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

No. F.DE.15 (206)/PSB/2022/ 1133-1137 Dated: 03/02/23

Order

WHEREAS, **Guru Nanak Public School (School ID- 1411212) Pushpanjali Enclave Pitam Pura, New Delhi-110034,** (hereinafter referred to as **"the School"**), run by the **Sri Guru Singh Sabha (Regd.)** (hereinafter referred to as the "**Society")**, is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (**hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act & Rules, 1973 (**hereinafter referred to as "DSEAR, 1973"**). The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

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

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

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

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

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

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

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

"27....

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

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

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

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

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/4440-4412 dated 08.06.2022, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the academic session 2022-23.

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

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 13th December 2022 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. During that hearing, the compliance of order no. F.DE.15(627)/PSB/2018/30547-30551 dated 14.12.2018 issued for the academic session 2017-18 was also discussed and the school submission were taken on record.

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

A. Financial Suggestions for Improvement

1. As per Clause 8 of order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12. 1999, Clause 23 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 and Section 18(4) of DSEA, 1973 read along with Rule 176 and 177 of Delhi School Education Rules, 1973, "Fees/funds collected from the parents/students shall be utilised strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973. No amount whatsoever shall be transferred from Private Recognized Unaided School Fund to the society or the trust or any other institution."

   The income from canteen, book shop and uniform shop maintenance amounting to INR 7,62,000 during FY 2015-16 was collected by the society on behalf of the school which is in contravention of the aforesaid provision and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(627)/PSB/2018/30547-30551 dated 14.12.2018 issued to the school post evaluation of fee increase proposal for the academic session 2017-18.

   The school submitted its reply via email dated 30th December 2022 that "*Regarding the principal amount of INR 7,62,000/- of FY 2015-16 against the bookshop maintenance to be recovered from the parent body has been resolved and the parent body has promised to pay the same to our school in due course of time. However, we have shown the amount recoverable from the parent body in our books of accounts in the current year, a copy of the same is attached herewith.*"

   Based on the reply submitted by the school, it is concluded that the school has not recovered the amount from the society till date and the recovery is under process. Therefore, the amount of INR 7,62,000 is again added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover this amount from the Society within 30 days from the date of this order. Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

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

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

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

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

On review of the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is applicable to the school as it has employed more than 50 staff in a year. As per audited financial statements for the FY 2021-22, the school reported liability for gratuity amounting to INR 3,34,92,507 and investment in plan assets amounting to INR 2,84,42,335. However, on review of the LIC policy (Policy No. 103001507 and 103008279) submitted by the school, it has been noted that the total investment against gratuity amounts to INR 2,73,71,522. Accordingly, an amount of INR 2,73,71,522 has been considered while deriving the fund position of the school with a direction to make this investment equal to the provision created in next financial year.

Additionally, no provision of leave encashment has been made by the school and the same is recognized at the time of payment. The school is hereby directed to make provision for leave encashment in the audited financial statements based on the actuarial valuation report and to make an equivalent investment which qualify as plan assets within the meaning of AS-15 and submit the compliance report within 30 days from the date of issue of this order.

3. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 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 a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with income generated from the investment made from this fund, will be kept in a separately maintained Development Fund Account."

Also, para 67(ii) of the Guidance Note-21 states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

Para 99 of Guidance Note-21 Accounting by Schools 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 Guidance Note-21 also states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

i. In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end;
ii. Assets, such as investments, and liabilities belonging to each fund separately;
iii. Restrictions, if any, on the utilization of each fund balance;
iv. Restrictions, if any, on the utilisation of specific assets."
v. Also, as per para 67(ii) of the Guidance Note-21 "The financial statements should disclose, inter alia, the historical cost of fixed assets."

Taking the cognisance from the above para, the school needs to create the 'Development Fund Utilisation Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortised in the proportion of the depreciation charged to income and expenditure account. If the school follows the accounting treatment specified by para 99 of the guidance note, the depreciation reserve fund would be mere an accounting head and school is not required to invest equivalent for that. However, review of the audited financial statements of FY 2019-20 to FY 2021-22 revealed that the school is not following para 99 of the GN 21 cited above. As the school has neither created the deferred income account upon purchase of assets out of the development fund nor transferred any amount from deferred income account to the credit of income and expenditure account equivalent to the depreciation charged on those assets.

Further, the review of audited financial statements for FY 2021-22 revealed that the school has not maintained separate bank account for development fee collection and the school has been utilizing development funds for meeting revenue expenditure which is again a contravention of aforesaid clause 14 of order dated 11.02.2009.

Therefore, the school is hereby directed to ensure that the development fee should be collected and used in accordance with provisions cited above and prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/fund. Further, it was noticed that the depreciation reserve fund was not created by the school and the amount of depreciation was adjusted with the capital reserve instead of the depreciation reserve fund which led to the understatement of the capital reserve and additionally school is directed to report historic cost of fixed assets in the audited financial statements.

The school is directed not to collect development fee from students until it complies with the above requirements. Accordingly, no adjustment for development fund of INR 2,80,26,457 as on 31.03.2022 has been made while deriving the fund position of the school.

4. Clause 3 of the public notice dated 04.05.1997 published in the Times of India states "*No security/ deposit/caution money be taken from the students at the time of admission and if at all it is considered necessary it should be taken once and at the nominal rate of INR 500 per student in any case and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.*"

   Further Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

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

   - School has been collecting caution money/student security from the students from FY 2019-20 to FY 2021-22.
   - School had not maintained separate bank account for deposit of caution money/student security.
   - School had not refunded interest on caution money along with refund of caution money/student security.
   - School had not treated un-refunded caution money/student security as income in the next financial year after expiry of 30 days.

   The school is directed to ensure compliance with the above requirements especially ensuring that caution money/student security is refunded along with interest to the students and un-refunded caution money/student security as income while projecting the fee increase proposal of the subsequent year. Therefore, the amount refundable amounting to INR 10,67,500 as on 31.03.2022 as per the audited financial statements has been considered while deriving the fund position of the school.

B. Other Suggestions for improvement

1. As per clause 2 included in the Public Notice dated 04.05.1997, "*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 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.02005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   Also, Rule 177 of DSER, 1973 states "*Income derived by an unaided recognized school by way of fees shall be utilized in the first instance, for meeting the pay, allowances, and other benefits admissible to the employees of the school. Provided that, savings, if any, from the fees collected by such school may be utilized by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognized school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. The aforesaid savings shall be arrived at after providing for the following, namely:*

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

   Accordingly, based on the above-mentioned public notice and judgement of the Courts, the cost relating to land and construction of the school building must be met by the society, being the property of the society and the school funds i.e., fee collected from students should not be utilized for the same.

   From review of the audited financial statements of FY 2021-22, it has been noted that the school has reported land of INR 32,88,900 and building of INR 80,31,805 (WDV). however, corresponding capital receipts/ corpus fund is not reflecting in the audited financial statements. In the absence of details information about the source of funds, it cannot be determined that how much money school received from the society to meet the cost of land and building.

   Additionally, the cost relating to the school land and building should be met by the society and school funds should not be used for that, this has also been upheld by the Hon'ble Supreme Court in the matter of Modern School vs. Union of India & Ors.

   In view of the above, the school is required to provide the information about the sources of funds which were used for the acquisition of land and construction of building. Information related to this shall be verified while evaluating the fee increase proposal of the subsequent year.

2. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

   Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states "*No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not* *included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school."*

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

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

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

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

Also, earmarked levies collected from students are form of restricted funds, which, according to Guidance Note-21 'Accounting by Schools' issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the Guidance Note-21 lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

From the information provided by the school post personal hearing, it has been noted that school charges earmarked levies in the form of Transportation and Activity, practical and ancillary charges from the students but has not maintained fund-based accounting. The surplus/deficit generated by the school from these earmarked levies in last three financial years are as under:

(Figures in INR)

Particulars*	**Transportation Fees****	**Activity, Practical and Ancillary Charges**
For the year 2019-20		
Fee Collected during the year (A)	54,61,615	92,62,855
Expenses during the year (B)	51,42,936	7,93,205
Difference for the year (A-B)	**3,18,679**	**84,69,650**
For the year 2020-21		
Fee Collected during the year (A)	-	1,25,436
Expenses during the year (B)	1,22,932	3,29,378
Difference for the year (A-B)	**(1,22,932)**	**(2,03,942)**

Particulars*	Transportation Fees**	Activity, Practical and Ancillary Charges
For the year 2021-22		
Fee Collected during the year (A)	-	31,65,460
Expenses during the year (B)	2,71,040	2,82,539
Difference for the year (A-B)	**(2,71,040)**	**28,82,921**
Total (Surplus)	**(75,293)**	**1,11,48,629**

*The above table is showing the surplus/losses of last 3 financial years against earmarked levies and consolidated income and expenses for activity, practical and ancillary charges in accordance with the data submitted by the school.

**Transportation charges are not collected by the school during FY 2020-21 and FY 2021-22

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

Accordingly,, the school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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

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

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
EWS	156	114	104
Total Strength	1351	1362	1235
% Of EWS students to total strength	**12%**	**8%**	**8%**

4. School was requested to submit the fixed assets register for verification, however, it has failed to provide the same. Therefore, it seems that the school does not follow the practice of preparing Fixed Assets

Register (FAR). The FAR should include details such as invoice date, invoice number, supplier name, description of asset, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and document complete details of assets at one place.

Accordingly, the school is directed to prepare the fixed assets register by capturing all the details mentioned above and submit the compliance report within 30 days from the date of issue of this order. Compliance of the above shall be verified at the time of evaluation of proposal for increase of fee for subsequent year.

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

Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**
Total Number of Students (A)	1351	1362	1235
Number of Teachers (B)	68	61	60
Students to teacher ratio(A/B)	**19.87**	**22.33**	**20.58**

In view of the above calculation, it has been observed that there is one teacher on every 20 students which is higher than the standard prescribed by the CBSE and mentioned in the RTE Act. It seems that there is overstaffing of teaching staff in the school. Therefore, the school management is required to look into this aspect and try to establish an equilibrium, without compromising the standard of education, between the standard prescribed by the CBSE and the existing student teacher ratio.

6. As per Section 18(5) of the DSEA, 1973, the management 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.

Further, Rule 180 of DSER, 1973 states " (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31st day of July of each year.(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 any officers authorised by the Comptroller and Auditor General of India"

And Section 24 (2) of DSA. 1973 states "The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him".

Whereas Appendix-II to Rule 180 specify that "final accounts i.e., receipts, and payment account, income and expenditure and balance sheet of the preceding year should be duly audited by Chartered Accountant.

And it has been noticed that Financial Documents/ Certificates Attested by third person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving number of complaints of signatures of CAs being forged by non CAs.

To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e., Unique Document Identification Number which is being implemented in phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Council in the 379th meeting of ICAI held on 17.12.2018 and 18 .12. 2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

- All Certification done by Practicing CAs w.e.f. 01.02.2019.
- All GST & Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

On review of the audited financial statements for the FY 2019-20 to FY 2021-22 submitted by the school, revealed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. This being the procedural observation therefore, the school management are directed to ensure this compliance from the Auditor of the school.

7. According to the Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, In exercise of the powers confirmed by Clause (xviii) of Rule 50 and Rule 180 of the Delhi School Education Rules, 1973, the Director specified 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 Accountant of India, established under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note on Accounting by the Schools (2005).

   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."

   On review of the audited financial statements for the FY 2019-20 to FY 2021-22, it has been noted that the school has not prepared Receipt and Payment account as a part of the financial statements as mentioned in the requirement of Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016. Further, school has charged depreciation on fixed assets on written down value method at the rates prescribed in the Income Tax Rules, 1962. Therefore, school is directed to prepare Receipt and Payment Accounts and to provide depreciation on assets in accordance with the rates recommended in Appendix I to the guidance note cited above.

8. 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"*

   On review of the audited financial statements for the FY 2019-20 to 2021-22, it has been 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 in Balance Sheet, Income and Expenditure Account.

   The school is directed to ensure that the financial statements are prepared as per the requirements of aforementioned order of the Directorate.

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 **4,99,31,352** out of which cash outflow in the FY 2022-23 is estimated to be INR **5,24,13,157.** This results in deficit of INR **24,81,805** 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	43,49,674
Investments as on 31.03.22 as per Audited Financial Statements **(Refer Note 1 Below)**	34,07,864
Investments with LIC against gratuity as on 31.03.2022 as per Audited Financial Statements **(Refer Financial Suggestion No. 2)**	2,84,42,336
Total Liquid Fund available as on 31.03.2022	**3,61,99,874**
Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note 2 Below)**	4,43,52,884
Add: Other income for FY 2021-22 as per Audited Financial Statements **(Refer Note 3 Below)**	4,63,480
Net available funds for FY 2022-23	**8,10,16,238**
Add: Amount recoverable from the society against canteen, book shop and uniform shop income **(Refer Financial Suggestion No. 1)**	7,62,000
Less: Investment in LIC against Gratuity and leave encashment **(Refer Financial Suggestion No. 2)**	2,73,71,522
Less: Development Fund as on 31.03.2022 **(Refer Financial Suggestion No. 3)**	-
Less: Caution money as on 31.03.2022 **(Refer Financial Suggestion No. 4)**	10,67,500
Less: FDR held jointly in the name of School & CBSE as on 31.03.2022 **(Refer Note 1 Below)**	2,77,938
Less: FDR held jointly in the name of School & DDE as on 31.03.2022 **(Refer Note 1 Below)**	31,29,926
Estimated availability of funds for FY 2022-23	**4,99,31,352**
Less: Budgeted expenses for the session 2022-23 (after making adjustment) **(Refer Note 4 Below)**	5,24,13,157
Less: Salary Arrears as per 7th CPC **(Refer Note 5 Below)**	-
Net Deficit	**24,81,805**

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

Particulars	**Amount (in INR)**	**Remarks**
FDR in the joint name of CBSE	2,77,938	Deducted while calculating available funds of the school.
FDR in the joint name of DDE	31,29,926	Deducted while calculating available funds of the school.
Total	**34,07,864**	

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

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

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

(i) *"to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR, 1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of **unutilized facilities** by the students during the relevant period of academic year 2020-21".* And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

(ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

(iii) The above arrangement is also applicable with respect to collection of fees for the FY 2021-22.

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

Table A

Particulars	**Income as per AFS for FY 2021-22**	**Income Considered while deriving the fund position for the FY 2022-23**	**Remarks**
Tuition fee	3,04,21,650	3,23,31,336	Fees has been considered as per reconciliation of FY 2021-22 provided by the school.
Annual Charges	49,95,909	39,22,349	
Development Charges	56,55,303	48,47,892	
Total	**4,10,72,862**	**4,11,01,577**	

Note 3: All the 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 except interest on LIC gratuity scheme amounting to INR 20,52,000 to avoid duplication as it is already considered (Refer Financial suggestion no. 2) while calculating the available funds of the school.

Note 4: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

Heads	Budgeted expenditure in FY 2022-23	Amount Disallowed	Remarks
Staff Salaries	5,52,57,180	1,60,91,813	Restricted to 110% of the expenses incurred by the school in previous year.
6th CPC arrears payment	78,95,496	78,95,496	School has not accounted 6th CPC arrears in the books of accounts. Further, no calculation provided by the school to verify the arrears.
Salary Bus Staff	30,80,448	30,80,448	Neither income nor expense has been considered while calculating the fund position of the school.
Bus Insurance Expenses	4,00,000	4,00,000	
Fuel and Lubricants	4,00,000	4,00,000	
Vehicle Running and Maintenance	5,00,000	5,00,000	
Total	**6,75,33,124**	**2,83,67,757**	

Note 5: Based on the review of post hearing documents, it was submitted that the school has fully implemented 7th CPC w.e.f. 01.07.2019. Further, it was noted that the school had not applied for fee increase proposal during the last 2 years (i.e., FY 2018-19 and FY 2019-20). From that it has been presumed that the school has sufficient funds to meet expenditure during the above-mentioned period.

Additionally, the school submitted calculation of salary arrears in accordance with the 7th CPC for the period April 2020 to March 2022 amounting to INR 4,84,66,192. Whereas such arrears related to 7th CPC were not accounted by the school in the books of accounts. Therefore, the salary arrears provided by the school has not been considered in the above calculation.

ii. In view of the above examination, it is evident that the school does not have surplus fund to meet its budgeted expenditure for the academic session 2022-23 at the existing fee structure. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16.04.2010 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.*"

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial and other suggestions that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school may be accepted.

AND WHEREAS, 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 funds are not available with the school for meeting financial implication for the academic session 2022-23.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a widespread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 6% to be effective from 01 Oct 2022.

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

Accordingly, it is hereby conveyed that the proposal for fee increase for the academic session 2022-23 of **Guru Nanak Public School (School ID- 1411212) Pushpanjali Enclave Pitam Pura, New Delhi-110034** is hereby accepted by the Director (Education) and the school is allowed to increase its fee by 6% to be effective from 01 Oct 2022.

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

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

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

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

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

This is issued with the prior approval of the Competent Authority

Nandini

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

To:

The Manager/ HoS
Guru Nanak Public School (School ID- 1411212)
Pushpanjali Enclave Pitam Pura,
New Delhi-110034

No. F.DE.15(1206)/PSB/2023/ 1133-1137 Dated: 03/02/23

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West B) ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

Nandini

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