gratuity and leave encashment in its audited financial statements. The details are as under.

(Amount in INR)

Head	**As per Actuary Report as on 31.03.2019 (A)**	**As per Audited FS as on 31.03.2019 (B)**	**Difference C=(A-B)**
Gratuity	6,88,70,327	2,92,44,694	3,96,25,633
Leave Encashment	1,38,94,135	1,77,08,338	(38,14,203)

Further, according to Para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "Plan assets comprise:

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

Based on the discussion with the school during the personal hearing, the school has not invested any amount in the plan assets in accordance with the requirement of AS-15. During the discussion the school also provided details of fund balance with DAV CMC in respect of payment made to DAV CMC towards maintenance of gratuity and leave encashment including the interest accrued. However, this investment in the form of fund balance maintained by DAV CMC. The balance disclosed by the school based on records maintained by the DAV CMC as on 31.03.2018 have been indicated below.

(Amount in INR)

Head	**Balance as on 31.03.2018**
Gratuity & Leave Encashment balance with DAV CMC	3,66,74,348

Accordingly, the investment in the form of fund balance maintained by DAV CMC in respect of the liability towards retirement benefits of the school does not qualify as 'Plan Assets' within the meaning of Accounting Standard 15 (AS-15). Further, the school has provisioned INR 53,38,397 towards gratuity and INR 22,87,784 towards leave encashment for the FY 2018-19 without depositing any amount in the plan assets in accordance with AS-15 despite being directed several times. Since the school has not deposited any amount in the plan assets in accordance with AS-15 and not complied with the directions given in order no. F.DE-15(604)/PSB/2018/30384-388 dated 12.12.2018 issued for academic session 2017-18 and Order no. F.DE-15/Act-I/WPC-4109/Part/13/944 dated 04.10.2017. Therefore, these provisions towards gratuity and leave encashment have not been considered while deriving the fund position of the school.

B. Other Observations

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.*"

Further clause 21 of the aforesaid order 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.*"

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 11.02.2009 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.*"

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

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

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

- From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of transport fees, computer fee, smart board fee, science fees, Activity fees (Insurance, Extra Care, Communication module, Orientation programme), etc. from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies that has been utilised for meeting other expenses of the school, which was also mentioned in Directorate's order no. F.DE-15(604)/PSB/2018/30384-388 dated 12.12.2018. Details of calculation of surplus, based on breakup of expenditure provided by the school for FY 2016-17 & 2017-18 is given below:

Particulars	**Transport Fees**	**Science Fees**	**Computer Science and IT Fees**	**Activity fees (Other)**
For the year 2016-17				
Fee Collected during the year (A)	1,19,44,483	9,88,350	47,65,750	30,16,217
Expenses during the year (B)	1,06,69,394	61,057	5,31,936	-
Difference for the year (A-B)	**12,75,089**	**9,27,293**	**42,33,814**	**30,16,217**
For the year 2017-18				
Fee Collected during the year (A)	1,27,39,547	9,20,300	46,34,800	33,16,438
Expenses during the year (B)	1,13,66,983	70,533	7,22,153	-
Difference for the year (A-B)	**13,72,564**	**8,49,767**	**39,12,647**	**33,16,438**
For the year 2018-19				
Fee Collected during the year (A)	1,26,66,173	8,01,450	28,30,800	40,86,871
Expenses during the year (B)	1,01,07,083	1,37,580	5,45,569	-
Difference for the year (A-B)	**25,59,090**	**6,63,870**	**22,85,231**	**40,86,871**
Total	**52,06,743**	**24,40,930**	**1,04,31,692**	**1,04,19,526**

Notes

- The school has not maintained separate details regarding 'Computer Fees' and 'Smart Board Fee', rather it has combined these together for deriving surplus/deficit
- School has not provided details/breakup of expenses incurred against these earmarked levies.
- The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

On the basis of aforementioned orders, 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 hereby 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, 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.

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. As per Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

- Registration Fee
- Admission Fee
- Caution Money
- Tuition Fee
- Annual Charges
- Earmarked Levies
- Development Fee

Further, clause no. 9 of the aforementioned order states "*No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order …...*"

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Other.

It was noted that the school's fee structure includes pupil fund, which is collected from all students and based on details submitted by the school, it has been utilised towards varied expenses of the school including co-curricular, repairs and maintenance, printing, and stationery etc.

Based on the fact that the fee head of 'Pupil Fund' has not been defined for recognised private unaided school and the purpose for which the school has been utilising this may be get covered either from annual charges/ Tuition fee. The charging of unwarranted fee or charging of any other amount/fee thereof prima-facie is considered as collection of capitation fee in other manner and form. Also, the school is directed to not collect pupil fund form students with immediate effect. A similar observation was also noted while evaluating the fee increase proposal for financial year 2017-18.

3. As per Clause 14 of this Directorate'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.*"

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.*"

As per, Para 102 of the aforementioned 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/utilisation 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 utilisation of each fund balance;

(d) Restrictions, if any, on the utilisation of specific assets."

Also, the school has enclosed a consolidated fixed assets schedule giving details of all assets carried over by the school in its audited Financial Statement for FY 2018-19 and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve.

Further, the school on purchase of assets out of the development fund transfers an amount equivalent to the cost of the assets to general reserve instead of transferring it to a separate account e.g. "Development Fund Utilisation Account" or any other account whatever name it may be called. This separate account shall be treated as deferred revenue income and need to be written off in proportion of deprecation charged on the assets. As the school has not been following correct accounting treatment with respect development fund utilisation resulting incorrect reporting of the balance of General Reserve in the audited financial statements. Thus, the accounting treatment adopted by the school is not in accordance with the above guidance note.

During the personal hearing, school accepted this fact and agreed to rectify its accounting from the next financial year onward. The compliance with respect to this submission shall be verified while evaluating the fee increase proposal of next academic session.

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.*"

Further, Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 09.09.2010 stated "*In case of those ex-students who have not been refunded the Caution Money/Security Deposit, the schools* *shall inform them (students) at their last shown address in writing to collect the said amount within thirty days. After the expiry of thirty days, the un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further, this income shall also be considered while projecting fee structure for ensuing Academic year."*

However, as per order no. F.DE-15(604)/PSB/2018/30384-388 dated 12.12.2018 issued for academic session 2017-18, the school was directed to maintain a separate bank account for deposit of caution money collected and interest earned thereon. The school has explained that it has been refunding only the principal amount of caution money to the students at the tile leaving from the school.

However, during the personal hearing, the school submitted that it has stopped collecting caution money from students and has started adjusting the caution money already collected from old students against the dues from them. And the balance caution money if any left the school shall be treated as income of the ensuing year. Thus, the outstanding balance of caution money INR 13,82,000 as on 31.03.2018 has been adjusted while deriving the fund position of the school.

5. The Director's Order no. DE.15/Act/Duggal.Com/203/99/23033-23980 dated 15.12.1999, indicated the head of fee that recognised private unaided school can collect from the students/ parents which include:

- Registration Fee
- Admission Fee
- Caution Money
- Tuition Fee
- Annual Charges
- Earmarked Levies
- Development Fee

Also, the order no. 9 of the aforesaid order states "*no fee, fund or any other charge by whatever name called, shall be levied or released unless it is determined by the Managing Committee in accordance with the directions contained in this order...."*

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

The Directorate through its order issued post evaluation of fee increase proposal for academic session 2016-17 instructed to schools running by DAV CMC.

......School is not allowed to charge one-time fees at the time of admission for development activity of students. Charging of one-time fees at the time of admission tantamount to capitation fee which is prohibited under section 13 of the Right of Children to Free and Compulsory Education Act, 2009. The school is hereby directed not to charge any such fee from the students in future and to adjust the fee already collected against monthly fee due...

However, on review of school fee proposal for academic session 2018-19 it has been noted that the school has been charging fee in the name of Orientation Charges amounting INR 4,000, Extra Care Charges amounting INR 4,500 and Community Outreach Programme amounting INR 4,000 at the time of new admission. During discussion, the school has submitted that earlier it was charging and collecting fee in the name of Students Activity Welfare Fund amounting INR 11,000 at the time of new admission and charged the same till FY 2017-18 only.

Thus, in view of the above, the school is not allowed to charge any fee in the name of Orientation Charges, Extra Care Charges and Community Outreach Programme fee from the students at time of admission as a capitation fee. The charging of unwarranted fee or charging of any other amount/fee thereof prima-facie is considered as collection of capitation fee in other manner and form. Therefore, the school is hereby directed to stop such collection of Orientation Charges, Extra Care Charges and Community Outreach Programme fee with immediate effect.

6. The school has prepared a Fixed Assets Register (FAR) that only captures asset name, date and amount. The school should also include details such as supplier name, invoice number, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

   The school is directed to update the FAR with relevant details mentioned above. The above being a procedural finding, no financial impact is warranted for deriving the fund position 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 funds available for the year 2018-19 amounting to INR **18,86,17,786** out of which cash outflow in the year 2018-19 is estimated to be INR **15,21,92,041**. This results in net surplus of INR **3,64,25,745**. The details are as follows:

Particulars	**Amount (In INR)**
Cash and Bank balances as on 31.03.18 as per audited Financial Statements	(17,75,172)
Investments (Fixed Deposits) as on 31.03.18 as per audited Financial Statements	3,52,47,987
Amount invested with DAV CMC (Retirement Benefits) as per audited financial statements	3,66,74,348
Liquid Funds as on 31.03.2018	**7,01,47,163**
Add: Amount receivable from DAV CMC **(Refer Financial Observations No. 1)**	40,46,530
Add: Recovery from Society from excess payment of administrative charges **(Refer Financial Observations No. 2)**	57,96,508
Fees for 2018-19 as per audited Financial Statements **(Refer Note 1 below)**	10,92,81,707
Other income for 2018-19 as per audited Financial Statements **(Refer Note 1 below)**	63,49,437
Gross Available Funds for FY 2018-19	**19,56,21,345**
Less: Development Fund **(Refer Note 2 below)**	51,49,875

Particulars	Amount (In INR)
Less: Caution Money as on 31.03.2018 as per audited financial statements **(Refer Other Observations No.4)**	13,82,000
Less: Staff Retirement Benefits **(Refer Note 3 below)**	-
Less: FDR with CBSE as on 31.03.2018 **(as per school's submission)**	4,71,684
Net Available Funds for FY 2018-19	**18,86,17,786**
Total cash outflow (Revenue Expenditure + Capital Expenditure - Depreciation) (Refer Note 4 below)	14,03,43,226
Less: Arrears of salary as per 7th CPC (as per audited financial statements) (Refer Note 5 below)	1,18,48,815
Cash Surplus/(Deficit)	**3,64,25,745**

Notes:

1. Fees and income as per audited financial statements for the FY 2018-19 has been considered except exceptional income of INR 38,230. Further, interest received from DAV CMC on Capital Fund of INR 2,99,743 has not been considered to avoid duplicity as the same interest amount is included in the amount receivable from the society as per financial observation no 1.

2. 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 be 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 April 2010 states "All schools must, first of all, explore and exhaust the possibility of utilizing the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of the 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 the number of years, the school has accumulated a development fund and has reflected the closing balance of INR 1,74,87,667 in its audited financial statements of FY 2018-19. 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. However, a development fund equivalent to the amount collected during the financial year 2018-19 for INR 51,49,875 has been left with the school to meet its future requirements.

3. As per financial observation no. 3, the school has not deposited any amount to LIC or similar agency towards gratuity and leave encashment despite being instructed several times by the department. Accordingly, the school provision made by school amounting INR 53,38,397 towards gratuity and INR 22,87,784 towards leave encashment for the FY 2018-19 has not been considered while deriving fund position of the school.

4. Depreciation charged during the FY 2018-19 amounting to INR 26,33,679 has not been considered being a non-cash item.

5. As per order No. DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the Managing Committee of all the private unaided recognized schools were directed to implement the Central Civil Revised Pay Rules 2016 in respect of the regular employees of the corresponding status in their schools with effect from 01.01.2016 as adopted by the Government of NCT of Delhi vide its circulars No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/110006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/12659-12689 dated 14.10.2016. Further, vide order No. F.DE.15/ (318)/PSB/2019/11925-30 dated 09.10.2019, the managing committee of all Private Unaided Schools once again directed to implement the recommendation of 7th CPC with effect 01.01.2016 within 15 days from the date of issue of aforesaid order.

   Further, section 10 of DSEA states "*the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority*". Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon'ble High Court long back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Ors vide order dated 06.09.2018 for implementation of sixth pay commission recommendations.

   On review of audited Financial Statements of the school and as per explanation given, school is paying the salary as per VI pay commission. Accordingly, the impact of salary arrears amounting to INR 1,18,48,815 which is still pending for payment (as provided by the school for the period) has also been considered while deriving the fund position of the school with the direction to the school to implement the recommendations of 7th CPC in full within 30 days from the date of issue of this order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

ii. In view of the above examination, it is evident that the school has 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 observations, that the sufficient funds are 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 rejected.

AND WHEREAS, it is noticed that the school has utilised INR 98,43,038 in contravention of provisions of DSER, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover INR 98,43,038 from the society. The amount of above receipt along with copy of bank statements showing 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.

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 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee 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 report within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal of enhancement of fee for session 2018-19 of **DAV PUBLIC SCHOOL, (School ID-1720148), Vasant Kunj, Delhi-110070** is rejected by the Director (Education).

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

1. Not to increase any fee/charges during FY 2018-19. In case, the school has already charged increased fee during FY 2018-19, the school should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

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

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

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

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

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

To:
The Manager/ HoS
D.A.V. PUBLIC SCHOOL (School ID 1720148)
Sector B, Vasant Kunj,
Delhi-110070

No. F.DE.15 (546) / PSB / 2022 / 3187 - 3191 Dated: 19/5/22

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 (South 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