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

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**No. F.DE.15(530)/PSB/2022/** 3078-3082 **Dated:** 17/05/22

**ORDER**

WHEREAS, **Prince Public School, Rohini, New Delhi School ID-1413212** (hereinafter referred to as "**the School**"), run by the Prince Public School Education Society (hereinafter referred to as "**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 DSEA, 1973 to the DoE. Such full statement of fee is required to indicate estimated income of the School to be derived from the fees and estimated operational expenses to be incurred during the ensuing year towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the DSER, 1973.

AND WHEREAS, as per Section 18(5) 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 objectives 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 recognized 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 the Writ Petition No. 4109/2013 in the matter of Justice for All vs. 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 private unaided recognized Schools to whom land has been allotted by the DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed to all the private unaided recognized Schools, running on the land allotted by the 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 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 to be heard on 25.10.2019 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. No. F.DE.15(311)/PSB/2019/1615-1619 dated 05/04/2019, 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 observations noted are as under:

**A. Authenticity of Audited Financial Statements**

1. As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e. receipts and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31st July.

On account of number of complaints received by the Institute of Chartered Accountants of India (ICAI) regarding signatures of Chartered Accountants (CAs) are being forged by non-CAs and corresponding findings by ICAI that financial documents/certificates attested by third person misrepresenting themselves as Chartered Accountants (CA) are misleading the Authorities and Stakeholders, ICAI, at its 379th Council Meeting, made generation of Unique Document Identification Number (UDIN) mandatory for every signature of Full time Practising Chartered Accountants in phased manner for the following services:

- All Certificates with effect from 1 Feb 2019
- GST and Income Tax Audit with effect from 1 Apr 2019
- All Audit and Assurance Functions with effect from 1 Jul 2019

Therefore, generation of UDIN has been made mandatory for all audit and assurance functions like documents and reports certified/ issued by practising Chartered Accountants from 1 Jul 2019. The UDIN System has been developed by ICAI to facilitate its members for verification and certification of the documents and for securing documents and authenticity thereof by Regulators.

Further, ICAI issued an announcement on 4 June 2019 for the attention of its Members with the requirement of mentioning UDIN while signing the Audit Reports effective from 1 Jul 2019, which stated "*With a view to bring uniformity in the manner of signing audit reports by the members of ICAI, it has been decided to require the members of ICAI to also mention the UDIN immediately after the ICAI's membership number while signing audit reports. This requirement will be in addition to other requirements relating to the auditor's signature prescribed in the relevant law or regulation and the Standards on Auditing.*"

Standard on Auditing (SA) 700 (Revised) – 'Forming an Opinion and Reporting on Financial Statements' notified by the Institute of Chartered Accountants of India include formats for issuing audit opinions on the financial statements by practicing Chartered Accountants.

Also, para 47 of SA 700 states "*The auditor's report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements, including evidence that:*

*(a) All the statements that comprise the financial statements, including the related notes, have been prepared; and*

*(b) Those with the recognized authority have asserted that they have taken responsibility for those financial statements.*"

The financial statements for FY 2018-2019 submitted by the school along with Audit Report signed by Chartered Accountant did not cite UDIN, as mandated by ICAI. Further, the Chartered Accountant failed to mention the date of signing on the audit report, balance sheet and income and expenditure account. However, notes to accounts enclosed with the financial statements were signed on 5 Sep 2019. Further, the audit report issued by the auditor is not in accordance in the format prescribed under SA 700 since it fails to draw reference to applicable accounting standards or Generally Accepted Accounting Principles and does not give opinion on the true and fair view of state of affairs of the school, surplus/deficit during the year and cashflows during the year. Therefore, authenticity of the audit and that of the financial statements for FY 2018-2019 submitted by the school could not be verified.

While the school has not complied with the statutory requirement of submission of audited final accounts and has submitted unauthentic final accounts, these financial statements for FY 2018-2019 have been taken on record by the Directorate and the same have been considered for evaluation of the fee increase proposal of the school for the academic session 2018-2019 assuming the same as unaudited/provisional financial statements.

The school is directed to confirm from the auditor whether UDIN was generated in respect of the audit opinion issued by the auditor on the financial statements of the school for FY 2018-2019. If it was generated, the same should be mentioned by the school in its compliance report. In case, UDIN was not generated by the auditor, the school is directed to seek explanation from the auditor for not complying with the requirements notified by ICAI and get the said audit report and financial statements verified from the Institute of Chartered Accountants of India for its authenticity and validity.

The school is further directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India including compliance with SA 700 and generation of UDIN.

2. On examination of the financial statements for FY 2018-2019, it was noted the financial statements were not appropriately authenticated by the representatives of the school, since the Chairman and Principal signed only the second pages of Balance Sheet, Income and Expenditure Account and Significant Accounting Policies and Notes to Account, and not the Schedules. Thus, the authenticity of the financial statements and financial information included therein cannot be confirmed.

   The school is directed to ensure that the entire set of financial statements (all pages) must be signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents.

**B. 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.

   The financial statements of the school for FY 2018-2019 reflected advance to the society of INR 21,26,177. The school was directed, through Directorate's Order No. F.DE-15/311/PSB-2019/1615-1619 dated 5 Apr 2019, to recover amount of INR 21,26,177 from the society.

   The school failed to recover the above said amount and also did not provide any explanation in respect of recovery of the same. Accordingly, this amount of INR 21,26,177 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of the order. Also, the school is directed to ensure compliance with the requirements cited above and not to make any fund transfer to the Society.

2. As per the 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.*"

   Directorate's Order No. F.DE-15/311/PSB-2019/1615-1619 dated 5 Apr 2019 issued to the school post evaluation of the proposal for enhancement of fee for FY 2017-2018 noted that during FY 2015-2016 the school had purchased a luxury car amounting INR 15,68,404 out of school funds and by taking loan from Vijaya Bank. Of the total cost of the car, the school had paid INR 3,99,108 from school funds and rest amount was paid from the loan. During FY 2015-2016 and FY 2016-2017, the school paid INR 1,25,702 as interest on loan and INR 1,97,767 as repayment of principal amount. The school was directed to recover amount spent on purchase of car totalling to INR 7,22,577 (INR 3,99,108 plus INR 1,25,702 plus INR 1,97,767) in said order.

   During personal hearing the school mentioned that the vehicle is used for staff and students to attend various seminars, competitions, etc.

   It has been observed that the school purchased vehicle and submitted proposal 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, the above capital expenditures were incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973, as the same could have been done only from savings derived in accordance with Rule 177.

   Further, from the financial statements of the school for the FY 2017-2018 and FY 2018-2019, the school paid INR 2,19,101 and INR 2,42,673 respectively as repayment of loan (principal amount) and INR 87,226 and INR 72,317 respectively as interest on loan taken for purchase of car.

   Accordingly, the amount spent by the school on purchase of luxury car (together with interest and loan repaid during FY 2015-2016 till FY 2018-2019) of INR 13,43,894 (INR 7,22,577 plus INR 2,19,101 plus INR 2,42,673 plus INR 87,226 plus INR 72,317) from the school funds is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order. Further, the school is directed not to make payment towards repayment of loan taken on vehicles along with interest thereon from the school funds. Also, the school is instructed to ensure compliance with the provisions of DSEA & R, 1973 before making any purchase of capital assets from the school funds.

   The school records interest on car loan along with the interest on vehicles (used for transport) and did not segregate the interest expense in relation to car in its budgeted expenses for FY 2019-2020. Thus, the entire interest expense budgeted by the school has not been considered as part of Budgeted expenses for FY 2019-2020 irrespective of whether it includes interest of car or transport vehicles (Also, refer Financial Discrepancy No. 3).

3. 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.*"

   Directorate's Order No. F.DE-15/311/PSB-2019/1615-1619 dated 5 Apr 2019 issued to the school post evaluation of the proposal for enhancement of fee for FY 2017-2018 noted that during FY 2015-2016 the school had purchased 2 buses from school funds and by taking loan from Vijaya

Bank. It was noted that during FY 2015-2016 and FY 2016-2017, the school paid INR 15,00,769 as principal repayment and INR 4,81,018 as interest on loan.

Further, from the financial statements of FY 2018-2019, it was noted that the school has again purchased a bus of INR 19,50,000 for which loan of INR 13,00,362 was taken from Vijaya Bank and balance of INR 6,49,638 (INR 19,50,000 less INR 13,00,362) was paid from school funds. Further, during FY 2017-2018 and FY 2018-2019, the school utilised school funds of INR 22,77,952 for loan (principal) repayment and INR 9,08,295 towards interest thereon.

Accordingly, the school utilised INR 58,17,672 (INR 15,00,769 plus INR 4,81,018 plus INR 6,49,638 plus INR 22,77,952 plus INR 9,08,295) during FY 2015-2016 to FY 2018-2019 from school funds for purchase of vehicle and repayment of vehicle loans.

While the school is not following fund based accounting and has not created fund account against transport service provided to students by the school, the income and expense towards transport service from the financial statements of the school for FY 2015-2016 to FY 2018-2019 were evaluated and it was noted that the school was charging transport fee, which was not even adequate to cover revenue (operating) expenses for providing the transport service to students. The school did not provide comprehensive details of expenses incurred in relation of the transport facility, thus, estimated calculation of deficit based on documents and information on record, is enclosed below:

| **Particulars** | **FY 2015-2016** | **FY 2016-2017** | **FY 2017-2018** | **FY 2018-2019** |
|---|---|---|---|---|
| **Income** | | | | |
| Transport Fees (A) | 44,52,320 | 55,10,140 | 61,21,820 | 62,63,640 |
| **Expenses** | | | | |
| Vehicle Running and Maintenance | 36,15,773 | 46,95,900 | 50,72,567 | 45,49,182 |
| Insurance | 3,71,179 | 5,42,369 | 5,76,154 | 6,68,779 |
| Salary of Drivers and Conductors | -* | -* | 44,02,128^ | 43,82,988^ |
| **Total Expenses (B)** | **39,86,952*** | **52,38,269*** | **1,00,50,849** | **96,00,949** |
| **Surplus/(Deficit) (C)=(A-B)** | **4,65,368*** | **2,71,871*** | **(39,29,029)** | **(33,37,309)** |

^The school did not provide complete details of salary of drivers and conductors engaged in transport facility for FY 2017-2018 and FY 2018-2019. The salary expense was estimated based on salary details submitted by the school for the months of April 2017 and April 2018 (multiplying April's salary with 12 months).

*The school did not provide details of salaries paid to staff involved in provision of transport facility. It is expected that the amount of salary cost would be around INR 40 lakhs (based on salaries paid in FY 2017-2018 and FY 2018-2019), which if added to the expenses would result in the surplus (currently presented in the table) being converted to substantial deficit.

The school explained that the buses were purchased to meet the transport needs of the students, which was required for effective operation of the school. However, the school did not provide any relevant explanation for operating the transport facility in such huge deficit.

Thus, it has been observed that the school has purchased buses for provision of transport facility despite there being deficit from operation of transport facility and has submitted proposal for increase of fee from students that translates to constituting capital expenditure as component of the fee structure of school and hence non-compliance. Earmarked levies in the form of transport fee are to be charged on no-profit no-loss basis and the school was not able to recover the cost of buses from the transport fee collected from students indicating that the school has shifted the burden of capital cost of buses to all the students of the school, who are not even availing the transport service. The principal amount and interest paid on the bus loans, being additional burden met out of school funds (fee collected from students), should not have been paid from school funds.

Accordingly, the amount spent by the school on purchase of buses of INR 58,17,672 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order. The school is further directed to ensure that transport vehicles are procured only from the transport fund and not from school funds unless savings are derived in accordance with Rule 177.

Based on above, the budgeted interest expense on vehicle loan of INR 4,75,000 during FY 2019-2020 has not been considered as part of the Budgeted Expenses for FY 2019-2020 while deriving the fund position of the school (enclosed in the later part of this order). It was further noted that the school has budgeted an additional sum during FY 2019-2020 towards hiring charges, which has not been considered as part of the Budgeted Expenses for FY 2019-2020 while deriving the fund position of the school (enclosed in the later part of this order) since the school is already having substantial deficit from transport facility. The school is directed to first evaluate its existing expenses and rationalise the same before incurring any additional expense on provision of transport facility.

4. Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*" Further, according to para 7.14 of the Accounting Standard 15, "*Plan assets comprise:*
   - *assets held by a long-term employee benefit fund; and*
   - *qualifying insurance policies.*"

   The financial statements of the school for FY 2018-2019 reflected a total provision of INR 5,67,500 towards gratuity as on 31 Mar 2019, which was based on management estimate and was not backed with actuarial valuation. Further, during personal hearing, the school mentioned that it is in the process of getting actuarial valuation for retirement benefits.

   Since the school has not even obtained actuarial valuation as mandated by Accounting Standard 15 and did not deposit equivalent amount in plan-assets in the form of group gratuity and leave encashment policies of LIC or other insurer, no adjustment has been made towards gratuity and leave encashment appearing in the financial statements of the school while deriving the fund position of the school (enclosed in the later part of this order).

   The school is directed to get the liability of retirement benefits (gratuity and leave encashment) valued by an actuary and deposit the amount of liability so determined by the actuary in investments that qualify as plan-assets (such as group gratuity and group leave encashment policies with LIC or other insurers) as per Accounting Standard 15 within 30 days from the date of this order to protect statutory liabilities towards retirement benefits of school staff.

5. Rule 177 of DSER, 1973 *states "(1) Income derived by an unaided recognised school 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 for meeting the capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:*

   - *award of the scholarships to students,*
   - *establishment of any other recognised 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.*

   *(2) The savings referred to in sub-rule (1) 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 development nature,*
   *(c) the expansion of the school building or for the expansion or construction of any building or establishment of hostel or 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."*

   From the financial statements for FY 2018-2019 provided by the school it was noted that the school has paid INR 1,00,000 from school funds towards Kerala Donation Relief Fund. However, this donation was given by the school without ensuring compliance of Rule 177, as the school is not paying salaries as per the recommendations of 7th Central Pay Commission and it has not secured funds towards retirement benefits of staff i.e. gratuity and leave encashment. Since this expense was not related to imparting education or welfare of students, the same could be done only out of savings in accordance with Rule 177.

   Therefore, the amount spent by the school on donation of INR 1,00,000 is hereby added to the fund position (enclosed later in the order) with the direction to the school to recover the same from the Society within 30 days from the date of this order. Further, the school is instructed to ensure compliance with the provisions of DSEA & R, 1973 before making any payment towards donations from the school funds.

6. As per the documents submitted by the school, it was noted that the school has taken various services from the son of the president of the society (Mr. Prince Solanki) and has incurred expenditure on the same. The school is taking services such as:

   - Vehicle hire charges,
   - Professional charges,
   - Housekeeping staff expenses

The school was asked to submit the contract/agreement and supporting documents including invoices and documents for selection of the vendor and determination of the price for FY 2017-2018 and FY 2018-2019. During the personal hearing, the school mentioned that while it is making payment to Mr. Prince Solanki towards aforementioned services, it has not entered into any contract/agreement with him for providing such services and does not have any document in relation to the determination of prices for the services. The school mentioned that it did not undertake any procurement process to substantiate whether the services taken are at arm's length price or not.

Also, the school failed to provide bills/supporting documents in relation to expenses recorded towards vehicle hire charges and professional charges. While the school submitted the invoices towards housekeeping expenses for FY 2017-2018, the invoices did not mention complete details such as number of housekeeping staff, monthly rates, number of duties, etc. and only mentioned lumpsum amount of INR 1,82,000 every month. Further, attendance sheets of the staff deployed at the school were not provided.

The school provided the following details of the payments made to the son of the president of the society for FY 2017-2018 and FY 2018-2019 as under:

| Financial Year | Vehicle Hire Charges | Professional Charges | Housekeeping Expenses |
|---|---|---|---|
| 2017-2018 | 1,44,000 | 5,46,000 | 28,61,988 |
| 2018-2019 | 48,000 | 1,61,000 | 14,02,968 |
| **Total** | **1,92,000** | **7,07,000** | **42,64,956** |

Therefore, since the school failed to substantiate the genuineness and propriety of these transactions, these transfers are considered as diversion of funds to the son of the president of the society. Accordingly, the amount of INR 51,63,956 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society/son of the president of the society within 30 days from the date of this order. Further, the school is directed to ensure that any proposed transaction with a related party is thoroughly evaluated and documented before the same is executed to validate that the same does not result in diversion of school funds.

Further, the school did not provide any details regarding expenses/payments budgeted towards the son of the president of the society during FY 2019-2020. In absence of any details, no adjustment could be made from the Budgeted Expenses for FY 2019-2020 while deriving the fund position of the school (enclosed later in the order). However, the school is directed not to make any payment to the son of the president of the Society during FY 2019-2020 or thereafter. In case, the school has already made any such payment, it must recover the amount so paid within 30 days from the date of this order.

7. Directorate's order no. F.DE.15(632)/PSB/2018/30532-30536 dated 14 Dec 2018 regarding fee increase proposals for FY 2017-2018 states "*Not to increase any fee in pursuance to the proposal submitted by school on any account including implementation of 7th CPC for the academic session 2017-2018 and if the fee is already increased and charged for the academic session 2017-2018, the same shall be refunded to the parents or adjusted in the fee of subsequent months*".

As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school states "*The school shall not increase the rates of tuition fee without the prior sanction of the Directorate of Education Delhi Admin. And shall follow the provisions of Delhi School Education Act/Rules, 1973 and the instructions issued from time to time*".

Based on the fee structures mentioned in the fee increase proposals submitted by the school for FY 2017-2018 and FY 2018-2019 and sample of fee receipts submitted by the school for the FY 2017-2018 and FY 2018-2019, the school had collected increased tuition fees @15% from students of class 2nd and 3rd in FY 2016-2017 and class 4th in FY 2018-2019 without prior approval of the Directorate. Also, the school increased development fee between the range of 50% to 74% from students of all classes during FY 2016-2017 as compared with development fee collected during FY 2015-2016 and additional increase of 16% from class 4 in FY 2017-2018 as compared with development fee collected during FY 2016-2017. Further, the school increased annual charges @ 10% in FY 2016-2017 as compared with annual charges collected during FY 2015-2016 and by 20% in FY 2017-2018 as compared with annual charges collected during FY 2016-2017. It was noted that the school had spent school funds on purchase of luxury vehicles and buses and has increased fee from students, which clearly indicates profiteering and commercialisation of education.

The school did not provide the exact amount of increased fees collected from students during FY 2016-2017 to FY 2018-2019. Therefore, exact amount of excess fee collected by school could not be derived on account of non-submission of requisite information by the school. Thus, no adjustment is reflected in the fund position of the school (enclosed in the later part of this order).

Accordingly, the school is hereby directed to calculate the excess fee collected from students from FY 2016-2017 to FY 2018-2019 and immediately refund/adjust the excess fee collected and submit the evidence of refund/adjustment to the Directorate within 30 days from the date of this order. Further, the school is directed not to increase any fee/charge of any class without approval from the Directorate.

8. 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, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining 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.*"

As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 "*The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.*"

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.*" Further, Para 102 of the aforementioned Guidance Note states "*In respect of funds, schools should disclose the following in the schedules/notes to accounts:*

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

As per direction no. 2 included in the Public Notice dated 4 May 1997, "*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 Oct 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 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

From the fixed assets schedule enclosed with the financial statements of the school for FY 2017-2018, it was noted the school utilised an amount of INR 10,26,694 from development fund for construction of school building and transferred this amount from development fund to Development Utilised Account. Further, from the financial statements of FY 2018-2019, it was noted that the school removed this school building from the fixed assets schedule. The school posted an adjustment entry in its book of account for INR 10,26,694 by debiting Development Fund Utilised Account and crediting fixed assets ('school building'). Thus, the impact of this adjustment entry was removal of the expenditure incurred by the school on school building and understatement of development fund utilised reserve indicating diversion of school funds towards construction of building and subsequent removal of this expenditure from the financial statements. However, the school mentioned in the notes to accounts annexed with the financial statements for FY 2018-2019 that the school has rectified wrong capitalisation of renovation expenditure incurred on school building, which was correctly charged from development fund.

Utilising development fund for construction/renovation of building was incorrect in first place, as the development fund can be utilised only towards purchase, upgradation and replacement of furniture, fixtures and equipment, but not for construction of building. This expenditure of developmental nature on school building could have been incurred from school funds, but only after complying with the requirements laid out in Rule 177. Based on the fact that the school did not implement the recommendation[s] of 7th CPC and did not even get its liability towards retirement benefits (gratuity and leave encashment) of staff valued from an actuary in accordance with the requirements of Accounting Standard 15 and did not secure funds in plan-assets such as group gratuity and group leave encashment policies of LIC or other insurers, the school did not comply with the requirements of Rule 177 (1) i.e. "*Income derived by an unaided utilized 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*".

Therefore, the school is directed to recover the amount of INR 10,26,694 spent on construction/renovation of school building from development fund during FY 2017-2018 from the society within 30 days from the date of this order. Further, the school is directed to rectify the incorrect entries posted in development fund account.

From the financial statements of the school for FY 2017-2018, it was noted that the school was reporting development fund utilised account equivalent to the amount of gross block of assets purchased out of development fund. On further analysis of the development fund and development fund utilised account during FY 2018-2019 from the financial statements of the school for FY 2018-2019, the following was reported

i) Development fund account:

| Particulars | FY 2018-19 | Remarks |
|---|---|---|
| Opening Balance as on 1 Apr 2018 | 37,16,933 | |
| Add: Development Fund received from students | 55,60,665 | |
| Less: Utilisation of Development Fund | 1,06,86,430 | This amount was transferred from Development Fund to Development Fund Utilised Account, which should have been equal to the amount of fixed assets purchased during the year. However, as per Fixed Assets schedule, total value of additions during the year were INR 54,32,718. Difference of INR 52,53,712 (INR 1,06,86,430 less INR 54,32,718) could not be traced and reason for such excessive deduction of development could not be ascertained. |
| Closing Balance as on 31 Mar 2019 | (14,08,832) | |

ii) Development fund utilised account:

| Particulars | FY 2018-19 | Remarks |
|---|---|---|
| Opening Balance as on 1 Apr 2018 | 97,03,323 | |
| Add: Additions during the year | 1,06,86,430 | This amount was transferred from Development Fund on utilisation of the same. However, per Fixed Assets schedule, total value of additions during the year were INR 54,32,718. Difference of INR 52,53,712 (INR 1,06,86,430 less INR 54,32,718) could not be traced. |
| Less: Deductions during the year | 62,80,406 | This amount is equivalent to the difference derived above of INR 52,53,712 plus INR 10,26,694 (amount spent on construction of building during FY 2017-2018). The school has deducted this |

| Particulars | FY 2018-19 | Remarks |
|---|---|---|
| | | amount to match with the value of assets purchased from development fund. |
| Less: Transferred to PL | 47,17,828 | The school tried to rectify development fund utilised account to make it equal to written down value of fixed assets by adjusting total accumulated depreciation on fixed assets purchased from development fund. However, the school has not charged depreciation appropriately during FY 2018-2019, as it did not carry forward opening depreciation balance correctly. Accumulated depreciation as on 1 Apr 2017 was considered as the opening balance of accumulated depreciation on 1 April 2018 by the school in its financial statements for FY 2018-2019. |
| Closing Balance as on 31 Mar 2019 | 93,91,519 | |

Thus, based on above, the reason for excessive adjustment of development fund by INR 52,53,712 could not be ascertained. This adjustment resulted in reporting of negative balance of development fund. Thus, development fund is understated by the school by INR 52,53,712 for which no explanation or justification was provided by the school. Also, the opening balance of accumulated depreciation as on 1 Apr 2018 presented in the fixed assets was incorrect, as the school indicated the balance of accumulated depreciation as on 1 Apr 2017. Thus, underreporting opening balance of accumulated depreciation by INR 9,11,134.

Further, while the school was reporting fixed assets at written down value (i.e. gross cost less accumulated depreciation) on the face of the Balance Sheet, it was noted that the school was also reporting depreciation reserve in its Balance Sheet. The school has erred in presentation of fixed assets at written down value with simultaneous presentation of depreciation reserve (which though was not equal to the amount of accumulated depreciation indicated in the fixed assets schedule).

Since the balance of development fund derived by the school is not correct and the school has reflected negative balance of development fund, no adjustment has been made towards development fund in the fund position of the school (enclosed in the later part of the order). Thus, the school is directed to perform thorough reconciliation and make necessary rectifications in development fund, development fund unutilized account and depreciation reserve. Further, the school is directed to comply with accounting and disclosure requirements enunciated in the Guidance Note cited above.

## C. Other Observations

1. 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 since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

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 Bus fees, e-learning fees, computer fees and Science fees from students. However, the school has not maintained separate fund accounts for any of these earmarked levies separately 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. 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** |
| Bus fees | 62,63,640 | 96,00,949^ | (33,37,309) |
| Science Fees | 2,46,810 | 1,78,150 | 68,660 |
| E Learning Fees | 3,06,790 | 3,75,085 | (68,295) |
| Computer Fees | 1,08,040 | -* | 1,08,040 |

^The school did not provide complete details of salary of drivers and conductors engaged in transport facility for FY 2018-2019. The salary expense was estimated based on salary details submitted by the school for the months of April 2018 (multiplying April's salary with 12 months). Further, the above expense does not include depreciation on vehicles, which as per the Income and Expenditure Account for FY 2018-2019 was INR 12,07,141 and should be apportioned to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

* Details of expenses incurred in relation to this earmarked levy were not provided by the school

As has been noted from the table above, the school is operating transport facility at huge deficit. The school must re-evaluate transport expenses incurred by it and optimise the same for matching it with income generated from the transport facility. The school is strictly directly not to transfer the financial impact (i.e. deficit from transport facility) from the inefficient operation of transport facility to students not availing transport facility i.e. it must not adjust the deficit from school funds. The school is instructed to operate transport facility on strict no-profit no-loss basis.

Additionally, the school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount separately 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 during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis. The school is also directed not to collect any earmarked levy compulsorily from students and the same should be optional and at the discretion of the students.

The act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

2. As per Directorates Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 *"The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute."*

Further, Para 58(i) of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states *"A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."* Para 67 of the Guidance Note states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

On review of the financial statements submitted by the school, it was noted that the school did not prepare the financial statements as per the format prescribed in the order dated 16 April 2016 since the school failed to mention previous year's figures. Further, the school failed to prepare and submit Receipt and Payment accounts as part of its financial statements.

Basis the presentation made in financial statements for FY 2017-2018 and FY 2018-2019 submitted by the school, it was noted that the school has reflected fixed assets purchased from development fund and from school funds at written down value on the face of balance sheet. While, the fixed assets schedule for assets purchased from development fund annexed to the audited financial statements contained the details of gross block at the beginning, addition and deletion made during the year, closing balance of gross block, opening balance of accumulate depreciation, depreciation charged during the year, closing balance of accumulated depreciation and written down value of fixed at the end of year, the fixed assets schedule for assets purchased from school funds did not include details regarding historic cost of assets and accumulated depreciation. Accordingly, the fixed assets and depreciation were not appropriately disclosed in the financial statements by the school.

Also, the school has charged depreciation on fixed assets as per the rates specified in the Income Tax Act, 1961 instead of the rates specified in the guidance note.

Thus, the school did not comply with the directions of the directorate in respect of preparation and presentation of the financial statements of the school.

Accordingly, the school is directed to disclose all fixed assets at gross (historic) value on the face of Balance Sheet on the assets side and accumulated depreciation as depreciation reserve on the liability side of the Balance Sheet, charge depreciation as per the rates included in the Guidance Note, provide previous year's figures against all items in the financial statements, prepare and submit receipt and payment account as part of its financial statements and ensure that the financial statements are prepared as per the requirements of aforementioned order of the Directorate. The above being a presentation/ disclosure finding, no financial impact is warranted for deriving the fund position of the school.

3. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school, it shall ensure that percentage of freeship from the tuition fees, as laid down under rules by the Delhi Admn. from time to time, is strictly complied. The school shall ensure admission to the students belonging to weaker sections to the extent of 25% and grant freeship to them.

   From the breakup of students provided by the school, it had admitted students under Economically Weaker Section (EWS) Category as under:

| Particulars | FY 2017-2018 | FY 2018-2019 |
|---|---|---|
| Total No. of Students | 1171 | 1173 |
| No. of EWS Students | 124 | 136 |
| % of EWS students to total students | 10.59% | 11.59% |

   While the school in its response mentioned that it takes admission under EWS category on the basis of list of admissions provided by the Directorate, it has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Delhi Development Authority.

4. On review of the proposal for enhancement of fee for the academic session 2019-2020 submitted by the school, it was noted that the school did not include/disclose transport fee collected by it from students in its proposal for fee hike submitted for FY 2019-2020.

   The school must ensure that it discloses all heads of income in its proposal for enhancement of fee including earmarked levies. Also, the school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

**After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:**

i. The total funds available for the year 2019-2020 amounting to INR 8,01,32,028 out of which cash outflow in the year 2019-2020 is estimated to be INR 6,06,30,193. This results in net surplus of INR 1,95,01,835. The details are as follows:

| **Particulars** | **Amount (INR)** |
|---|---|
| Cash and Bank Balance as on 31 March 2019 (as per financial statements of FY 2018-2019) | 49,60,100 |
| Investments (Fixed Deposits) as on 31 March 2019 (as per financial statements of FY 2018-2019) | 11,72,732 |
| **Total Liquid Funds Available with the School as on 31 Mar 2019** | **61,32,832** |
| Add: Fees/Incomes for FY 2019-2020 (based on income reported in financial statements of FY 2018-2019) [Refer Note 1] | 5,84,20,803 |
| Add: Receivable balance from Society to be recovered [Refer Financial Observation No. 1] | 21,26,177 |
| Add: Amount recoverable from Society towards purchase of luxury car [Financial Observation No. 2] | 13,43,894 |
| Add: Amount recoverable from Society towards purchase of buses [Refer Financial Observation No. 3] | 58,17,672 |
| Add: Amount recoverable from Society towards payment to Kerala Relief Fund [Refer Financial Observation No. 5] | 1,00,000 |
| Add: Amount recoverable from Society/Son of the president of the society towards transactions not undertaken on arm's length price [Refer Financial Observation No. 6] | 51,63,956 |
| Add: Amount recoverable from Society towards expenditure of developmental nature incurred on building [Refer Financial Observation No. 8] | 10,26,694 |
| **Gross Estimated Available Funds for FY 2019-2020** | **8,01,32,028** |
| Less: Salary Reserve [Refer Note 2] | - |
| Less: Staff retirement benefits [Refer Financial Observation No. 4] | - |
| Less: Development Fund balance as on 31 Mar 2019 (as per financial statements of FY 2018-2019) [Refer Financial Observation No. 8] | - |
| Less: Depreciation Reserve [Refer Note 3] | - |
| Less: Adjustment/ Refund of Increase fee collected from students during FY 2016-2017 to FY 2018-2019 [Refer Financial Observation No. 7] | 0.00 |
| **Net Estimated Available Funds for FY 2019-2020** | **8,01,32,028** |
| Less: Budgeted Expenses for FY 2019-2020 [Refer Note 4] | 6,06,30,193 |
| **Estimated Surplus as on 31 Mar 2020** | **1,95,01,835** |

**Notes:**

1. Fees and other incomes are taken based on the financial statements for FY 2018-2019 with the assumption that the amount of income (other than transfer from development fund utilised of INR 47,17,828, being a non-cash income) during FY 2018-2019 will at least accrue during FY 2019-2020.

2. The school has not created any FDR in the joint name of the school and Deputy Director of Education. Accordingly, the same has not been considered in table above.

3. On evaluation of depreciation reserve presented in the financial statements for FY 2018-2019 by the school, it was noted that the school had created depreciation reserve on fixed assets purchased from development fund, which is not equivalent to the accumulated depreciation presented in the fixed assets schedule (Refer Financial Discrepancy No. 8) and presented the same as depreciation reserve on liabilities side of the Balance Sheet of the school. Also, the school is charging development fund from students for purchase, up-gradation and replacement of furniture, fixture and equipment. Since the school has presented negative balance of development fund, the same has not been adjusted for deriving the fund position of the school (Refer Financial Discrepancy No. 8), depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue accounts as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009) is more of an accounting head for 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, it is not considered in table above.

4. Per the Budget Estimate for FY 2019-2020 submitted by the school along with its proposal for fee increase, the school had estimated the total expenditure during FY 2019-2020 of INR 6,57,55,141, which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expenses heads as budgeted were considered. Further, upon review of budgeted expenses, certain discrepancies were noted in some of the expense heads, which were adjusted from the budgeted expenses. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2019-2020:

| Expense Head | Actuals FY 2018-2019 | Budget FY 2019-2020 | Amount Allowed | Amount Disallowed | Remarks |
|---|---|---|---|---|---|
| Electricity & Water Expenses | 9,39,905 | 13,00,000 | 10,33,896 | 2,66,104 | Reasonable explanation/ justification not provided by the school for such high percent increase in expenses. Thus, budgeted expense restricted to 110% of that incurred during FY 2018-2019. |
| Printing & Stationery Expenses | 13,25,153 | 16,00,000 | 14,57,668 | 1,42,332 | |
| Educational Workshop Expenses | 3,81,852 | 5,00,000 | 4,20,037 | 79,963 | |
| Activity & Sports Expenses | 9,46,809 | 15,00,000 | 10,41,490 | 4,58,510 | |
| Computer & Smart Class Expenses | 3,75,085 | 18,55,000 | 4,12,594 | 14,42,407 | |
| Function Expenses | 7,58,140 | 10,00,000 | 8,33,954 | 1,66,046 | |
| Housekeeping Expenses | 3,84,140 | 5,00,000 | 4,22,554 | 77,446 | |

| Expense Head | Actuals FY 2018-2019 | Budget FY 2019-2020 | Amount Allowed | Amount Disallowed | Remarks |
|---|---|---|---|---|---|
| Depreciation on Vehicles | 12,07,141 | 12,07,141 | - | 12,07,141 | Depreciation, being a non-cash expense, does not entail cash outflow. Hence, the same has not been considered. |
| Interest on Vehicle Loan | 5,19,939 | 4,75,000 | - | 4,75,000 | Refer Financial Discrepancy No. 3 |
| Hiring Charges | - | 8,10,000 | - | 8,10,000 | |
| **Grand Total** | **68,38,164** | **1,07,47,141** | **56,22,193** | **51,24,948** | |

ii. In the view of the above evaluation, it is evident that the School has sufficient fund to carry out its operations at the existing fee structure. 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 be used to meet the shortfall before proposing a fee increase."*

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, certain financial observations that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings were also noted (appropriate instructions against which have been given in this order), the funds available with the school to carry out its operations for the academic session 2019-2020 are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, it has been noted that the School has paid INR 1,55,78,393 towards purchase of Car, Buses, recoverable from society, transaction done at non-arm length price with related party, which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973. Thus, the school is directed to recover INR 1,55,78,393 from the society. The receipt of the above amount along with the copy of the 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 issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

AND WHEREAS, the recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting its financial implication for the academic session 2019-20. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee 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 for enhancement of fee for session 2019-2020 of **Prince Public School (School ID-1413212), Rohini, 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
Prince Public School
School ID-1413212,
Rohini, New Delhi-110085

No. F.DE.15(530)/PSB/2022/ 3078-3082 Dated: 17/05/22

**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 (North West-B) 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