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

No. F.DE.15 (824)/PSB/2022/ 5264-5268 **Dated:** 30/06/22

Order

WHEREAS, **Lovely Public English School (School ID-1001212), A-100, Yojna Vihar, Delhi-110092** (hereinafter referred to as "School"), run by the Laws Angles educational Society (hereinafter referred to as the "Society"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "DoE"), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as "DSEAR, 1973"). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

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

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

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

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

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

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

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 27 and 28 in case of private unaided schools situated on the land allotted by DDA at concessional rates that:

"27 (c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...

28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools.......

.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ other land-owning agencies.

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

AND WHEREAS, in pursuance to Order dated 27.03.2019 of the DoE, **Lovely Public English School (School ID-1001212), A-100, Yojna Vihar** had 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.

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 06.11.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues were noted.

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 observations noted are as under:

A. Financial Observations

1. Clause 7 of Order No. DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 states "Development fee, not exceeding 15% of the total annual tuition fees 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 depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts and the collections under this head along with income generated from the investment made out of this fund, will be kept separately maintained development fund account". The same was upheld by the Supreme Court in the matter of Modern School vs Union of India & Ors through its judgement dated 27.04.2004. This was also reiterated by the Directorate in its order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009. Thus, based on the above provisions, development fund can be utilized only for purchase, replacement and upgradation of furniture fixtures and equipment.

   From, review of the audited financial statements from FY 2015-16 to 2017-18 submitted by the school, it was noted that the school utilized development fee for purchase of liability books, revenue expenditure and for upgradation of building which is not in accordance with the provision of the aforementioned clause. Therefore, the school is directed to pass rectification entries in the development fund account and development utilisation account and general fund account. The summary of development fund utilised in contravention of the aforesaid clause is as under:

(Figures in INR)

Particulars	FY 2015-16*	FY 2016-17	FY 2017-18	Total
Library Books	-	14,250	85,140	99,290
Revenue Expenses	4,89,565	1,87,678	-	6,77,243
Upgradation of Building	-	4,74,797	-	4,74,797
Total				**12,51,330**

*School has not provided fixed assets schedule for the FY 2015-16, therefore, the utilisation of which cannot be verified.

During personal hearing, school has submitted that revenue expenditure of INR 4,89,565 and INR 1,87,678 were related to plant, machinery, furniture, fixtures, library rooms and building etc. It is also pertinent to note that instead of debiting Income and Expenditure account for aforesaid revenue expenditure incurred in FY 2015-16 and 2016-17 the school has directly deducted the same from the development fund account. Moreover, the school was asked to submit the copies of invoices to substantiate the aforesaid expenditure in tern the school submitted only one invoice amounting to INR 50,726 (Vendor Name- Malik Trading Co.) on examination of the invoice submitted by the school, it has been noted that description about the nature of expenditure could not be identified. Also, there was overwriting on the submitted invoice. It appears that the invoice submitted by the school was fabricated. Therefore, in view of aforesaid facts like non-submission of required details and submission of fabricated invoice, it can be concluded that the school has been utilizing amount of development fee/ fund in contravention of aforesaid provisions cited above.

Further, direction no. 2 included in the Public Notice dated 04.05.1997 states "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property* *of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Accordingly, based on the aforementioned public notice and Hon'ble High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e., fee collected from students is not to be utilised for the same.

However, basis the presentation made in the financial statements in the FY 2016-17, it was noted that the school incurred INR 4,74,797 out of development fee for upgradation of building but the same was not capitalized by the school. From the above facts, it appears that the school has been utilizing development fund on construction of building which the responsibility of the society.

Therefore, school is directed to recover the aforesaid amounts of INR 4,74,797 incurred by the school on school's building together with other revenue expenditure of INR 6,77,243 out of development fee from the society within 30 days from the date of this order.

The school has reported closing balance of Development Fund of INR 32,23,769 in its audited Financial Statements for the FY 2018-19. But, the school has not kept separate bank account for collection and investment of development fee/fund. Therefore, the school is directed to maintain a separate bank account for collection and deposit of development fund as required by clause 14 of the order dated 11.02.2009.

Moreover, the accounting and presentation of development fund and depreciation fund is not in accordance with clause 7 of order dated 15.12.1999 and clause 14 of order dated 11.02.2009. In view of the aforesaid non-compliance in utilisation and presentation of development fund, the correct balance of development fund cannot be determined and accordingly, no amount has been considered while determining the fund position of the school.

Also, as per Para 67 of the Guidance Note on 'Accounting by Schools' issued by Institute of Chartered Accountants of India, "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*" Further, Notes to Part II of Appendix III to the aforementioned Guidance Note states "*Under each head, the original cost, the additions thereto and deductions therefrom during the year, depreciation written off or provided during the year, and the total depreciation written off or provided up to the end of the year should be stated.*"

However, on review of audited Financial Statements submitted by the school, it has been noted that in FY 2015-16 and FY 2016-17, school had created depreciation reserve fund out of development fund and general fund respectively and, presented its fixed assets at written down value. This implies that the depreciation had been charged twice in the financial statements i.e., firstly from the Income and expenditure account and secondly, out of the development fund or general fund account. However, in FY 2017-18, school has made rectification entry for reversal of depreciation reserve fund to general fund account only and has not made any adjustment for reversal of depreciation reserve in the development fund account. Further, fixed assets purchased out of depreciation reserve fund in FY 2015-16 ultimately belongs to development fund since the depreciation reserve fund was also created out of development fund. During hearing, the school was asked to submit the complete details for the adjustments made in the depreciation reserve fund account and general fund account which school has failed to submit. Therefore, rectification entries passed by the school is not in conformity with the generally accepted accounting principles.

It was also noted in FY 2015-16 that, the school has transferred INR 6,69,161 from general fund account as 'Depreciation transferred' but the corresponding impact of this entry could not be traced as complete set of audited Financial Statements for the year has not been submitted. Accordingly, school is required to provide proper details and records to establish the genuineness of the transaction at the time of submission of proposal for next financial year failing which it shall be presumed that school funds have been diverted or misappropriated.

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

   However, on review of audited Financial Statements for the FY 2017-18 and FY 2018-19 it was noted that the school has created development fund utilization account but has not transferred any amount from the development fund utilization in proportion to the depreciation charged every year to the credit of the Income and expenditure account. Thus, the school is not following correct accounting treatment with respect to development fund utilization account. Therefore, the school is hereby directed to comply with the provisions of Para 99 of the Guidance Note 21, "Accounting by School" issued The Institute of Chartered Accountants of India.

3. Order dated 19.01.2016 issued by the Hon'ble High Court of Delhi states that, every recognized unaided schools to whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of Director, Education. Further, as per the directions of Supreme Court in ***Modern School vs. Union of India & OINR*** (supra), a Circular dated 16.04.2010 has been issued reiterating as under:

   a) It is reiterated that annual fee-hike is not mandatory.
   b) School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.
   c) If any school has collected fee in excess of that determined as per procedure prescribed, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

   Clause no. 16 of Letter of Allotment of Land issued by Delhi development Authority to the Society running the school states that *"The school shall not increase the rates of tuition fee without the prior sanction of the Director of Education Delhi Admn. and shall follow provisions of Delhi School Education Act/ Rules, 1973 and other instructions from time to time."*

   Moreover, for determination of fee for entry level classes including nursery, the Directorate vide order dated 11.02.2009 and 16.04.2010 has issued detailed guidelines to be followed for determination of fee under various heads and it has been emphasized that the rate of tuition fee shall be determined so as to cover the standard cost of establishment including provisions for DA, bonus etc. and all terminal benefits, and also the expenditure of revenue nature concerning curricular activities. The school is being run by the society on "no profit no loss" basis, and in the guise of autonomy, the school cannot adopt unfair practice while determining the fee structure. The fee should be commensurate with the expenditure incurred by a school for providing educational facilities in a particular class or earmarked levies should commensurate with the specific facilities or services provided to a particular student. The provision regarding determination of fee and increase in fee under the provisions of DSEA & R, 1973 and circulars, notifications, circulars issued thereunder in this regard are equally applicable to all classes including entry level classes.

On review of Fee Receipts and Fee Structure submitted by the school, it was noted that, the school has increased Tuition Fee, Development Fee, Pupil Fund, Smart Board Fee, Annual Charges and Exam Fee at entry level in FY 2016-17 and the same has been carried forward in the subsequent years to class KG and I without obtaining prior approval from DOE which is in contravention of the aforesaid guidelines.

Also, school increased Pupil Fund, Smart Board and Exam fee for class KG to VII in the same FY 2016-17. While in FY 2017-18, School has merged pupil fund and Smart Board charges with Activity fee and Exam fee with Annual Charges. The summary of fee increased by the school are as under:

Categories of Fee	Classes	FY 2015-16 (in INR)	FY 2016-17 (in INR)	FY 2017-18 (in INR)
Tuition Fee	Nursery	2200	2500	-
Development Fee	Nursery	330	375	-
Pupil Fund	Nursery	110	150	-
Smart Board Fee	Nursery	135	150	-
Annual Charges	Nursery	108	250	-
Exam Fee	Nursery	50	83.33	-
Pupil Fund	KG to VII	110	120	-
Smart Board Fee	KG to VII	135	150	-
Exam Fee	KG to VII	50	83.33	-
Tuition Fee	KG	-	2200	2500
Development Fee	KG	-	330	375
Pupil Fund	KG	-	120	-
Smart Board Fee	KG	-	150	-
Activity Fee	KG	-	-	300
Annual Charges	KG	-	108	333
Exam Fee	KG	-	83.33	-
Tuition Fee	I	-	-	2200
Development Fee	I	-	-	330
Activity Fee	I	-	-	270
Annual Charges	I	-	-	191

From the above, it is apparent that the school had increased fee during FY 2016-17 and FY 2017-18 without obtaining prior approval from the Director of Education. Therefore, the school is required to calculate the excess fee charged from students and to refund/adjust the excess fee charged from the students in the subsequent month/quarter and submit the compliance of the same within 30 days from the date of receipt of this order. Compliance of the same shall be verified at the time of evaluation of fee increase proposal for the next year. Since details of excess fee collected is not available no impact has been considered while deriving the fund position of the school.

4. Rule 176 of DSER, 1973 states that "Income derived from collections for specific purposes shall be spent only for such purpose." Further, 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 form of restricted funds, which, according to Guidance Note -21 'Accounting by Schools' issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Additionally, the above-mentioned Guidance Note also 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).

However, on review of audited Financial Statements for FY 2016-17 to 2018-19, it has been observed that the school was collecting earmarked levies namely Activity fee and Transport fee from the students, but these fees were not charged on 'no profit no loss' basis because school has either earned surplus or incurred deficit from these earmarked levies. During the period under evaluation, school submitted that it has earned surplus on Activity fee and has incurred deficit on Transport fee. The details of earmarked levies collected and expenditure against that are as under:

Particulars	Activity Fee (in INR)	Transport Fee^ (in INR)
For the year 2016-17		
Fee Collected during the year (A)	8,05,165	12,69,390
Expenses during the year (B)	9,67,135	14,43,210
Sub-total (A-B)	**-1,61,970**	**-1,73,820**
For the year 2017-18		
Fee Collected during the year (A)	15,09,130	12,11,765
Expenses during the year (B)	9,84,793	12,15,127
Sub-total (A-B)	**5,24,337**	**-3,362**
For the year 2018-19		
Fee Collected during the year (A)	16,31,089	11,47,870
Expenses during the year (B)	17,87,839	14,40,433
Sub-total (A-B)	**-1,56,750**	**-2,92,563**
Surplus/(Deficit) (A-B)	**2,05,617**	**-4,69,745**

^It is not clarified by school that whether the details of salaries for staff engaged for transport facility is included in transport expenses or in included in salary expenditure.

Further, school is not following fund-based accounting for these earmarked levies and therefore, the school is directed to follow fund-based accounting for earmarked levies and to adhere the abovementioned provisions and if required, make necessary adjustments in the General Reserve balance.

Further, as per the Duggal Committee report, there are only four categories of fee that can be charged by a school. The first category of fee comprises of "registration fee and all One Time Charges" which is levied at the time of admission such as Admission and Caution Money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like Library, Laboratories, etc., and 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 should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are Transport Fee, Swimming Pool Charges, Horse Riding, Tennis, Midday Meals etc.

Based on the aforesaid provisions, earmarked levies are to be collected only from the user students availing the services and if the services are extended to all the students of the school, a separate charge should not be levied by the school as it would get covered either from the Tuition Fee or from Annual Charges. However, as per the response submitted by the school, Activity fee is being charged from all students and hence it loses its character of earmarked levy. Therefore, the school is directed to stop collecting separate charges in the name of the "Activity fee" from the students immediately.

B. Other Observations

1. AS-15 'Employee Benefit' issued by ICAI states that, "An entity should determine the present value of defined benefit obligations and their fair value of any plan asset so that the amounts recognized in the financial statement do not differ materially from the amounts that would be determine at the balance sheet date.

   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.*"

   The school has obtained the actuarial valuation report dated 13.11.2019 and 14.11.2019 regarding its liability towards retirement benefits (gratuity and leave encashment) as on 31.03.2019. As per the actuarial report the total liability towards retirement benefit was INR 67,00,570 (i.e., INR 45,67,502 for gratuity and INR 21,33,068 for Leave Encashment) but the same was not reflected in the financial statements. During the personal hearing the school was asked to the submit the details of the actual payment made by the school towards gratuity and leave encashment from the FY 2015-16 to 2018-19. And based on the reply submitted by the school, it has been observed that the school has not paid any amount towards gratuity and leave encashment.

   Accordingly, it appears that the school has obtained and submitted the actuarial valuation report to the get expenditure allowed by the Director (Education) in order to get the fee, increase only. Therefore, aforesaid liability of INR 67,00,570 determined by the actuarial valuer has not been considered while deriving the fund position of the school with the direction to the school to record this liability in the financial statements and deposit the amount determined by the actuary in the investments that qualify as 'Plan Assets' within 30 days from the date of this order.

2. Clause 18 of Order No. F.DE. /15 (56) /Act /2009 / 778 dated 11.02.2009 states that, no caution money/ security deposit of more than INR 500 per student shall be charged. The Caution Money thus collected shall be kept deposited in a schedule bank in the name of 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 request for a refund. On review of audited financial statements, it is noted that the school has stopped collection of caution money from FY 2015-16. It is also noted that only the principal amount of caution money has been refunded to students and no interest has been paid to the students, which is a contravention of clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. School is directed to comply the aforesaid provision related to caution money and thus, pay interest on caution money along with principal amount.

3. During hearing, school was asked to provide copy of invoices relating to purchase of Fixed Assets for FY 2015-16 to 2018-19 along with the Fixed Assets Register. The school has submitted only few invoices for the fixed assets purchased during this period. Moreover, school has failed to produce fixed assets register for verification. Hence, authenticity of the assets purchased and safeguarding of assets could not be established. School is directed to make available all such invoices and fixed assets register for verification at the time of evaluation of fee increase proposal of the school for next financial 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 2019-20 amounting to **INR 2,43,25,976** out of which cash outflow in the FY 2019-20 is estimated to be **INR 2,67,34,442.** This results in net deficit of **INR 24,08,466** for FY 2019-20 after all payments. The details are as follows:

Particulars	**Amount in INR**
Cash and Bank balances as on 31.03.19 (As per audited financial statements for FY 2018-19)	30,13,283
Investments as on 31.03.19 (As per audited financial statements for FY 2018-19)	9,77,574
Liquid Fund as on 31.03.2019	**39,90,857**
Add: Amount recoverable from the society for diversion of Development fund in FY 2015-16 and FY 2016-17 **(Refer Financial Observation No. 1)**	11,52,040
Add: Fees for FY 2018-19 as per Audited Financial Statements (on the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20)	1,95,06,322
Add: Other income for FY 2018-19 as per Audited Financial Statements (on the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20)	4,32,927
Total Available funds for FY 2019-20	**2,50,82,146**
Less: FDR in the joint name of Director, Education and Manager, School **(as per School's submission)**	1,18,509
Less: FDR in the joint name of Dy. Director, Education and Manager, School **(as per School's submission)**	3,06,396

Less: Development Fund as on 31.03.2019 **(Refer Financial Observation No. 1)**	-
Less: Caution money as on 31.03.2019 **(as per the Financial Statements for the FY 2017-18) (Refer Other Observation No. 2)**	3,31,265
Net Available funds for FY 2019-20	2,43,25,976
Less: Budgeted Expenses for FY 2019-20 **(Refer Note 1 & 2 below)**	**2,03,48,021**
Less: Impact of implementation of 7th CPC on Salaries to staff (as per School's submission) **(Refer note 3 below)**	63,86,421
Estimated deficit for FY 2019-20	**-24,08,466**

Note 1: In FY 2019-20, school has budgeted INR 20,00,000 towards "Teacher Security Reserve Fund". During the personal hearing, the school was asked to provide basis and purpose for making this provision in the financial statements. But the School failed to provide any explanation regarding the maintenance of this provision. In the absence of any details from the school and considering that the school has not implemented the recommendation of 7th CPC. The total expenditure of the school for the FY 2018-19 has been reduced by INR 20,00,000. Further the school has budgeted 2,01,00,000 as salary and wages for FY 2019-20 which has been restricted to 1,37,29,221 as the impact of 7th CPC has been considered separately in the fund position above.

Note 2: School has budgeted for gratuity and leave encashment amounting INR 45,67,502 and INR 21,33,068 on actuarial valuation report basis. During hearing school was asked to submit the details of employee getting retired in FY 2019-20 which school failed to provide. School was also asked to submit details of amount deposited in Plan assets, but no such details were furnished. Therefore, it appears that the purpose of actuarial valuation was only to inflate the school liabilities without creating adequate fund to meet the liabilities. School also failed to furnish any detail regarding why it has not deposited any amount in plan assets in terms of AS-15 since its inception. Accordingly, the budgeted amount has not been considered in the above calculation of fund. However, school is directed to make adequate steps for creating necessary savings to deposit amount in Plan Assets.

Note 3: As per the undertaking submitted by the school vide letter dated 27.12.2019, it has not implemented 7th CPC and continuing paying salary to the staff as per 6th CPC. The School has submitted to implement the recommendation of 7th CPC from 01.04.2020 and arrears will be paid to the staff from 01.04.2018 subject to approval from the Directorate of Education and collection of fees from students. Based on school submission, impact of 7th CPC on salaries amounting INR 63,86,421 has been considered in the above calculation.

ii. In view of the above examination, it is evident that the school does not has adequate funds for meeting all the operational expense for the financial year 2019-20. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 2010 states.

"All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also beused 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 were identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural observation which were also noted (appropriate instructions against which have been given in this order), that the sufficient funds are not available with the to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the school may be accepted.

AND WHEREAS, it is also noticed that the School has mis utilised INR 11,52,040 out Development Fund (for building and revenue expenditure) in contravention of clause 7 of order dated 15.12.1999 and clause 2 of public notice dated 04.05.1997 and thus, the school is directed to recover the same from the society. The amount of above receipt along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of receipt of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

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 12% to be effective from 01 July 2022.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that funds are not available with the school for meeting financial implication for the academic session 2019-20.

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 fee increase for academic session 2019-20 of **Lovely Public English School (School ID- 1001212), A-100, Yojna Vihar, Delhi-110092** is accepted by the Director of Education and the school is hereby allowed to increase the tuition fee by 12% to be effective from 1 July, 2022.

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

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

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

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

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

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

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

To

The Manager/ HoS
Lovely Public English School (School ID- 1001212)
A 100, Yojna Vihar, Delhi-110092
No. F.DE.15(824)/PSB/2022 / 5264-5268

Dated: 30/06/22

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 (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