

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

---

No. F.DE.15(809)/PSB/2022/5231-5235

Dated: 29/06/22

**ORDER**

WHEREAS, DAV Public School (School ID-1001175), Shrestha Vihar, New Delhi (hereinafter referred to as "School"), run by the DAV College Trust and 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 the DoE, the School submitted its proposal for enhancement of fee for the academic session 2019-20. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

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 2019-20, necessary records and explanations were also called from the School through email. Further, the School was also provided an opportunity of being heard on 19.12.2019 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/(29)/PSB/2019/2694 dated 07.03.2019, 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 the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 directed the school to recover the receivable balance (of Reserve Fund) of INR 3,34,205 from DAV CMC (Society) within 30 days. However, the school failed to comply with the directions of the Directorate, as the school did not recover the amount diverted to the society previously.

The school represented that it has already written to the society to refund the abovementioned amount and the same shall be received shortly.

Therefore, the school is directed to recover the amount of INR 3,34,205 from the society within 30 days from the date of this order.

2. Clause (vii)(c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure capital expenditure/investments have to come from savings.*"

Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 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.*"

From the audited financial statements of the school for FY 2017-2018, it was noted that the school has incurred capital expenditure on purchase of car of INR 8,69,016, which was adjusted from development fund. The budgeted expenses included by the school in its proposal for academic session 2017-2018 towards purchase of vehicle was disallowed by the Directorate vide its order no. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 on the grounds that the same cannot be purchased from development fund and on account of non-compliance of requirements of Rule 177 of DSER, 1973. In addition, the school has again purchased a car amounting to INR 8,34,746 during the FY 2018-2019. Thus, it has been observed that the school is purchasing car(s) and submitting proposals for increase of fee from students, which translates to constituting capital expenditure as component of the fee structure of school and hence, non-compliance of DSEA & R, 1973. Further, this capital expenditure on car(s) was incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973.

The school represented that vehicles are being used for transporting students and staff for various activities, events, seminars and also for picking and dropping at their residences as per their need. Since the vehicles are used for students and staff, the purchase cost has to be met out of the income of the school and can't be passed on to the society. The explanation and representation of the school is not tenable as this capital expenditure on car(s) was incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973.

Accordingly, the amount spent by the school on purchase of car for INR 8,69,016 during FY 2017-2018 and for INR 8,34,016 during FY 2018-2019 needs to be recovered by the school from the Society within 30 days from the date of this order. Further, the school is directed to ensure that the

development fund is utilized only towards purchase, upgradation and replacement of furniture, fixture and equipment. Any other capital expenditure should be met out of savings computed in accordance with Rule 177 of DSER, 1973.

3. Rule 177 of DSER, 1973 states *“Income derived by an unaided recognised schools 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 managing committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely*
- a) award of scholarships to students.*
  - b) establishment of any other recognised school,*
  - c) 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.*

*(2) The savings referred to in sub-rule (1) shall be arrived at after providing for the following, namely pension,*

- gratuity and other specified retirement and other benefits admissible to the employees of the school;*
  - the needed expansion of the school or any expenditure of a developmental nature;*
  - the expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;*
  - co-curricular activities of the students;*
- reasonable reserve fund, not being less than ten per cent, of such savings.*

*3) 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).*

*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 was noted that the school has spent INR 1,17,500 on repair and maintenance of walls of CL Bhalla Model School, Jhandewalan on 19 May 2017 and reported that as an expense in its books of account for FY 2017-2018 as its own expense. During the personal hearing, the school explained that CL Bhalla Model School, Jhandewalan did not have sufficient funds for maintenance and upkeep of the school building and hence the school decided to help CL Bhalla Model School, Jhandewalan by making payment for this expense, which was necessary for the security of the students. However, it was noted that this expenditure on another school has been incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973 since the school was not paying salaries as per the applicable pay commission and the school had not even measured its liability towards gratuity and leave encashment through an actuary on the date of making such payment.

The school represented that rule 177 of DSEAR permits to assist any other school under the same management. The contention of the school is not correct as the school has not complied with the all the conditions of Rule 177.



Accordingly, the school is directed to recover the amount diverted by it of INR 1,17,500 from the Society/ CL Bhalla Model School within 30 days from the date of this order.

4. Directorate's Order no. F.DE-15/Act-I/WPC-4109/Part/13/958 dated 13 October 2017 noted that the school had increased fee by 10% during first quarter of FY 2016-2017 without prior approval of the Directorate. Whereas, post evaluation of fee increase proposal for FY 2016-2017 submitted by the school, the school was allowed to increase fee by 5% vide Order No. F.DE-15/ACT-I/WPC-4109/PART/13/958 dated 13 Oct 2017. Based on the information provided by the school, while increased fees was adjusted subsequently, the school did not adjust increased annual charges collected from the students and has continued to charge increased annual charges in FY 2017-2018. The school was directed not to increase any fee in future without prior approval of the Directorate. Further, Directorate's order No. F.DE.15 (29)/PSB/2019/2694 dated 27 March 2019 directed the school to increase the tuition fees by 15% with effect from April 2019. However, the school had already increased the fees during FY 2017-2018 and FY 2018-2019 without obtaining prior approval of the Directorate.

Based on the information provided by the school, the increased fee collected by the school during FY 2017-2018 and FY 2018-2019 has not been adjusted/ refunded to the students till date after receipt of the order dated 27 March 2019. However, the school has quantified the amount of increased fee as INR 77,96,715 and presented the same as fee refundable as on 31 Mar 2019 in its audited financial statements for FY 2018-2019. Further, based on the audited financial statements for FY 2017-2018 and representation given by the school, it was noted that the school collected additional fee in the name of arrears from students during FY 2017-2018 totalling to INR 1,15,45,515, which was collected without approval of the Directorate and the same has not been recorded as refundable to students in its audited financial statements.

Directorate's order no F.DE-15/ACT-I/WPC-4109/PART/13/958 dated 13 Oct 2017 issued post evaluation of fee increase for the academic session 2016-2017 granted fee increase of 5%, while Directorate's order No. F.DE.15 (29)/PSB/2019/2694 dated 27 March 2019 issued to the school post evaluation of the fee increase for the academic session 2017-2018 granted fee increase of 15%. These fee increases were allowed to the school on the conditions that the school will abide by the directions of the Directorate and will not increase any fees without prior approval of the Directorate.

The school represented that the school has collected increased fee during 2017-2018 and 2018-2019 due to confusion created because of various notifications and judgements issued time to time. The same has been disclosed as the excess fee collection and payable to students in the audited accounts. However, the school did not make any representation regarding fee collected in the form of arrears from students during FY 2017-2018 and has not indicated its intention of refunding/adjusting the same.

Accordingly, the school has failed to comply with the directions given by the Directorate regarding refund/adjustment of increased fee collected by school and has continuously increased the fee without approval from the Directorate. This matter of continuous increase of fee during FY 2017-2018 and FY 2018-2019 without prior approval of the Directorate would be dealt with separately in accordance with section 24(4) of Delhi School Education Act, 1973.

5. The submissions of the school regarding payment of administrative charges @ 4% of basic pay (as per 6<sup>th</sup> CPC) of staff were taken on record and included in Directorate's order no. F.DE-15/ACT-



I/WPC-4109/PART/13/ 958 dated 13 Oct 2017. However, the audited financial statements of the school for FY 2017-2018 indicated that the school has paid administrative charges to DAV CMC @ 7% on salary (Basic pay + Grade pay). Therefore, the administrative charges payable to DAV CMC should have been 4% of basic pay (as per 6<sup>th</sup> CPC) of INR 4,80,51,084, which arrive as INR 19,22,043 against INR 40,33,807 recorded as expense by the school. Further, the school was directed vide order No. F.DE.15 (29)/PSB/2019/2694 dated 27 March 2019 that post implementation of the recommendations of 7<sup>th</sup> CPC, the school should not incur administrative charges beyond 2% of the basic salary.

The excess administrative expense paid by the school to DAV CMC of INR 21,11,764 (i.e. INR 40,33,807 – INR 19,22,043) during FY 2017-2018 was liable to be recovered from the Society, but the same has not been recovered from the society.

The school represented that the above administration charges paid by the school to the society have been calculated on the salaries as per 6<sup>th</sup> CPC. Further, the school agreed payment of administrative charges @2% of the basic salary in the future.

Accordingly, the school is again directed to recover the amount of excessive administrative charges of INR 21,11,764 from the Society within 30 days from the date of this order.

6. The school was directed by DoE through its Order no. F.DE.15/500/PSB/2019/1658-1662 dated 13 Sept 2019 mentioned that Directorate's order no F.DE-15/ACT-I/WPC-4109/PART/13/958 dated 13 Oct 2017 issued post evaluation of fee increase for the academic session 2016-2017 granted fee increase of 5% and Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 issued post evaluation of fee increase for the academic session 2017-2018 granted fee increase of 15%. These fee increases were allowed on the conditions that the school will abide by the directions of the Directorate and make appropriate investments in plan-assets to secure the retirement benefits of the staff.

Further, the Directorate cannot allow any school to make any investment of the school funds with the society i.e. the fees collected from the students are kept in the hands of the society and not in the hands of the school. This is also a non-compliance by the school with the directions issued by the Hon'ble Supreme Court of India in the matter of Modern School, which restricts the school to transfer any funds to the society. In many instances, the societies' uses fund available with them for the benefit of other schools and for creation of other assets.

The school was directed through order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 to recover the amount of INR 7.51 crores (balance as on 31 march 2018) from the society within 30 days, but the school has failed to recover this amount from the Society.

The school represented that it has maintained the fund with the society for meeting gratuity and leave encashment liability of the school. It further represented that the amount of funds available with the society to the tune of INR 7.51 crores are less by INR 1.81 crores as compared with the amount of liability towards gratuity and leave encashment determined by actuary.

From the audited financial statements for FY 2018-2019, it was noted that the school has again made a net transfer a sum of INR 80 lakhs to the society during the FY 2018-2019 under the disguise of fund against gratuity and leave encashment. Considering the representation of the school, the intentions of the school and the society are clear that the Society is not willing to refund the amount

of funds that have been illegally transferred to the Society from the School under the disguise of gratuity and leave encashment fund maintained by the Society, which is a complete non-compliance of the ruling of the Hon'ble Supreme Court and is reflective of the fact that the Society has utilised these funds for other purpose and therefore it does not intend to ensure compliance in this regard. The contention of the school that the fund balance with the Society is less as compared to the liability determined by the Actuary in respect of gratuity and leave encashment is untenable as the transfers made by the school to the Society are not allowed in first place in accordance with the ruling of Hon'ble Supreme Court and by no means the funds transferred to the Society can be considered as earmarked funds or a plan-assets as defined in Accounting Standard-15.

Accordingly, as one more opportunity, the school is directed again to recover the complete amount of INR 8.97 crores (fund balance with Society reflected by the school as on 31 Mar 2019 i.e. INR 7.51 crores opening balance plus INR 80 lakhs net transfer during FY 2018-2019 and INR 66 lakhs interest credited) from the society within 30 days from the date of this order. Also, the school is directed not to make any further transfer of funds to the society.

7. Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 directed the school not to charge pupil fund with immediate effect as 'Pupil Fund' has not been defined for recognised private unaided school and the purposes for which the school has utilised the same is covered under 'Annual Charges' collected by the school from students. However, the school has not confirmed that it has discontinued charging 'Pupil Fund' with effect from 1 Apr 2019.

Based on the audited financial statements of the school, details of collection and utilization of pupil fund provided by the school for FY 2017-2018 is included hereunder:

Particulars	Nature	Amount (INR)
Pupil Fund	Income	91,42,464
Co-curricular & Function Expenses	Expense	40,73,175
Stationary/Printing for examination	Expense	14,20,910
<b>Net surplus reflected by school</b>		<b>36,48,379</b>

Further, based on the details provided by the school for function expenses incurred during FY 2017-2018, it was noted that the school has incurred expenditure on purchase of gifts to staff and other external parties/ dignitaries. Based on the information submitted by the school and taken on record, it was noted that the school had spent INR 6,40,888 on purchase of gifts for the staff and various other persons. Since this expense from out of pupil fund was not incurred for the benefit of the students, it could not have been paid out of the pupil fund. The school is directed to recover the amount of INR 6,40,888 incurred by the school during FY 2017-2018 towards gifts and presents.

The school represented the expenditure was incurred towards purchase of gifts for staff to honour them on teacher's day and seminars and other competitions. It also includes cost of souvenir purchased for dignitaries and guests at various functions for the students. Thus, as per school, this expenditure has to be met out of school funds and cannot be thrust upon the society. With respect to the representation of the school, the attention of the school is drawn towards the statutory provisions that requires the fee collected for a particular purpose must be spent on the same. Thus, contention of the school is incorrect as it has misutilised the funds collected from students.



Accordingly, the school is again directed to recover the amount of INR 6,40,888 incurred by the school during FY 2017-2018 towards gifts and presents from the Society within 30 days from the date of this order.

During FY 2018-2019, the school reflected pupil fee as supplementary fee towards annual charges and did not maintain details of expenses separately from those assigned towards annual charges.

Also, Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 issued post evaluation of fee increase for the academic session 2017-2018 granted fee increase of 15% with the direction that the school will not charge pupil fund with immediate effect. Further, Directorate's order No. F.DE.15 (500) / PSB / 2019 /1658-1662 dated 13 September 2019 issued post evaluation of fee increase for the academic session 2018-2019 directed the school not to collect pupil fund from students with effect from 1 April 2019.

The school represented that pupil fund is collected for the welfare of the students of the school and in case this fund is discontinued, the welfare of the students cannot be taken care of and the object of Rule 171 framed in the legislation stand vitiated which may tantamount to violation of said rule.

The school has failed to understand the observation, which relates to the heads of fee that can be collected by private unaided school. Thus, the contention of the school is not correct. Therefore, the direction given in Directorate's order No. F.DE.15 (500) / PSB / 2019 /1658-1662 dated 13 September 2019 is reiterated that the school is directed to immediately stop collecting pupil fund and refund the pupil fund fees collected since 1 April 2019, if any.

#### **B. Other observations**

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 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 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.*"





Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. 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, IT & computer fee Insurance, Diary and badminton fees 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, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit), that has been met from other fees/income, which was also mentioned in Directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/958 dated 13 October 2017. Further, Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 directed the school not to charge IT Fees, Insurance and Diary charges 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). Further, the school was also directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy.

However, from the financial statements of the school for FY 2018-2019, it was noted that the school is continuing to charge IT Fees, Insurance and Diary charges and the school does not maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy. Further, the school is levying badminton and chess fee, which has not been reported in any of the fee structures submitted by the school to the Directorate till date.

Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2018-2019 is given below:

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus/(Deficit) (INR)
	A	B	C=A-B
IT & Computer Fee	78,34,215	43,75,968	34,58,247
Transport Fee <sup>^</sup>	2,10,46,204	1,98,64,238	11,81,966
Insurance, Diary, etc.	44,00,906	40,49,418	3,51,488
Badminton Fees <sup>#</sup>	72,000	3,62,000	(2,90,000)

<sup>^</sup>The expenditure against transport fees submitted by the school included cost of purchase of car amounting to INR 8,34,746, which the school has also adjusted against development fund. The above expense excludes this cost of car since based on discussion with school, this car is not used for providing transportation facility of picking and dropping students from/to their homes. 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.

# This fee is charged by the school without the same being disclosed in the fee structure or proposal for enhancement of fee for FY 2019-2020.

Further, based on aforementioned, 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 IT fees and Insurance, Diary, etc. from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user based fees (Tuition fees or Annual charges). Thus, based on the nature of the IT fees and Insurance, Diary, etc. and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee. The school was also directed through Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 not to charge IT fees and Insurance, Diary, etc. with immediate effect (i.e. 1 April 2019) and should incur the expenses relating to these from tuition fee and annual charges, as applicable collected from the students. Further, the school should not charge any earmarked levy from students, which has not been reported/disclosed by the school to the Directorate, as the same remains unapproved including badminton fees, which is being collected from students.

Directorate's order no F.DE-15/ACT-I/WPC-4109/PART/13/958 dated 13 Oct 2017 issued post evaluation of fee increase for the academic session 2016-2017 granted fee increase of 5% and Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 issued post evaluation of fee increase for the academic session 2017-2018 granted fee increase of 15%, with the conditions that the school will maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy.

The school represented that fund based accounting is not possible due to mismatch in tuition fees and establishment cost. There is huge shortfall in tuition fee to meet requirement of salaries and allowances. Thus, the school is not left with any option but to utilize surplus in some earmarked levies for payment of staff salaries.

The school is again directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy. 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 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 school is also directed to disclose all the earmarked levies collected by the school in proposal submitted by the school in subsequent years.

2. Para 102 of the Guidance Note on 'Accounting by Schools' issued by the Institute of Chartered Accountants of India 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.”

From the presentation made in the audited financial statements, it was noted that the school is only reporting the opening and closing balances of development fund and is not reporting details of additions, deductions/utilisations, adjustments, with details of corresponding investment, etc.

The school is directed to ensure compliance with regard to the disclosure requirements cited in para 102 above and provide complete details in relation to development fund in its financial statements.

3. Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 noted that the school has included a consolidated fixed assets schedule giving details of all assets carried over by the school in its audited financial statements for FY 2016-2017 and did not prepare separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve. Further, the school was directed to prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/ fund and ensure compliance with the afore cited guidance note.

On examination of the audited financial statements of the school for FY 2018-2019, it was noted that the school has not complied with the above directions and had included only a consolidated fixed assets schedule. Directorate's order No. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 issued post evaluation of fee increase for the academic session 2017-2018 granted fee increase of 15% with the assurance from the school that the school shall abide with the directions issued to the school. The school is again directed to ensure compliance regarding separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve.

WHEREAS, after detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that the school has deposited/ regularly depositing school funds with the Society for payment of gratuity and leave encashment, which has accumulated to INR 7.51 crores as on 31 Mar 2018. In this connection, directions were given to the school vide order nos. F.DE.15 (29) / PSB / 2019 /2694 dated 27 March 2019 and F.DE.15/500/PSB/2019/1658-1662 dated 13 Sept 2019 to earmark this amount, as identified for exclusive payment of gratuity and leave encashment with appropriate agency such as LIC or other insurer so that the payment of gratuity and leave encashment can be made smoothly to the eligible staff in accordance with the law, but the school has not acted upon the above directions. It is relevant to mention here that the school has transferred INR 80 lakhs to DAV CMC under the disguise of gratuity and leave encashment of staff during FY 2018-2019. Since the school is itself treating this amount as free available funds being funds transferred to DAV CMC in non-compliance of the ruling of Hon'ble Supreme Court, hence Directorate has no option but to treat this as available funds.

WHEREAS, the school has continuously disregarded the directions given by the Directorate of not to increase free without prior approval and refund/adjust increased fee collected from



students, rather, the school has collected arrears and increased fee, which has not been refunded/adjusted till date by the school.

AND WHEREAS, the relevant materials were put before Director of Education for consideration and who after considering all material on record has found that the school has not complied with the directions given to it by the Directorate vide order dated 27 Mar 2019 and has not earmarked the amount of INR 8.97 crores (fund balance with DAV CMC as on 31 Mar 2019) available with the Society towards payment of gratuity and leave encashment of staff with appropriate agency and has not refunded/adjusted increased fee/ arrears collected from students without prior approval of Directorate. Accordingly, in view of the above, the fee increase proposal submitted by the school for the academic session 2019-2020 cannot be considered.

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 for enhancement of fee for session 2019-2020 of **DAV Public School (School ID-1001175), Shrestha Vihar, New Delhi** has been rejected by the Director of 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 2019-20. In case, the School has already charged increased fee during FY 2019-20, 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 order 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  
DAV Public School  
School ID - 1001175  
Shrestha Vihar,  
Delhi-110092

No. F.DE.15(809)/PSB/2022/ 5231-5235

Dated: 29/05/22

**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 (East) 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