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

No. F.DE.15 (1244)/PSB/2023/ 1515-1519 Dated: 14/02/23

Order

WHEREAS, **Bloom Public School (School ID- 1720169), C/8, Vasant Kunj, New delhi-110070,** (hereinafter referred to as **"the School"**), run by the **Sundawn Education 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/2019/4440-4412 dated 08.06.2022, 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 academic session 2022-23.

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for fee increase for the academic session **2022-23**. Accordingly, this order dispenses the proposal for fee increase submitted by the school for the academic session **2022-23**.

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 increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 15th December 2022 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. During that hearing, the compliance of order no. F.DE.15(201)/PSB/2021/3486-3490 dated 10.09.2021 issued for the academic session 2019-20 was also discussed and the school submission were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee increase and subsequent documents submitted by the school as a result of the personal hearing, were evaluated thoroughly by the team of Chartered Accountants. After evaluation of fee proposal of the school and its subsequent clarifications and submissions, following key suggestions for improvement were noted:

A. Financial Suggestions for Improvement

1. Clause 2 of Public Notice *dated 04.05.1997 states "Schools are not allowed to charge building fund and development charges when the building is complete or otherwise as it is the responsibility of the society. Society should raise such fund from their own sources because the immovable property of the school become the sole property of the society. Therefore, the students should not be burdened by way of collecting the building fund or development charges". Moreover, the Hon'ble High Court of Delhi in its Judgement dated 30.10.1998 in case of Delhi Abibhavak Mahasangh concluded that "Tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society". Also clause (vii) 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 financial fee structure."*

Additionally, Rule 177 of DSER, 1973 states that *income derived by an unaided private recognized school by way of fees shall be utilized 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 utilized by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognized school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. The aforesaid savings shall be arrived at after providing for the following, namely:*

a) *Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school.*
b) *The needed expansion of the school or any expenditure of a developmental nature.*
c) *The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation.*
d) *Co-curricular activities of the students.*
e) *Reasonable reserve fund, not being less than ten percent, of such savings.*

Based on the aforesaid Public Notice and Judgement of the Hon'ble High Court, the cost relating to construction of Building has to be met by the society, being the property of the society and not from the funds of the school. Further, Rule 177 states that the school is not allowed to make addition to the building if it does not have savings.

The school incurred INR 31,44,596 for additions made to the building and INR 22,24,489 for purchase of vehicles in FY 2017-18 and FY 2018-19 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(201)/PSB/2021/3486-3490 dated 10.09.2021 issued for the academic session 2019-20. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

The compliance report submitted by the school against the aforesaid order dated 07.02.2022 were taken on record. The school submitted that "The amount incurred for additions in building are spent on fixtures which is also permitted to be spent from development fee. Further, the school submitted that the amount incurred on purchase of vehicles are being used for medical emergencies, transportation to and from school, for official work, CBSE Board Examination Duties etc. These vehicles amount to equipment for school and are eligible to be spent from the development fund."

The above contention of the school cannot be accepted considering the fact that the above-mentioned expenditure was capital expenditure in nature and was taken from audited financial statements which was signed by the principal and auditor of the school. Moreover, development fee is charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Further, as per guidance note on accounting by the schools issued by the ICAI, purchase of vehicles come under the head of vehicles and equipment head covers office, science and sports equipment's only. Hence, the contention of the school vehicles come under the head of equipment is not tenable and justified.

Therefore, the amount utilised by the school amounting to INR 31,44,596 towards additions to the building and INR 22,24,489 towards purchase of vehicles totalling to INR 53,69,085 in contravention of clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER,1973 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order. Further, the school is also directed to make adjustment in general reserve with respect to interest on loan.

Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

2. Section 2 (m) of DSEA, 1973 states that "Manager/Director" in relation to a school, means the person, by whatever name called who is entrusted, either on the date on which this Act comes into force, or as the case may be, under a scheme of management made under section 5, with the management of the affairs of that school.

   On review of the documents submitted by the school, it has been noted that Mrs. Tarveen Kaur has been promoted as School Manager w.e.f. December, 2017 from front office executive post. Further, the school has paid salary to the manager amounting to INR 24,11,285 (i.e. FY 2019-20 - INR 8,15,597, FY 2020-21 – INR 7,91,508 and FY 2021-22 – INR 8,04,180) during the FY 2019-20 to FY 2021-22.

   Therefore, INR 24,11,285 paid as salary to the manager has been added to the fund position of the school with the direction not to pay any remuneration to the Manager. The school is directed to recover above-mentioned amount from the Manager or the society.

   Further, the salary of manager proposed in the Budget 2022-23 amounting to INR 8,42,196 (INR 70,183 *12 months) has not been considered while calculating the fund position of the school.

3. As per Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses.*" Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

   a. Assets held by a long-term employee benefit fund; and
   b. Qualifying insurance policies

Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, *"An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."*

An appropriate charge to the income and expenditure account for a year should be made through a provision for accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons say less than 50, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in *"Plan Assets"* as per AS-15 issued by ICAI.

On review of the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is applicable to the school as it has employed more than 50 staff in a year. On review of the audited financial statements for the FY 2021-22, it has been noted that the school has reported liability of INR 3,66,67,837 and INR 1,24,94,790 towards gratuity and leave encashment respectively. However, as per actuarial valuation report dated 13th April 2022, the amount payable for gratuity was INR 3,26,75,548 and towards leave encashment was INR 1,24,94,790 which concludes that the school has done over provisioning in case of gratuity liability in the audited financial statements in comparison with the actuarial valuation report.

During personal hearing, the school explained that it has invested INR 3,66,67,837 in LIC against gratuity, and INR 1,17,58,336 against leave encashment which can be utilized for payment of gratuity and leave encashment as and when required. Hence, the investment held by the school in the form of LIC qualifies as Plan Asset as per AS-15 issued by ICAI.

Accordingly, an amount of INR 4,84,26,173 (INR 3,66,67,837 + INR 1,17,58,336) has been considered while deriving the fund position of the school with the direction to the school to make provisions in accordance with the actuarial valuation report and invest the remaining amount in plan asset in accordance with AS-15 and submit the compliance report within 30 days from the date of issue of this order.

Further, the school has already made over provision in its audited financial statements of FY 2021-22 as compared to actuarial valuation report hence, the proposed expenditure towards gratuity and leave encashment amounting to INR 30,00,000 for FY 2022-23 has not been considered while calculating the fund position of the school.

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.*"

While evaluating the fee increase proposal for the academic session 2022-23, the following has been noted with respect the caution money:

- School has been collecting caution money from the students from FY 2019-20 to FY 2021-22.
- School had not refunded interest on caution money along with refund of caution money.

The school is directed to ensure compliance with the above requirements especially ensuring that caution money is refunded along with interest to the students. Therefore, the amount refundable amounting to INR 6,00,384 as on 31.03.2022 as per the audited financial statements has been considered while deriving the fund position of the school.

B. Other Suggestions for improvement

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."*

Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."*

Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 states *"Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."*

Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states *"Earmarked levies shall be charged from the user student only."*

Rule 176 states *"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."*

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 at 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.

Further, the Guidance Note-21 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 and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

From the information provided by the school during personal hearing, it has been noted that school charges earmarked levies in the form of (i) Transport fees, (ii) Sports and Activity fees, (iii) Lib/Tech/Med/SSW fees, (iv) Science fees and (v) Special Education fees from the students. The school has not maintained fund based accounting except for transport fees. The surplus/deficit generated by the school from these earmarked levies in last three financial years are as under:

(Figures in INR)

Particulars	Transportation Fees	Sports and Activity Fees*	Lib/Tech/ Med/SSW Fees*	Science Fees*	Special Education Fees*
For the year 2019-20**					
Fee Collected during the year (A)	1,30,27,320	15,44,550	43,50,914	1,17,840	1,63,350
Expenses during the year (B)	1,07,83,793	76,248	-	-	-
Difference for the year (A-B)	**22,43,527**	**14,68,302**	**43,50,914**	**1,17,840**	**1,63,350**
For the year 2020-21**					
Fee Collected during the year (A)	-	-	-	-	22,65,329
Expenses during the year (B)	24,07,410	-	-	-	-
Difference for the year (A-B)	**(24,07,410)**	-	-	-	**22,65,329**
For the year 2021-22**					
Fee Collected during the year (A)	-	-	-	-	-
Expenses during the year (B)	9,12,497	-	-	-	-
Difference for the year (A-B)	**(9,12,497)**	-	-	-	-
Total (Surplus)	**(10,76,380)**	**14,68,302**	**43,50,914**	**1,17,840**	**24,28,679**

*Science Fees (Collected from XI & XII Only) ; Sports & Activity fees , Lib/Med/Tech/SSW fees, Special Education (Collected from all classes)

** The above table is not showing the actual surplus/losses of last 3 financial year in the absence of complete details of income and expenditures furnished by the school.

In view of the above the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students at the school, a separate charge cannot be levied towards these services by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of Sports & Activity fees, Lib/Med/Tech/SSW fees and Special Education fees from all the students loses its character of earmarked levy. Thus, the school is directed not to charge such fee as earmarked levy with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

Similar point was also noted in Directorate Order No. F.DE.15(201)/PSB/2021/3486-3490 dated 10.09.2021 issued for the academic session 2019-20. However, the school has not complied with the directions given in the previous order. Therefore, the school is again 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/deficit, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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. Clause 24 of DoE Order dated 11.02.2009 states "*Every recognized unaided school covered by the Act, shall maintain accounts on the principles applicable to a non-business organization/ not-for-profit organization as per Generally Accepted Accounting Principles (GAAP). Such schools shall prepare their financial statement consisting of a Balance Sheet, P&L Account and Receipt & Payment account every year.*"

   Further, Appendix-III (Part-I-General instructions and accounting principles) of Guidance Note-21 states:

   1. "*the financial statement of the School should be prepared on accrual basis.*

   2. *a statement of all significant accounting policies adopted in the preparation and presentation of the balance sheet and income and expenditure account should be included in the School's Balance sheet……………*

   3. *accounting policies should be applied consistently from one financial year to the next. Any change in the accounting policies which has a material effect in the current period, or which is reasonably expected to have a material effect in later periods should be disclosed….*".

   Review of the audited financial statements of the school for the FY 2019-20 to FY 2021-22, revealed that the school has been recording income on cash basis while expenses are being recoded on accrual basis. Thus, the school is not following Generally Accepted Accounting Principles (GAAP). Therefore, the school is hereby directed, to maintain its books of account in accordance with GAAP from subsequent financial years and made necessary adjustment in its books of accounts accordingly. The compliance with this direction shall be verified while evaluating the fee increase proposal of the subsequent year.

3. The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students belonging to weaker section. However, as per the information provided by the school for FY 2019-20 to FY 2021-22, it has been noted that the school was not complying with the abovementioned DOE's Order and condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. Therefore, DDE District may be requested to look into this matter and ensure compliance with the above requirements. The details of total students and EWS students for the FY 2019-20 to 2021-22 are tabulated below:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Strength	1222	1206	1243
EWS	264	283	299
% Of EWS students to total strength	**21.60**	**23.46**	**24.05**

Similar point was also noted in Directorate Order No. F.DE.15(201)/PSB/2021/3486-3490 dated 10.09.2021 issued for the academic session 2019-20. As the school has not complied with the direction issued in the previous year order, therefore the school is again directed to comply with the directions included in orders above.

4. As per Right to Education act, the pupil teacher ratio for primary classes and upper primary classes should be 30:1 and 35:1 respectively. Also, as per the affiliation bye-laws prescribed by Central Board of Secondary Education (CBSE), the student's teacher ratio should not exceed 30:1 excluding principal, physical education teacher and counsellor to teach various subjects. However, based on the information submitted by the school relating to total students and number of teachers following ratios have been derived:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Number of Students (A)	1222	1206	1243
Number of Teachers (B)	73	66	52
Students to teacher ratio(A/B)	**16.74**	**18.27**	**23.90**

In view of the above calculation, it has been observed that there is one teacher on every 24 students in FY 2021-22 which is much higher than the standard prescribed by the CBSE and mentioned in the RTE Act. It seems that there is overstaffing of teaching staff in the school. Therefore, the school management is required to look into this aspect and try to establish an equilibrium, without compromising the standard of education, between the standard prescribed by the CBSE and the existing student teacher ratio.

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 2022-23 amounting to INR **22,86,55,396** out of which cash outflow in the FY 2022-23 is estimated to be INR **12,28,33,743.** This results in surplus of INR **10,58,21,653** for FY 2022-23 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	6,15,41,088
Investments as on 31.03.22 as per Audited Financial Statements **(Refer Note 1 Below)**	14,87,63,844
Liquid Funds as on 31.03.2022	**21,03,04,932**
Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note 2 Below)**	9,15,48,221
Add: Other income for FY 2021-22 as per Audited Financial Statements **(Refer Note 3 Below)**	1,00,43,505

Particulars	Amount (in INR)
Add: Amount recoverable from Society for additions made to building and purchase of vehicles during FY 2017-18 and FY 2018-19 **(Refer Financial Suggestion No. 1)**	53,69,085
Add: Amount recoverable from society for salary paid to the Manager **(Refer Financial Suggestion No. 2)**	24,11,285
Total Available Funds for FY 2022-23	**31,96,77,028**
Less: Investment in LIC against Gratuity and Leave Encashment **(Refer Financial Suggestion No. 3)**	4,84,26,173
Less: Caution Money as on 31.03.2022 **(Refer Financial Suggestion No. 4)**	6,00,384
Less: Transport Fund as on 31.03.2022	56,208
Less: Development Fund as on 31.03.2022	4,19,38,867
Less: Depreciation Reserve Fund as on 31.03.2022 **(Refer Note 4 Below)**	-
Less: FDR in the name of DoE and Manager **(Refer Note 5 Below)**	-
Net Available Funds for FY 2022-23 - (A)	**22,86,55,396**
Less: Budgeted expenses for the session 2022-23 **(Refer Note 6 Below)**	9,71,85,672
Less: Salary Arrears as per 7th CPC **(Refer Note 7 Below)**	2,56,48,071
Total Estimated Expenditure for FY 2022-23 - (B)	**12,28,33,743**
Net Surplus (A-B)	**10,58,21,653**

Note 1: The detail of fixed deposit held by the school as per the audited financial statements of FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
Depreciation Reserve Fund Investment	2,68,34,256	Refer Note 4 Below
Development Fund Reserve Investment	4,34,70,369	Closing balance as on 31.03.2022 in audited financial statement has been deducted while calculating the fund position of the school.
Investment for contingency of establishment	3,00,33,046	Investments are in the name of the school, hence the same has not been deducted while calculating the fund position of the school.
New Group Gratuity Cash Accumulation Plan	1,17,58,336	Refer Financial Suggestion No. 3
New Group Leave Encashment Plan	3,66,67,837	
Total	**14,87,63,844**	

Note 2: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders

directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

(i) *"to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of* ***unutilized facilities*** *by the students during the relevant period of academic year 2020-21".* And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.
(ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.
(iii) The above arrangement is also applicable with respect to collection of fee for FY 2021-22.

On review of the audited financial statements of FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported 100% of the tuition fees and 85% of annual charges and development fees in its audited financial statements of FY 2021-22 on receipts basis. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fee, annual charges and development fees has been grossed up on accrual basis to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Table A

Particulars	**Income as per Audited Financial Statements for the FY 2021-22**	**Income Considered while deriving the fund position for the FY 2022-23**	**Remarks**
Tuition Fee	4,78,41,489	7,40,36,040	As per fee reconciliation submitted by the school for the FY 2021-22, it has been noted that the income recorded in audited financial statements of FY 2021-22 are after concession given to the students. Hence, Fees has been considered by grossing up the income as mentioned in fee reconciliation of FY 2021-22 provided by the school.
Annual Charges	61,26,490	80,16,186	
Development fees	71,81,562	94,37,670	
Total	**6,11,49,541**	**9,14,89,896**	

Note 3: All the other income as per audited financial statements of FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23 except the following:

Heads	Amount (in INR)	Remarks
Deferred Income of depreciation on fixed assets	44,84,873	Non - Cash Item
Creditor Written Off	28,320	Non - Recurring Income
Unclaimed Caution Money	3,00,000	
Balance Written Back (Other Income)	15,60,661	
Total	**63,73,854**	

Note 4: As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided school. The first category of fee comprised of "*Registration fee and all one Time Charges*' levied at the time of admissions such as admission charges and caution money. The second category of fee comprises '*Tuition Fee'* which is to be fixed to cover the standard cost of the establishment and to cover the expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science, and computer fee up to class X and examination fee. The third category of the fee should consist of *'Annual Charges*' to cover all expenditure not included in the second category and the fourth category consist of all *'Earmarked Levies'* for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

The purpose of each head of the fee has already been defined and it is nowhere defined the usage of development fee or any other head of fee for investments against depreciation reserve fund. Further, Clause 7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the order no F.DE./15(56)/Act/2009/778 dated 11.02.2009, "*development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixture and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund will be kept in a separately maintained Development Fund Account*". Thus, the above direction provides for:

- Not to charge development fee for more than 15% of tuition fee.
- Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- Development fee will be treated as capital receipts.
- Depreciation reserve fund is to be maintained.

Thus, the creation of the depreciation reserve fund is a pre-condition for charging of development fee, as per above provisions and the decision of Hon'ble Supreme Court in the case of Modern School Vs Union of India & Ors.: 2004(5) SCC 583. Even the Clause 7 of the above direction does not require to maintain any investments against depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' issued by the Institute of Chartered Accountants of India states *"where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account* *is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."*

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is mere of an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note -21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, the depreciation reserve fund as reported by the school in its audited financial statements for the FY 2021-22 has not been considered while deriving the fund position of the school.

Note 5: As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done in the form of FDR in any scheduled bank.

The balance of Salary Reserve as on 31.03.2022 is INR 3,29,05,128 as per audited financial statements of the school for FY 2021-22. However, the school has not earmarked any investment in the joint name of the Dy. Director and Manager of the school. Hence, the same has not been considered while calculating the fund position of the school.

Note 6: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

Heads	Budgeted expenditure in FY 2022-23	Amount Disallowed	Remarks
Salaries related expenditure – Non Teaching Staff	1,26,94,771	8,42,196	Refer Financial Suggestion No. 2
Gratuity and Leave Encashment	30,00,000	30,00,000	Refer Financial Suggestion No. 3
Depreciation	84,62,647	84,62,647	Expense being a non-cash item
Salary & Wages – Transport Expense	40,15,557	40,15,557	Neither Income nor expense has been considered while calculating the fund position of the school on the assumption that earmarked levies are collected on no profit no loss basis
Insurance of Buses	4,60,000	4,60,000	
Vehicle Running and Maintenance Cost	2,00,000	2,00,000	
CNG	12,60,469	12,60,469	
Total	**3,00,93,444**	**1,82,40,869**	

Note 7: During the personal hearing, the school explained that the salaries are paid as per 6th CPC and the school has not implemented 7th CPC yet. Further, on review of the audited financial statements of FY 2021-22, it has been noted that the school has recorded the liability of 7th CPC in its books amounting to INR 5,40,33,647 as on 31.03.2022. However, the school was allowed salary arrears as per 7th CPC upto

March 2019 in fee increase proposal of FY 2019-20 vide order no. F.DE.15(201)/PSB/2021/3486-3490 dated 10.09.2021 amounting to INR. 2,83,85,576.

Thus, the remaining 7th CPC salary arrears amounting to INR 2,56,48,071 (INR 5,40,33,64 – INR 2,83,85,576 has been considered while calculating the fund position of the school.

ii. In view of the above examination, it is evident that the school has sufficient funds to carry on its operation for the academic session 2022-23 on the existing fee 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 irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school may be rejected.

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 2022-23. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2022-23.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Bloom Public School (School ID- 1720169), C/8, Vasant Kunj, New delhi-110070,** is rejected by the Director of Education. Further, the management of said School is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2022-23 and if the fee is already increased and charged for the academic session 2022-23, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

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.

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To:
The Manager/ HoS
Bloom Public School
C/8, Vasant Kunj,
New Delhi-110070
School Id – 1720169

No. F.DE.15(1244)/PSB/2023/1515-1519

Dated: 14/02/23

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) 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.

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi