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

No. F.DE.15 (1865)/PSB/2023/ 8228 - 8232 **Dated:** 25/09/23

Order

WHEREAS, **Mira Model School, B-Block, Janakpuri, New Delhi - 110058 (School Id:1514087)** (hereinafter referred to as **"the School"**), run by the **Oberoi 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 09th May 2023 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. In the aforesaid personal hearing, compliance with Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 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. As per the Directorate's Order No. DE/Act/Duggal.com/203/99/23033/23980 dated 15.12.1999, *the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution.* The Supreme Court also through its judgment on a review petition in 2009 restricted transfer of funds to the society.

   The Directorate in its Order No. F.DE-15(53)/PSB/2019/778-782 dated 22.01.2019 issued for FY 2017-18, Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20, noted that school had incurred certain expenditure on behalf of the society and reported the same as amount receivable from the society in its audited financial statements for the FY 2016-17 and 2018-19 and the school was directed to recover amount of INR 44,20,385 from the society.

   On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the balance of society of INR 4,53,52,687 is appearing on the liabilities side of the balance sheet under the head “Sundry Creditors” as on 31.03.2022. It is not explained what constitutes this payable towards the society and also, the School has not responded whether any amount is recovered from the society. Accordingly, the amount recoverable from the society amounting INR 44,20,385 has been added to the fund position of the school with the direction to recover the same within 30 days from the date of issue of the order.

2. 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 Rule 177 of DSER, 1973 income derived by an unaided recognized schools by way of fees shall be utilised in the first instance, for meeting the pay, allowance and other benefits admissible to the employee of the school. Provided that savings, if any from the fees collected by such school may be utilised by its managing committee for meeting capital or contingent expenditure of the school or for one or more the specified education expenses. Accordingly, based on the afore mentioned public notice, High Court Judgment and Order of the Directorate, the expenditure relating to construction of Building is to be met by the society and not from the funds of the School.

Accordingly, based on the aforementioned public notice and honorable High Court judgment the cost relating to land has to be made by the society being the property of the society and school funds collected from students is not to be utilized for the same.

The Directorate in its Order No. F.DE. 15(53)/PSB/2019/778-782 dated 22.01.2019 issued for FY 2017-18, directed the school to recover INR 18,71,489 from the society, on account of expenditure incurred on the construction of school building and basketball ground during FY 2015-16 which is still pending for recovery. Accordingly, INR 18,71,489 is hereby added to the fund availability 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. Rule 177 of DSER, 1973 states *"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*

   a. award of scholarships to students,
   b. establishment of any other recognised school, or
   c. 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/or the following, namely:

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

   Based on the above-mentioned provisions, the school fund can only be utilized for payment of award of scholarship. if there is saving calculated in the manner specified above.

   The Directorate in its Order No. F.DE.15(53)/PSB/2019/778-782 dated 22.01.2019 issued for FY 2017-18, Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20, noted that school has paid scholarships of INR 1,05,600 in FY 2016-17, INR 1,15,300 in FY 2017-18 and INR 62,400 in FY 2018-19 without complying with the requirement of Sub Rule 2 of Rule 177 of DSER 1973. Also, the school was directed to recover INR 2,83,300 from the society. However, the recovery is still pending.

   Accordingly, INR 2,83,300 is 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 order.

4. Para 49 of Accounting Standard 15 'Employee Benefits' issued by The Institute of Chartered Accountants of India states *"Accounting for defined benefit plan 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, para 57 states "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date*". Also, para 7 of the Accounting Standard defines Plan Assets as:

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

The Directorate in its Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20, directed the school to make investment in the plan assets equivalent to the provision for gratuity and leave encashment determined by the actuary.

On review of the documents submitted by the school, it is noted that the school has created provision for gratuity and leave encashment in accordance with the actuarial valuation report. The total liability as per the actuarial, valuation report was INR 8,64,29,887 for gratuity and INR 2,87,72,628 for leave encashment as on 31.03.2022.

However, on review of the audited financial statements of FY 2019-20 to 2021-22, it is noted that the school is yet to comply with the above-mentioned direction as the school has not invested any amount in plan assets.

Therefore, the school is again directed to deposit the amount in plan assets with LIC or other insurer as determined in actuarial valuation report for gratuity and leave encashment equivalent to the provision for gratuity and leave encashment.

5. The Directorate's in its Order No. F.DE-15(53)/PSB/2019/778-782 dated 22.01.2019 issued for FY 2017-18, directed the school to create 3 months' salary reserves in accordance with the provisions of the Right to Education Act, 2009. As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done in the form of FDR with any scheduled bank.

   On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has neither created provision for salary reserve in its audited financial statements nor invested any amount in the joint name of Deputy Director, (Education) and the Manager of the School.

   Accordingly, the school is again directed to create 3 months' salary reserves in accordance with the provisions of the Right to Education Act, 2009.

6. As per Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009, *"Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture*

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

Further, Para 102 of the abovementioned 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/utilization 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 utilization each of fund balanced)
d) *Restrictions, ifany, on the utilization of specific assets.* "

The Directorate in its Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20, noted that upon utilization of development fund the school transferred amount out of development fund to reserves and surplus account instead of deferred revenue account. Also, Deferred revenue account was not written off in the proportion of depreciation charged to the income and expenditure account. Further, the above orders also noted that the school had created depreciation reserve fund out of the development fund which is not in accordance with the above-mentioned provision.

On review of audited financial statements for FY 2019-20 to 2021-22, the school has not transferred the cost of assets purchased out of development fund to deferred revenue account instead has followed same accounting treatment as was followed in the previous years. Also, the deferred revenue account has not been written off in the proportion of depreciation charged in the income & expenditure account. Therefore, the school has not complied with para 99 of Guidance Note issued by the Institute of Chartered Accountants of India. Accordingly, the school is directed to comply with para 99 of Guidance Note issued by the Institute of Chartered Accountants of India.

Further, during FY 2020-21 and 2021-22, the school has utilized development fund for the payment of salaries. As per clause 14 of order dated 11.02.2009, the development fee can only be utilized for the purchase, up gradation and replacement of furniture, fixtures and equipment. Accordingly, the school is directed to ensure the compliance of clause 14 of order dated 11.02.2009 and utilize the development fee as per the said order.

Further, as per the audited financial statements the closing balance of the development fund as on 31.03.2022 was INR 9,56,29,147 while the total fund available in the form of bank balance and FDRs with the school was INR 6,62,75,462 against these funds. This indicates that the school has not been maintaining the development fund correctly and it appears that the school has utilized some parts of its development fund for any other purposes other than for which it was collected. Further, from review of the audited financial statements of the school, it has been noted that over the number of years the school has accumulated development fund, more than its actual requirement and has reflected the closing balance of INR 9,56,29,147 in its audited financial statements of FY 2021-22. However, balance in the bank accounts maintained for development fund purposes as on 31.03.2022 amounting to INR 22,20,918 has been considered for deriving the fund position of the school with the direction to ensure proper accounting and necessary disclosure in compliance of aforesaid provisions within 30 days from the date of issue of the order.

7. As per Order no 15072-15871 dated 23 March 1999 "All pre-primary schools being run by the registered society trust in Delhi as branches of the recognized schools by the appropriate authority in or outside the school premises shall be deemed as one institution for all-purpose. Further the honourable High Court of Delhi in the matter of Social Jurist vs Govt of NCT of Delhi and others concluded "We do not find any proper reason or rational to keep preschool apart and segregated by those regular schools where preschool facilities exist and admission starts from that stage."

The Directorate in its Order No. F.DE-15(53)/PSB/2019/778-782 dated 22.01.2019 issued for FY 2017-18, Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20 noted that Mira Model School (operating from class I) was admitting most of the students directly from the preschool Mira nursery which on that basis has been considered as feeder school of Mira model school. Accordingly, the conditions and requirements applicable to Mira model school would apply in same manner to nursery school. However, Mira Model school did not submit details including financial information and fee structure (existing and proposed) for students enrolled in Mira nursery school along with its proposal for enhancement of fee. And the school was instructed to ensure that complete details of the feeder school should be enclosed with any subsequent fee hike proposal including the financial information similar to the main school.

However, while submitting the fee increase proposal for FY 2022-23, it has been noted that the school has not submitted the financial information and fee structure for students enrolled in Mira Nursery School. Accordingly, the school is again directed to ensure that complete details of the feeder school should be enclosed with any subsequent fee hike proposal including the financial information similar to the main school.

Further, DoE vide its order no F.DE-15/WPC-4109/Part/l3/7914-7923 dated 16.04.2016 regarding fee increase proposals for FY 2016-2017 states that in case the schools have already charged increased fee prior to issue of the order the same shall be liable to be adjusted by the schools.

The Directorate in its Order No. F.DE-15(53)/PSB/2019/778-782 dated 22.01.2019 issued for FY 2017-18, Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY

2019-20 noted that the feeders had increased the fee during FY 2016-17 and continued to collect increased fee during FY 2017-18 without prior approval of the Directorate of Education. Details of increase in fees is enclosed in table below:

Fee Head	Frequency	Amount FY 2015-16	Amount FY 2016-17	Fee Increase	% Increase
Tuition Fee	Quarterly	8400	9300	900	11%
Development Fee	Annually	4500	5500	1000	22%
Annual Charges	Annually	4000	5000	1000	25%
Computer Fee	Annually	2000	2200	200	10%
Activity Fee	Annually	2000	2200	200	10%

Further, based on fee structure and details submitted by the school regarding number of students (non EWS) enrolled with the feeder school, INR 17,46,000 has been considered while deriving the fund position of the school with the direction to the school to refund the same within 30 days from the date of the order. However, the school has not submitted any reply regarding the refund of the increased fee. Accordingly, INR 17,46,000 has been again considered in the calculation of fund availability of the school. Also, the school is again directed to refund the increased fee to the students.

B. Other Suggestions for Improvement

1. As per Rule 176 of the DSER, 1973 "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *Earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts*

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 the 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 statements for FY 2019-20 to 2021-22, it is noted that the school charges earmarked levies in the name of Educational Tech Fee and the school is not maintaining separate fund accounts for earmarked levies. Further, the surplus/ deficit from earmarked levies cannot be computed as the expenses incurred against these earmarked levies cannot be ascertained from the income & expenditure account.

Similar observations were also noted in Directorate's Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20.

Further, as per the Duggal Committee report, there are four categories of fee that can be charged by a school. The first category of fee comprised of "registration fee and all One Time Charges" 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, science and computer fee upto 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 Educational Tech Fee from the 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. Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year.

2. As per clause no. 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 11.02.2009 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.*"

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."

The Directorate in its Order No. F.DE-15(53)/PSB/2019/778-782 dated 22.01.2019 issued for FY 2017-18, Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20 directed the school to ensure that the interest on caution money is paid to the students along with the caution money at the time of leaving the school and to treat unclaimed caution money as the income of the school in the audited financial statements.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has paid only the caution money to the students without interest at the time of leaving the school. Also, the school has not adjusted the unclaimed caution money to the income and expenditure account. Accordingly, the school is directed to ensure the compliance of clause 18 of order dated 11.02.2009 and clause 3 and 4 of order dated 09.09.2010. The compliance of the above shall be viewed at the time of evaluation of fee increase proposal of subsequent year.

3. Para 58(i) of Guidance note on Accounting by schools issued by the institute of chartered accountants of India states "A school should charge depreciation according to written down value method at rates recommended in appendix I to the Guidance note".

The Directorate in its Order No. F.DE-15(53)/PSB/2019/778-782 dated 22.01.2019 issued for FY 2017-18, Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20 noted that the school had not charged depreciation on assets as per rates prescribed under appendix I of the guidance note.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school did not charge depreciation as per the rates specified in appendix I to the guidance note on fixed assets, rather the school has charged depreciation as per the rates prescribed under Income Tax Act, 1961 which is not in accordance with above-mentioned provisions. Accordingly, the school is directed to comply with Guidance Note issued by ICAI and charge depreciation as per the rates prescribed therein.

4. 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 the 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(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20 noted that the school has not made any disclosure for related party transactions in its audited financial statements.

Similar observations are also noted on review of audited financial statements for FY 2019-20 to 2021-22. Therefore, the School is hereby directed to include such details in audited financial statements of the subsequent year.

5. 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 31 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 persons misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving several 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 a 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 17.12.18 and 18.12.2018, made it mandatory for all practicing members to obtain 18 digits UDIN before issuing any audits reports/ certification, etc. in the following manner:

- All Certification done by Practising 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.

The Directorate in its Order No. F.DE.15(877)/PSB/2022/6051-6055 dated 28.07.2022 issued for FY 2018-19 and Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20, instructed the school to ensure the compliance of mentioning UDIN by the Chartered Accountants. The school has submitted that it has started the compliance of the above directions and UDIN has been duly stated in the financial statements submitted by the school for FY 2021-22 by the auditor of the school. The submission of the school is taken on record and considered.

6. It was noted that the school was not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 and condition mentioned at S. No. 18 in the land allotment letter which provides for 25% reservation to children belonging to EWS category.

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Students	2190	2279	2340
EWS Students	335	358	403
% of EWS students	15%	16%	17%

As per table above, it can be noted that the school has not been complying with the directions of the Directorate and conditions of land allotment letter. Therefore, the concerned DDE (District) is requested to look into this matter and ensure compliance with the above directions.

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 **17,48,90,996** out of which cash outflow in the FY 2022-23 is estimated to be INR **14,97,70,898.** This results in surplus of INR **2,51,20,098** 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	(2,40,88,273)
Investments as on 31.03.22 as per Audited Financial Statements	9,03,63,735
Liquid Funds as on 31.03.2022	6,62,75,462
Add: Amount recoverable from the society (Refer Financial Suggestion No. 1)	44,20,385
Add: Recovery from the society for amount incurred on addition to building (Refer Financial Suggestion No. 2)	18,71,489
Add: Scholarship paid by the school to be recover from Society (Refer Financial Suggestion No. 3)	2,83,300
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	8,72,36,928
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	35,60,298

Particulars	Amount (in INR)
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	1,39,36,355
Add: Additional Fees due to increase in fee @7% from 01.07.2022 (Refer Note 5 Below)	48,77,724
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 Below)	-
Total Available Funds for FY 2022-23	**18,24,61,942**
Less: Fixed Deposit in the joint name of Secretary CBSE and Manager of the school as on 31st Mar 2022 (Refer Note 1 Below)	10,60,326
Less: Refund/ Adjustment of increased fee collected by feeder school during FY 2016-17, 20I 7-18, 2018-19 [Refer Financial Suggestion No. 7]	17,46,000
Less: Grant from Niti Aayog	2,59,382
Less: Development Fund Bank Account as on 31.03.2022	22,20,918
Less: EWS Fund Bank A/c as on 31.03.2022	6,12,320
Less: Caution Money as on 31.03.2022 [Refer Other Suggestion No. 2]	16,72,000
Net Available Funds for FY 2022-23 (A)	**17,48,90,996**
Less: Budgeted expenses for the session 2022-23 (Refer Note 6 Below)	**12,18,70,839**
Less: Salary Arrears of 7th CPC (Refer Note 7 Below)	**2,79,00,059**
Total Estimated Expenditure for FY 2022-23 (B)	**14,97,70,898**
Net Surplus (A-B)	**2,51,20,098**

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	10,60,326	Deducted while calculating available funds of the school.
Total	**10,60,326**	

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 school has submitted in its reply that no arrears of annual charges and development charges were collected by the school for FY 2020-21.

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 installments 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 85% of the tuition fees, annual charges and development fees collected by the school in FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to annual charges and development fees have considered from the budget for 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	4,58,68,261	5,39,62,660	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 1,39,36,355 has been considered.
Annual Charges	1,64,59,243	1,93,63,815	
Development Charges	1,66,45,176	1,95,82,560	
Total	**7,89,72,680**	**9,29,09,035**	

Note 5: The school was allowed to increase fee 7% vide Order No. F.DE.15(878)/PSB/2022/6046-6050 dated 28.07.2022 issued for FY 2019-20 from 1st July, 2022. School has submitted that it has increased the fee @7% 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 @7% for 9 months)**
Tuition fees	4,58,68,261	80,94,399	5,39,62,660	5,67,95,700

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @7% for 9 months)
Annual Charges	1,64,59,243	29,04,572	1,93,63,815	2,03,80,416
Development Fee	1,66,45,176	29,37,384	1,95,82,560	2,06,10,644
Total	**7,89,72,680**	**1,39,36,355**	**9,29,09,035**	**9,77,86,760**
Impact of fee increase				**48,77,724**

Note 6: All budgeted expenditure proposed by the school amounting to INR 16,42,92,640 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 Arrears - 6 CPC	23,76,600	23,76,600	Refer Note 7 Below
Salary Arrears - 7 CPC	2,42,91,540	2,42,91,540	
Gratuity	87,01,933	87,01,933	Refer Financial Suggestion No. 4
Leave encashment	47,57,795	47,57,795	
Depreciation	22,43,933	22,43,933	Being non-cash expenditure, hence not considered
Building	50,000	50,000	Being in contravention of clause 2 of Public Notice 04.05.1997, hence not considered
Total	**4,24,21,801**	**4,24,21,801**	

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 23,24,719 related to 6th CPC implementation and INR 2,55,75,340 related to 7th CPC implementation has been considered while evaluating the funds availability position of the school with the direction to make the payment to the staff.

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 3,52,71,432 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 **Mira Model School, B-Block, Janakpuri, New Delhi - 110058 (School Id: 1514087)** 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
Mira Model School,
B-Block, Janakpuri,
New Delhi - 110058 (School Id:1514087)

No. F.DE.15 (1865)/PSB/2023 / 8228-8232 Dated: 25/09/23

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 (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