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

No. F.DE.15(1595) / PSB / 2023 / 8907 - 8911 Dated: 18/10/23

ORDER

WHEREAS, **Queen Mary's School, North End, Plot No. 4-A, Model Town-III, Delhi-110009, (School ID-1309238)** (hereinafter referred to as **"the School"**),run by the **Helen Jerwood Memorial 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, the manager of every recognized 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.'*

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA,1973 and returns and documents submitted under section 18(5) of DSEA,1973 read with rule 180(1) of DSER,1973.

AND WHEREAS, besides the above, the Director(Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

AND WHEREAS, 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 increase of fee for the academic session 2022-23. Accordingly, the order dispenses the proposal for increase of fee submitted by the school for the academic session 2022-23.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE 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.

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 30th May 2023 to present its justifications/clarifications on fee increase proposal including audited financial statements and based on the discussion, the school was further asked to submit necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE. 15/(678)/PSB/2022/4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE. 15 /(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

1. Clause 2 of the public notice dated 4 May 1997, "it is the responsibility of the society who is established the school to raise such fund 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, the Hon'ble High Court of Delhi in its judgment dated 30th October 1998 in the case of Delhi Abhibhavak 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. issued by the directorate states "Capital expenditure cannot constitute a component of the financial fee structure."

As per Clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."*

Further, Rule 177 of DSER, 1973 states that "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 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 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. And the aforesaid savings shall be arrived at after providing for the following, namely:

a) Pension, gratuity and other specified retirement and other benefits admissible tothe 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.

Accordingly, based on the aforesaid provisions, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and not from the school funds.

The Directorate's Order No. F.DE. 15/(678)/PSB/2022/4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE. 15 /(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 directed the school to recover INR 3,47,31,339 from the society towards utilisation of school funds for construction of 4th floor of school building during FY 2018-19 and the school was directed to recover this amount from the society. However, the recovery is still pending.

On review of the audited financial statement for FY 2019-20 to 2021-22, it is noted that the school has transferred capital WIP of INR 6,16,18,929 to school building in FY 2020-21. Also, the school has recovered INR 91,22,931 from the society during FY 2017-18 and INR 30,50,000 during FY 2019-20. The school has incurred INR 4,94,45,998 for construction of 4^{th} floor of school building out of development fund without complying with clause 14 of Directorate's Order dated 11.02.2009, clause 2 of public note dated 04.05.1997 and Rule 177 of DSER, 1973. Also, the school has incurred INR 23,52,540 on installation of lift in FY 2021-22 out of development fund which also form part of the building.

Accordingly, INR 5,17,98,538 (INR 4,94,45,998 plus INR 23,52,540) has been added to the funds position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of the order. Also, the school is directed to make necessary rectification entries to development fund, capital fund and general fund and to ensure the compliance of clause 14 of order dated 11.02.2009 towards the utilisation of development fee on purchase, replacement and upgradation of furniture, fixtures and equipment only.

2. Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/ KKK/883-1982 dated 10.02.2005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure. Salaries and allowances are revenue expenses incurred during the current year and therefore, have to come out of the Jee of the current year while capital expenditure/investments have to come from savings."* The same was also upheld by the Hon'ble Supreme Court of India in the matter of Modern School Vs Union of India & Ors.

Further, section 18(4) (a) of DSEA, 1973 states *"Income derived by unaided schools by way of fees shall be utilised only for such educational purposes as may be prescribed".*

The Directorate in its Order No. F.DE. 15/(678)/PSB/2022/4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE. 15 /(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 noted that the school had cars of INR 88,58,451 at the beginning of the FY 2018-19 and the school has not provided the number of cars. Also, the aforesaid order noted that the school has purchased new car(s) amounting to INR 27,67,231 by utilizing the school funds and the school was directed to recover this amount from the society. However, the recovery is still pending.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has purchased vehicle amounting to INR 28,50,276 during FY 2019-20. This capital expenditure was incurred by the school by utilizing its school funds without complying with the provisions of Rule 177 of DSER, 1973. Further, it is pertinent to note that the school has liability of INR 2,10,33,840 towards 7th CPC arrears payable as on 31.03.2020 which has not been paid by the school till the end of FY 2021-22. This indicates that the school indulges in commercialization of education which is not permitted by the School.

Accordingly, 56,17,507 (INR 28,50,276 plus INR 27,67,231 as directed in the previous order) has been added to the funds position of the school with the direction to the School to recover this amount from the society within 30 days from the date of issue of the order.

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.

Further, as per 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 define 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.*

The Directorate in its Order No. F.DE. 15/(678)/PSB/2022/ 4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(714)/PSB/2022/ 4247-4249 dated 06.06.2022 issued for FY 2019-20 directed the school to make investment in plan assets within the meaning of AS-15 against its liabilities for retirement benefits.

On review of the audited financial statement for FY 2021-22, it is noted that the school has made provision for gratuity and leave encashment as per the actuarial valuation report. The total liability as per the actuarial, valuation report was INR 6,59,62,839 for gratuity and INR 2,54,58,309 for leave encashment as on 31.03.2022.

Further, the school has made investment in plan assets with LIC towards gratuity and leave encashment liability of INR 45,00,000 as on 01.03.2023 which has been considered while deriving the fund position of the school. In view of the above, it is noted that the school has not made investment with LIC equivalent to the provision for gratuity and leave encashment.

Therefore, the school is directed to deposit the amount in the plan assets with LIC (or other agency) as determined in actuary valuation report for gratuity and leave encashment and ensure that the amount deposited in plan assets is equivalent to the provision for gratuity and leave encashment within 30 days from the date of issue of the order.

4. Clause 14 of this Directorate's Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment. 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.*"

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:*

1. *award of the scholarships to students,*
2. *establishment of any other recognised school, or*
3. *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."*

The Directorate in its Order No. F.DE-15(415)/PSB/2018/1015-1019 dated 05.10.2018, issued for FY 2017-18, Order No. F.DE. 15/(678)/PSB/2022/ 4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(714)/PSB/2022/ 4247-4249 dated 06.06.2022 issued for FY 2019-20 noted that the development fee was utilized for the purchase of a vehicle of INR 69,74,150 without complying with the provision of Clause 14 of the order dated 11.02.2009 and Rule 177 of DSER, 1973 and the school was directed to recover the said amount from the society. However, the recovery is still pending.

Accordingly, INR 69,74,150 has been again added to the fund position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of the order.

B. Other Suggestions for Improvement

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 States "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

Further clause 21 of the aforesaid order states "*No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.*"

Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

Para no. 22 of Order No. F.DE. /15(56)/ Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

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

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

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

On review of audited financial statement for FY 2019-20 to 2021-22, it is noted that the school charges earmarked levies in the name of Transport Charges, Smart Class Fee and Midday Meal Charges from the students. Further, the school has maintained fund-based accounting for Transport Charges and Smart Class Fee only. However, the receipts and expenditure against the earmarked levies are not routed through the income and expenditure account and the fund balance has been directly shown in the balance sheet. Further, during FY 2021-22, the receipts and payment in respect of smart class fee has been shown to income and expenditure account but no effect has been taken to smart class fund account. Also, the school has been generating surplus which has been utilised for meeting other expenses of the school or has been incurring losses (deficit), which has been met from other fees/income. The details of surplus/deficit of earmarked levies during FY 2019-20 to 2021-22 are as under:

Particulars	**Transport Fee**	**Smart Class Fee**	**Midday Meal Charges**
For the year 2019-20			
Fee Collected during the year (A)	4,73,16,460	20,00,350	48,62,200
Expenses during the year (B)	5,21,58,033	8,86,880	53,57,675
1) Difference for the year (A-B)	**-48,41,573**	**11,13,470**	**-4,95,475**
For the year 2020-21			
Fee Collected during the year (A)	-	-	5,490
Expenses during the year (B)	-	38,250	-
2) Difference for the year (A-B)	-	**-38,250**	**5,490**
For the year 2021-22			
Fee Collected during the year (A)	2,94,825	16,17,507	-
Expenses during the year (B)	3,15,427	7,53,888	-
3) Difference for the year (A-B)	**-20,602**	**8,63,619**	-

Similar observations were also noted in the Directorate's Order No. F.DE. 15/(678)/PSB/2022/ 4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(714)/PSB/2022/ 4247-4249 dated 06.06.2022 issued for FY 2019-20.

Further, as per the Duggal Committee report, there are only four categories of fee that can be charged by a school. The first category of fee comprises of "registration fee and all One Time Charges" which is levied at the time of admission such as Admission and Caution Money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like Library, Laboratories, etc., and Science and Computer fee up to class X and examination fee. The third category of the fee should consist of "Annual Charges" to cover all expenditure not included in the second category and the fourth category should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are Transport Fee, Swimming Pool Charges, Horse Riding, Tennis, Midday Meals etc.

Based on the above-mentioned provisions, earmarked levies are to be collected only from the user students availing of the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as collection of capitation fee in other manner and form. Therefore, the school is directed not to charge Smart class Fee from the students.

Unintentional surplus, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year.

Accordingly, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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

Further, Para I02 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."

The Directorate in its Order No. F.DE. 15/(678)/PSB/2022/4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 directed the school to make rectification entries relating to capital fund/ deferred income and comply with para 99 and 102 of Guidance Note 21 issued by ICAI.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that:

- The school has transferred an amount equivalent to the purchase cost of assets from development fund and purchase cost of assets from general fund to capital fund. The closing balance of capital fund are equal to written down value of all assets, which is not in accordance with the guidance note as mentioned above.
- As per Para 99 of the guidance note the purchase cost of assets out of development fee only to be transferred to capital fund and treat it as deferred revenue to the extent of the cost of the asset, and transfer to the credit of the income and expenditure account in proportion to the depreciation charged every year.
- The school has not prepared separate fixed assets schedule for assets purchased out of development fund and assets purchased out of general fund.

Accordingly, the school is again directed to make rectification entries relating to capital fund/ deferred revenue and prepare separate schedules for fixed assets purchased out of development fund and general fund. Also, the school is directed to ensure to comply with the provisions of para 99 and 102 of Guidance Note 21 issued by ICAI.

3. 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."

As per Para 67 of Guidance Note 21 on Accounting by School "The financial statements should disclose, inter-alia, the historical cost of Fixed Assets".

Further, Para 58(i) of the Guidance Note states "A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."

The Directorate in its Order No. F.DE. 15/(678)/PSB/2022/4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 directed the school to provide depreciation on assets in accordance with Guidance Note 21 issued by ICAI.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that fixed assets are shown at WDV on the face of the balance sheet and the school has not charged depreciation as per the rates mentioned in Guidance Note 21 which is not in accordance with above-mentioned provisions.

Accordingly, the school is again directed to follow provisions of Guidance Note 21 issued by ICAI regarding the disclosure of fixed assets in the audited financial statements and charging of depreciation at the rates prescribed in Guidance Note 21.

4. The Directorate's Order No. F.DE. 15/(678)/PSB/2022/4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 directed the school to maintain the fixed assets register which should include details such as supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

The school has neither submitted fixed assets register nor mentioned any clarification alongwith compliance report.

Accordingly, the school is once again directed to prepare the fixed assets register in the prescribed format and make it available for verification at the time of evaluation of fee increase proposal of subsequent year.

5. As per clause 3 of the public notice dated 04.05.1997 published in the Times of India "*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 Feb 2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

Further, Clause 3 and 4 of Order No. DE/15/150/Act/2010/4854-69 dated 9 Sep 2010 stated "In case of those ex-students who have not been refunded the caution money/ security deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty-days. After the expiry of thirty days, the un-refunded Caution money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further, this amount shall also be taken into account while projecting fee structure for ensuing academic year."

Directorate's Order No. F.DE. 15/(678)/PSB/2022/4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 directed the school to reflect caution money liability separately in the audited financials and to comply with the above-mentioned provisions.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school is not refunding interest along with caution money to students at the time of them leaving the school. Also, the school has not treated unclaimed caution money as the income of the school. Accordingly, the school is directed to ensure compliance of clauses 3 and 4 of the order dated 09.09.2010 and clause 18 of the order dated 11.02.2009. However, amount of caution money

INR 10,02,075 outstanding as at 31.03.2022 has adjusted while deriving fund position of the school.

6. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on 'Accounting by Schools', issued by the ICAI, there is a requirement that keeping in view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

   The Directorate in its Order No. F.DE. 15/(678)/PSB/2022/4120-4124 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 directed the school to disclose the related party transactions in its audited financial statements and provide such details in its compliance report.

   However, the school has not submitted any details regarding the related party transactions in its compliance report. Also, the school has not disclosed related party transactions in its audited financial statements for FY 2019-20 to 2021-22. The school should disclose related party transactions in its notes to accounts forming part of financial statements.

   Therefore, the school is directed to disclose the related party transactions in compliance of Guidance Note 21 issued by ICAI.

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 24,63,57,516** out of which cash outflow in the FY 2022-23 is estimated to be **INR 22,49,27,262**. This results in surplus of **INR 2,14,30,254** 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	1,74,59,766
Investments as on 31.03.22 as per Audited Financial Statements	48,33,824
Liquid Funds as on 31.03.2022	**2,22,93,590**
Add: Recovery from the society for utilized of school funds for the construction of 4th floor of school building (Refer Financial Suggestion No. 1)	5,17,98,538
Add: Recovery from the society towards utilisation of funds for vehicles purchased during the FY 2018-19 and 2019-20 (Refer Financial suggestion No. 2)	56,17,507
Add: Recovery from the society for amount of vehicle purchased out of development fund (Refer Financial Suggestion No. 4)	69,74,150
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	15,21,80,736
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	6,72,522
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	2,33,00,711
Add: Additional Fees due to increase in fee @8% from 01.07.2022 (Refer Note 5 Below)	93,20,284
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 Below)	1,99,48,448
Total Available Funds for FY 2022-23	**25,22,09,591**

Particulars	Amount (in INR)
Less: Fixed Deposit in the joint name of Secretary, CBSE and Manager of the school (Refer Note 1 below)	3,50,000
Less: Investment made with LIC against provision made for retirement benefits. (Refer Financial Suggestion No. 3)	45,00,000
Less: Caution Money (Refer Other Suggestion No. 5)	10,02,075
Net Available Funds for FY 2022-23 (A)	**24,63,57,516**
Less: Budgeted expenses for the session 2022-23 (Refer Note 6 below)	20,38,93,422
Less: Salary Arrears of 7th CPC (Refer Note 7 below)	2,10,33,840
Total Estimated Expenditure for FY 2022-23 (B)	**22,49,27,262**
Net Surplus (A-B)	**2,14,30,254**

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

Particulars	Amount (in INR)	Remarks
FDR in the joint name of Secretary CBSE and Manager of the school	3,50,000	Deducted while calculating available funds of the school.
Total	**3,50,000**	

Note 2: All the fee and other income as per audited financial statements for the 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.

Note 3: The Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 as per the school's submission are as under:

Fee heads	Arrears of FY 2020-21 collected in FY 2021-22
Arrears amount as per school's submission	1,99,48,448
Total	**1,99,48,448**

Note 4: 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.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported tuition fees, annual charges and development fees at 85% in its audited financial statements of FY 2021-22. 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 to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee*	11,07,36,938	13,02,78,751	As per details provided by the school, Tuition Fee, Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% and thus, difference amount of INR 2,33,00,711 has been considered.
Annual Charges	61,50,353	72,35,709	
Development Charges	1,51,50,072	1,78,23,614	
Total	**13,20,37,363**	**15,53,38,074**	

*As per the notes to accounts of the school, the school has charged 85% of the total fees during FY 2021-22.

Note 5: The school was allowed to increase fee 8% vide Order No. F.DE.15/(714)/PSB/2022/4247-4249 dated 06.06.2022 issued for FY 2019-20 from 1st July, 2022. School has submitted that it has increased the fee @8% from 1st July 2022. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @8% for 9 months)
Tuition fees	11,07,36,938	1,95,41,813	13,02,78,751	13,80,95,476
Annual Charges	61,50,353	10,85,356	72,35,709	76,69,852
Development Fee	1,51,50,072	26,73,542	1,78,23,614	1,88,93,031
Total	**13,20,37,363**	**2,33,00,711**	**15,53,38,074**	**16,46,58,359**
Impact of fee increase				**93,20,284**

Note 6: All budgeted expenditure proposed by the school amounting to INR 45,85,92,297 has been considered while deriving the fund position of the school except the following:

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Salary Arrear Payable (01.04.2020 - 31.03.2022)	13,42,92,371	13,42,92,371	The school has proposed liability of salary payable for the period 01.04.2020 to 31.03.2022. Since the salary expense has already considered in this year as well as in the previous orders the same may not be considered again.
Salary Arrear 7th CPC	2,10,33,840	2,10,33,840	Considered separately
Provision for Gratuity	76,48,953	76,48,953	Refer Financial Suggestion No. 3
Provision for Leave encashment	39,20,000	39,20,000	
Electricity Charges	22,00,000	7,88,557	Restricted to 110% of expenditure incurred in FY 2021-22.
Water charges	25,00,000	20,46,302	
DDA Rent	25,25,000	19,69,500	
Property Tax	25,00,000	5,12,130	
Smart Health Programme	49,56,000	8,67,300	
School Functions & Cultural Expenses	37,91,426	19,64,720	
Printing & Stationery Expenses	60,00,000	14,97,033	
Expenses Payable	51,04,116	51,04,116	The school has proposed expense payable in the budget which has already been included in the expenses, hence not considered.
Depreciation	1,46,96,054	1,46,96,054	Depreciation being non-cash expenditure, has not been considered in the calculation of funds availability position of the school.
Mid Day Meal	46,20,000	46,20,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Smart Class Exp.	20,00,000	20,00,000	
Transport expenses	5,17,38,000	5,17,38,000	
Total	**26,95,25,760**	**25,46,98,875**	

Note 7: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

Further, Directorate of Education has adopted the Central Civil Serviced (Revised Pay) Rules, 2016 vide Circular No 30-3(17)/(12)/VII pay Comm./2016/11006-11016 dated 19.08.2016 and No. 30-3 (17)/(12)/VII pay Comm./Coord./2016/12659-12689 dated 14.10.2016 for employees of Government Schools.

Further, in exercise of the powers conferred under clause (xviii) of Rule 50 of the Delhi School Education Rules, 1973, vide Competent Authority order No DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the managing committees of all Private unaided Recognized Schools have already been directed to implement central Civil Services (Revised Pay) Rule, 2016 in respect of the regular employees of the corresponding status with effect from 01.01.2016 (for the purpose of pay fixation and arrears). Further, guidelines/detailed instructions for implementation of 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

As per audited financial statements for FY 2021-22, salary arrears amounting to INR 2,10,33,840 related to 7th CPC implementation has been considered while evaluating the funds availability position of the school.

ii. In view of the above examination, it is evident that the school have adequate 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 the provisions of DSEA, 1973,DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are available with the school to carry out its operations for the academic session 2022-23.

AND WHEREAS, the fee proposal of the school 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 sufficient funds are available with the school for meeting financial implication for the academic session 2022-23.

AND WHEREAS, it is noticed that the school has incurred INR 6,43,90,195 in contravention of Rule 177 and other provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 1973 without providing any further opportunity of being heard.

AND WHEREAS, 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.

AND WHEREAS, the school is directed, henceforth to take necessary corrective steps on the financial and other suggestion noted during the above evaluation process and submit the compliance report within 30 days from the date of issue of the order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee hike of **Queen Mary's School, North End, Plot No. 4-A, Model Town-III, Delhi-110009, (School ID-1309238)** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is rejected by the Director (Education) with the above conclusion and suggestions.

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

1. Not to increase any fee/charges during FY 2022-23. In case, the school has already charged increased fee during FY 2022-23, 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 the 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.

(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Queen Mary's School,
North End, Plot No. 4-A, Model Town-III,
Delhi-110009, (School ID-1309238)

No. F.DE.15 (1595)/PSB/2023/ 8907 - 8911 Dated: 18/10/23

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 (North 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.

(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi