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

No. F.DE.15 (1593 **)/PSB/2023/** 8897-8901 **Dated:** 18/10/23

Order

WHEREAS, **Oxford Senior Secondary School (School ID- 1618241), E Block, Vikas Puri, New Delhi - 110018** (hereinafter referred to as **"the School"**), run by the **Hansraj Prabhakar 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 12th 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 of Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for FY 2019-20 was 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 Clause 14 of this Directorate's Order No. F.DE./15 (56) /Act /2009 / 778 dated 11 Feb 2009 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and the collection under this head along with income generated from the investment made out of this fund, will be kept in a separately maintained development fund account."*

   The Hon'ble Supreme Court of India in its judgement in the matter of Modern School Vs Union of India and Others also upheld that the schools can collect development fee only if it treats it as capital receipt and utilise the same towards purchase, upgradation and replacement of furniture, fixtures and equipment.

   Directorate Order No. F.DE.15(271)/PSB/2019/1460-1464 dated 29.03.2019 issued for FY 2017-2018, Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for FY 2019-20, noted that the school is treating development fees as revenue receipt. Further, basis the presentation made in the audited financial statements for FY 2019-2020 to FY 2021-2022 submitted by the school, it was noted that the school has continued to treat development fund as revenue receipts and reported the same as income in its Income and Expenditure Account. Also, the school has not opened separate bank account or made separate investments in relation to development fund. Thus, the school has not complied with the direction included in the aforementioned order.

While the school has treated development fee as revenue receipt, the details of development fee collected and fixed assets purchased during FY 2014-2015 to FY 2021-2022, based on details provided by the school, were compared and noted hereunder:

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Development fees collected during the year (A)	1,14,80,125	1,24,09,215	1,22,46,640	1,19,62,420	1,16,73,440	1,12,21,190	96,040	1,53,12,369
Fixed Assets purchased during the year^ (B)	3,67,038	13,17,200	5,60,493	7,06,962	2,51,391	1,66,295	0	91,590
Surplus (A-B)	**1,11,13,087**	**1,10,92,015**	**1,16,86,147**	**1,12,55,458**	**1,14,22,049**	**1,10,54,895**	**96,040**	**1,52,20,779**

^ includes furniture, fixture, equipment and other assets purchased by the school

Based on the table above, it has been derived that the school is collecting development fee excessive to its needs towards capital expenditure, and thus, the school is indulged in profiteering and commercialisation of education.

Directorate Order No. F.DE.15(271)/PSB/2019/1460-1464 dated 29.03.2019 issued for FY 2017-2018, Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for FY 2019-20, the school was directed to stop collecting development fee from students with immediate effect.

On account of non-compliance noted above relating to not treating development fee as capital receipts and collecting excessive development fee, the school is again directed to stop collecting development fee from students with immediate effect. As development fund is treated as revenue receipt and no fund balance has been reflected by the school in its audited financial statements for FY 2021-2022, the impact of the development fee/fund cannot be ascertained correctly and thus, cannot be considered in the fund position of the school.

2. Directorate Order No. F.DE.15(271)/PSB/2019/1460-1464 dated 29.03.2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 highlighted that the school has paid remuneration to the Manager, which is a honorary post and directed the school to recover the amount paid to the Manager.

   From the records submitted by the school and taken on record, it was noticed that the school paid remuneration paid to the Manager of INR 53,71,000 during FY 2014-2015 to FY 2016-2017. Further, the school has continued to pay remuneration totalling to INR 34,20,000 (INR 1,42,500 per month) to the Manager during FY 2017-2018 and FY 2018-2019.

   Since the Manager is not entitled to any payment whatsoever from the school funds, the amount totalling to INR 87,91,000 (INR 53,71,000 pertaining to FY 2014-2015 to FY 2016-2017 and INR 34,20,000 pertaining to FY 2017-2018 to FY 2018-2019) is hereby added to the fund position of the school (enclosed in the later part of the order) 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 the order.

The school mentioned that honorarium is paid to the Manager for overseeing day to day functioning of the school. As the school is still continuing to pay the salary to the Manager during period 2019-20 to 2021-22, that amount also needs to be added as recoverable from the society/concerned Manager amounting INR 51,30,000 (INR 1,42,500 X 12 months X 3 years) Also, the amount of INR 17,10,000 (derived annual amount based on salary of INR 1,42,500 paid in the month of Mar 2019) has been adjusted from the budgeted expenses for FY 2022-23 while deriving the fund position of the school (enclosed in the later part of the order). Thus, the school is directed to recover INR 1,39,21,000 (INR 51,30,000 plus INR 87,91,000 of previous orders) with the direction to school not to pay any remuneration to the Manager and in case, the school has already made payment to the Manager, the school must recover any such amount from the Manager/Society within 30 days of the date of the order.

3. From the audited financial statements of the school for FY 2017-18 and FY 2018-19, it was noted that the school had spent an amount totalling to INR 72,76,500 (INR 34,65,000 in FY 2017-2018 and INR 38,11,500 in FY 2018-2019) on computer teaching charges during FY 2017-2018 and FY 2018-2019.The school was asked to submit the supporting documents in relation to the same, which were submitted by the school and taken on record.

   On examination of the supporting documents provided by the school, it was noted that the school had incurred expenditure on hiring of computers, printers and LED screen along with instructors and resident engineer for providing IT training to the school children, which were procured from two specific vendors only- Megha Computer Services and C DOT COM. Following were noted after examination of the supporting documents of computer teaching expenses:

   a) On examination of the invoices of Megha Computer Services, it was noted that the vendor issued 22 invoices to the school with invoice serial numbers ranging between 105 to 129. Thus, out of the 25 invoices issued by the vendor during FY 2017-2018 and FY 2018-2019, more than 85% of the invoices were issued in the name of the School, which appears quite unusual. Thus, the genuineness of the invoices of Megha Computer Services is questionable.

   b) On examination of the invoices of C DOT COM, it was noted that the vendor issued 20 invoices to the school with invoice serial numbers ranging between 1 to 20. Thus, out of the 20 invoices issued by the vendor during FY 2017-2018 and FY 2018-2019, all the invoices were issued in the name of the School, which appears quite unusual. Thus, the genuineness of the invoices of C DOT COM is questionable.

   c) Additionally, it was noted that both the vendors - Megha Computer Services (Prop Suresh Bali) and C DOT COM (Prop Mandira Bali) are related to each other/ belong to the same family, as proprietors of both the vendors have the same surname. Further, on review of invoices of both the vendors, it was noted that both the vendors have used same invoice format and similar handwriting was also noted on both the invoices of both the vendors.

d) The school did not provide documentation for any procurement process followed for selection of the aforementioned vendors including documents such as request for quotations/proposals, quotations, comparative statements, approval of procurement committee, etc.; only invoices were provided by the school. During personnel hearing, the school mentioned that it has been engaging with these vendors since a long time, however, no procurement process was carried out by the school for selection of these vendors.

The school submission that these transactions are genuine is without any basis and evidences. The school failed to address the specific issue how all the invoices raised to the school by both vendors are sequential and also, the fact that both the vendors are related to each other. School has not furnished any response in these specific issues and thus, the response of the school may be treated as valid and tenable.

Thus, based on the facts and grounds above, genuineness of the invoices of the noted vendors are questionable and a possible diversion of funds cannot be denied upon. From the examination of ledger accounts for computer teaching expense, it was derived that expenses totalling to INR 72,76,500 were recorded by the school based on the invoices of Megha Computer Services and C DOT COM during FY 2017-2018 and FY 2018-2019. Thus, the amount of INR 72,76,500 diverted by the school in the aforementioned years is hereby added to the fund position of the school (enclosed in the later part of the order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of the order.

4. As per the clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure..... capital expenditure/investments have to come from savings.*"

   The Hon'ble Supreme Court of India in the matter of Modern School Vs Union of India and Others mentioned "*Rule 177(1) shows that salaries, allowances and benefits to the employees shall constitute deduction from the income in the first instance. That after such deduction, surplus if any, shall be appropriated towards, pension, gratuity, reserves and other items of appropriations enumerated in rule 177(2) and after such appropriation the balance (savings) shall be utilized to meet capital expenditure of the same school or to set up another school under the same management. Therefore, rule 177 deals with application of income and not with accrual of income. Therefore, rule 177 shows that salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore, capital expenditure cannot constitute a component of the financial fees structure as is submitted on behalf of the schools. It also shows that salaries and allowances are revenue expenses incurred during the current year and, therefore, they have to come out of the fees for the current year whereas capital expenditure/capital investments have to come from the savings, if any, calculated in the manner indicated above.*"

   Directorate's Order No. F.DE.15/(271)/PSB/2019/1460-1464 dated 29.03.2019 issued for FY 2017-2018 and Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for

FY 2019-20, noted that the school had purchased a luxury car (Innova) by taking loan from ICICI Bank. During FY 2014-2015 and FY 2015-2016, the school paid INR 74,453 as interest on loan and INR 6,04,048 as repayment of principal amount. The school was directed to recover amount spent on purchase of car totalling to INR 6,78,501 (INR 74,453 plus INR 6,04,048) in said order. However, no amount is recovered yet.

During personal hearing the school mentioned that the vehicle is used for staff and students to attend various seminars, competitions, etc. Since the school has not recovered any amount from the Society till date, the amount paid by the school as interest on loan and repayment of principal totalling to INR 6,78,501 from the school funds is hereby added to the fund position of the school considering the same as funds available with the school and with the again direction to the school to recover this amount from the Society within 30 days from the date of the order. The school is further directed not to incur capital expenditure from school funds unless savings are derived after ensuring compliance of Rule 177.

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

   (a) assets held by a long-term employee benefit fund; and
   (b) qualifying insurance policies."

   Directorate's Order no. F.DE.15(271)/PSB/2019/1460-1464 dated 29Mar 2019 issued for FY 2017-2018 and Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for FY 2019-20, noted that the school had taken the group gratuity scheme for LIC for staff but the school had not disclosed the statutory liability towards gratuity and leave encashment along with corresponding investment in its financial statements. Therefore, the school was directed to determine and provide for statutory liability towards gratuity and leave encashment as per actuarial valuation report and present the value of plan assets in the financial statements of the school.

   The school submitted a certificate of balance in fund as on 31.03.2022 from LIC indicating the amount deposited by the school in the plan assets towards gratuity of INR 2,29,72,220 as on 31.03.2022.

   The school submitted copy of actuarial valuation report of its liability towards gratuity and leave encashment for FY 2021-2022 wherein the liability towards gratuity was determined as INR 4,10,87,956 and towards leave encashment as INR 1,08,78,060. On review of the audited financial statements of the school for FY 2021-2022, it was noted that the school did not create any provision towards gratuity and leave encashment. Further, instead of reporting plan-assets separately on the assets side of the Balance Sheet, the school reported the amount deposited with LIC as an expense in the Income and Expenditure account. Therefore, this has resulted in under-provisioning of gratuity and leave encashment liability and non-reporting of value of investments in plan-assets in its audited financial statements as under:

Particulars	Gratuity (In INR)	Leave Encashment (In INR)
Liability as per actuarial valuation report as on 31.03.2022 (A)	4,10,87,956	1,08,78,060
Provision as on 31.03.2022 (as per audited financial statements for FY 2021-2022) (B)	-	-
Under Provisioning of liability as on 31 March 2022 (A-B)	**4,10,87,956**	**1,08,78,060**
Fund Value of Group Gratuity Scheme as on 31.03.2022 including interest thereon (as per LIC's statement/ certificate) not reported in its audited financial statements by the school	2,29,72,220	-

Accordingly, the school had understated both the asset and liability towards retirement benefits in its audited financial statements.

Further, the school in its financial statements of the school for FY 2021-2022 reported the following significant Accounting Policies:

"1) Basis of Accounting: The Financial Statements have been drawn up under the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable mandatory accounting standards by The Institute of Chartered Accountants of India (ICAI) to the extent applicable.

....

....

7) Employee Benefits: The Society provides benefits to its employees in the form of Salary, Contribution towards provident fund, gratuity and leave encashment are recognized as an expense in the income and expenditure account except Leave Encashment and gratuity are recognized as an expense in the profit & loss account on paid basis."

In addition, the Notes on Accounts annexed to the financial statements stated *"6. There is no contingent liability as stated by the management except staff benefits mentioned above."*

While in the accounting policy relating to basis of accounting, the school mentioned that the financial statements are prepared in accordance with mandatory Accounting Standard issued by ICAI, it contradicted the requirement of Accounting Standard 15 with the accounting policy on Employee Benefits and note cited above. It is mandatory for an entity to recognise provision for retirement benefits in accordance with actuarial valuation as per the requirements of Accounting Standard 15 and the same is not to be considered as a contingent liability. It was also noticed that the Auditor did not highlight non-compliance with the Accounting Standard, nor did he qualify his audit opinion.

Based on the statement/certificate from LIC, fund value of plan assets in the form of group gratuity as on 30.05.2022 totalled to INR 2,29,72,220, which has been considered as value of the investment and correspondingly the same amount has been adjusted as provision of gratuity while deriving the fund position of the school.

Since the school did not submit any evidence of deposit of any additional amount during FY 2021-2022, the amount budgeted by the school as provision for gratuity and leave encashment have not been considered as part of the budgeted expenses for FY 2021-2022 while deriving the fund position of the school.

Similar observations were noted in the Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for FY 2019-20.

The school is again directed to keep on depositing funds in the gratuity and leave encashment policies with LIC in subsequent years to ensure that the value of the plan-assets matches the actuarial valuation. Also the amount budgeted for gratuity and leave encashment has not been considered as the school failed to maintain equivalent investments in the plan assets in compliance of AS-15. Further, the school is again directed to accurately disclose the provisions of gratuity and leave encashment along with corresponding investments in plan-assets in its financial statements in accordance with the requirements of Accounting Standard 15. Also, the school must ensure that its accounting policies are in sync with Accounting Standards.

6. As per Directorate's 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 the return and documents to be submitted by schools under rule 180 read with Appendix –II of Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.*"

   Para 25 of the Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*(i)Revenue from sales or service transactions should be* recognised *when the requirements as to performance set out in paragraphs (ii) and (iii) below are satisfied, provided that at the time of performance it is not unreasonable to expect ultimate collection. If at the time of raising of any claim it is unreasonable to expect ultimate collection, revenue recognition should be postponed.*

   (ii) ....

   (iii) *In a transaction involving the rendering of services, performance should be measured either under the completed service contract method or under the proportionate completion method, whichever relates the revenue to the work accomplished. Such performance should be* *regarded as being achieved when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service".*

The school, in its significant accounting policies annexed to its financial statements mentioned "***Basis of Accounting***: *The Financial Statements have been drawn up under the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable mandatory accounting standards by The Institute of Chartered Accountants of India (ICAI) to the extent applicable. Fees received by society are booked on the receipt basis of accounting, whereas expenses are booked on the basis of accrual basis of accounting.*"

The accounting policy adopted by the school of recording fee on receipt basis and is contradictory to Generally Accepted Accounting Principles (GAAP) and Accounting Standard 9. GAAP does not allow entities to use the cash basis of accounting because it violates the matching principle, time period principle, and doesn't reflect the actual performance or financial status of the entity. However, it was noted that Balance Sheets include fee receivable on the assets side and advance fee on the liability side. Thus, it is not clear what is the exact basis of accounting for fee, since the financial statements and the accounting policy annexed to the financial statements are not in sync with each other.

Accordingly, as per the principles contained in the Guidance Note and Accounting Standard 9 - 'Revenue Recognition' in respect of recognition of income, the school should recognise gross income in its Income and Expenditure account and corresponding Income (Fees) receivable should be reflected on the assets side of the Balance Sheet. Therefore, accounting treatment done by the school should be appropriately reflected by the school in its financial statements and correct disclosure in accounting policies.

The partial application of cash basis of accounting for recording fee and deviation, if any from the requirements of Accounting Standard 9 were not highlighted by the Auditor in its audit report and the same was not qualified. Thus, the audit opinion of the Auditor cannot be relied upon in relation to income from fee.

Additionally, incomes (fee collected from students) reported in the Income and Expenditure Account for FY 2018-2019 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. Basis the computation prepared, differences were noted in the fee collection reported by the school during FY 2018-2019 in its Income & Expenditure Account and amount of fee arrived/computed as per details provided by the school. Following differences were derived based on the computation of FY 2018-2019:

Particulars	Income reported in Income & Expenditure Account (A)	Fee computed on the based-on details no. of students provided by the school (B)	Derived Difference (C)=(A-B)	Derived % Difference (D)=(C/B * 100)
Tuition fee	8,00,84,215	7,79,74,920	21,09,295	2.71%
Development fee	1,16,73,440	1,11,28,020	5,45,420	4.90%
Annual fee	87,83,500	83,85,000	3,98,500	4.75%

Difference noted above could not be reconciled and exact reason for such difference could not be derived. Thus, the school was directed to perform a detailed reconciliation of the amount collected from students and income to be recognised based on the fee structure and number of students enrolled by the school. However, the school has not furnished any reconciliation with the compliance report for verification. Thus, the school is again directed that the reconciliation is to be prepared and provided by the school and the same shall be verified at the time of fee proposal for the next academic session.

B. Other Suggestions for Improvement

1. Direction no. 3 of the public notice dated 4 May 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.*"

   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.*"

   Directorate's order no. F.DE.15/(271)/PSB/2019/1460-1464 dated 29.03.2019 issued for FY 2017-2018 and Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for FY 2019-20, noted that the school had not refunded interest on caution money along with caution money to exiting students and was directed to include interest earned on caution money in the refund amount.

   From the submissions of the school, it was noted that the school has not yet started paying interest along with caution money refund to students. During the personal hearing, school mentioned that the school is not refunding interest along with caution money to students at the time of leaving the school.

Therefore, the school is again directed to ensure compliance with the aforementioned directions including refund of caution money along with interest to exiting students.

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

   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 the return and documents to be submitted by schools under rule 180 read with Appendix –II of 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 final accounts for FY 2019-2020 to FY 2021-2022, it was noted that the Receipt and Payment Accounts were duly signed by the auditor with reference thereon to the audit report of even date. However, in its audit report, the auditor only gave his opinion on the true and fair view on:

   - In the case of balance sheet of the state of affairs as at 31 March and
   - In the case of Income and Expenditure account of the Deficit for the accounting year.

   Thus, the auditor did not give his opinion on the receipt and payment account. The school did not provide reasonable justification for auditor's non-inclusion of receipt and payment account in his audit opinion. Thus, the school did not comply with the requirement of submission of audited final accounts in accordance with the Rule 180(1).

   Further, Para 1 of Standard on Auditing (SA) 700 (Revised) – 'Forming an Opinion and Reporting on Financial Statements' notified by the Institute of Chartered Accountants of India states "*This Standard on Auditing (SA) deals with the auditor's responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor's report issued as a result of an audit of financial statements.*"

   It was noted that the auditor gave reference to tax audit report u/s 10B.Since the submission of the financial statements were made to the Directorate and not Income Tax Department, use of Form 10B (prescribed under the Income Tax Act) is inappropriate since the school is expected to prepare financial statements under the Generally Accepted Accounting Principles (GAAP). Thus, the auditor should have used the format of audit report as prescribed under SA 700.

   Further, the audit report in form 10B submitted by the school was in the name of the society. However, the amount of income mentioned in form 10B was equal to the amount of income indicated in the Income and Expenditure Account indicating that the society has not segregated its affairs with that of the school.

Similar observations were noted and directions in the Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for FY 2019-20.

During personal hearing, the school mentioned that the society does not have any other school and thus, single set of final accounts are prepared.

The explanation given by the school is not appropriate as the affairs including income and expenses of the society must be kept segregated from that of the school even in case the society does not have any other school under its management.

Also, the format of financial statements (Balance Sheet, Income and Expenditure Account, Receipt and Payment Account and Schedules) was not in accordance with that included in the Guidance Note cited above as previous year's figures were not included in the financial statements for comparison.

Accordingly, the school is directed to ensure the financial statements, separately for the school, as per the requirements of Rule 180(1) and Guidance Note are appropriately prepared and submitted to the Directorate. The school is also directed to ensure that the audit opinion is issued by the auditor on the complete set of financial statements i.e., Balance Sheet, Income & Expenditure Account and Receipt & Payment Account as per the format prescribed under SA 700.

3. Para 58(i) of the Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note.*"

   As per Order No. F.DE-15/ACT-I/WPC-4109/PART/13/7905-7913 dated 16.04.2016, "*The Director hereby specify that the format of the return and documents to be submitted by schools under rule 180 read with Appendix –II of 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.*"

   Directorate's Order No. F.DE. 15/(759)/PSB/2021/4836-4840 dated 22.06.2022 issued for FY 2019-20, the school was directed to charge depreciation on fixed assets at the rates prescribed by the Guidance Note.

   On review of audited financial statements for FY 2019-2020 to FY 2021-2022, it was noted that depreciation is being charged by the school as per rates specified in the Income Tax Act, 1961 instead of depreciation rates specified in Appendix I to the Guidance Note cited above.

   The school is again directed to charge depreciation on fixed assets at the rates prescribed by the Guidance Note. Compliance of the same shall be validated during evaluation of subsequent fee increase proposal as may be submitted by the school. The above being a presentation/

disclosure finding, no financial impact is warranted for deriving the fund position of the school.

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

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

Particulars	FY 2019-2020	FY 2020-21	FY 2021-22
Total Strength	3428	3384	3346
EWS	620	652	705
% EWS to the total number of students	18%	19%	21%

The school has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Delhi Development Authority.

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 **12,67,71,399** out of which cash outflow in the FY 2022-23 is estimated to be INR **9,68,79,388.** This results in surplus of INR **2,98,92,011** 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	17,06,432
Investments as on 31.03.22 as per Audited Financial Statements	2,56,49,547
Liquid Funds as on 31.03.2022	2,73,55,978
Add: Recovery from the society/ Manager for salary paid to him during FY 2014-15 to FY 2018-19 (Refer Financial suggestion No. 2)	1,39,21,000
Add: Recovery from the society on account of expenses recorded against computer teaching during FY 2017-18 and FY 2018-19 genuineness of which is doubtful (Refer Financial suggestion No. 3	72,76,500
Add: Recovery from the society against principal and interest paid on loan taken from ICICI Bank from purchase of car (Refer Financial Observation No. 4)	6,78,501
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 below)	10,63,29,561

Particulars	Amount (in INR)
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 below)	3,09,768
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 below)	31,10,984
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 5 below)	1,05,20,180
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 below)	1,58,50,139
Total Available Funds for FY 2022-23	**15,36,52,334**
Less: FDR held in the name of Secretary, CBSE and Manager, School and the Dy. Director of Education, Distt. And the Manager, School (Refer Note 1 below)	19,91,715
Less: Development Fund as on 31.03.2022 (Refer Financial suggestion No. 1)	-
Less: Caution Money (Refer other suggestion No. 7)	19,17,000
Less: Retirement benefit (Refer financial suggestion No. 2)	2,29,72,220
Net Available Funds for FY 2022-23 (A)	**12,67,71,399**
Less: Budgeted expenses for the session 2022-23 (Refer Note 1 below)	9,68,79,388
Less: Salary Arrears of 7th CPC (Refer Note 7 below)	-
Total Estimated Expenditure for FY 2022-23 (B)	**9,68,79,388**
Net Surplus (A-B)	**2,98,92,011**

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 CBSE and Dy Director Education and Manager of the school	19,91,715	Deducted while calculating available funds of the school.
Total	**19,91,715**	

Note 2: All the fee and other income as per audited financial statements of main school and nursery school 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 EWS grant received in 2021-22.

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

Fee heads	Arrears of FY 2020-21 collected in FY 2021-22
Annual Charges	85,14,518
Development Fee	73,35,621
Total	**1,58,50,139**

Note 4: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

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

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

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

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

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee	7,27,72,817	7,27,72,817	As per reconciliation provided by the school, Annual Charges and Development Charges collected in
Annual Charges	96,52,162	1,13,55,485	

Development Charges	79,76,748	93,84,409	FY 2021-22 at the rate of 85% in compliance of the Directorate's order dated 01.07.2021 and thus, difference amount of INR 31,10,984 has been considered.
Total	**9,04,01,727**	**9,35,12,711**	

Note 5: The school was allowed to increase fee 15% vide Order No. F.DE.15/(759)/PSB/2022/4836-4840 dated 22.06.2022 issued for FY 2019-20, from 1st July, 2022. School has submitted that it has increased the fee @15% 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 @15% for 9 months)
Tuition fees	7,27,72,817	0	7,27,72,817	8,09,59,759
Annual Charges	96,52,162	17,03,323	1,13,55,485	1,26,32,977
Development Fee	79,76,748	14,07,661	93,84,409	1,04,40,155
Total	**9,04,01,727**	**31,10,984**	**9,35,12,711**	**10,40,32,891**
Impact of fee increase				**1,05,20,180**

Note 6: All budgeted expenditure proposed by the school 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
Gratuity and Leave Encashment	30,00,000	30,00,000	Refer Financial Suggestion No. 5
Activity Expenses	33,10,000	33,10,000	Neither income nor expense has been considered
Lab Expenses	7,75,000	7,75,000	
Smart Class charges	20,00,000	20,00,000	
Web development	15,000	15,000	
EWS Books & uniforms	10,20,000	10,20,000	
Total	**1,01,20,000**	**1,01,20,000**	

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.

The school has submitted that it has implemented the recommendations of 7th CPC partially in the year 2019 and thus, has submitted the details of balance of amount of salary arrears payable to the staff since then. And therefore, amount of salary arrears as proposed in the budget for FY 2022-23 has not been considered as the same was already considered while allowing fee increase for session 2018-19 and 2019-20 and the school was directed to implement the recommendations of 7th CPC for payment of salaries to the staff.

ii. In view of the above examination, it is evident that the school have adequate funds for meeting all the operational expenditure for the academic session 2022-23. 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, it is noticed that the school has incurred INR 2,18,76,001 in contravention of Rule 177 and other provisions of DSEA&R, 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 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, 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 **Oxford Senior Secondary School (School ID- 1618241), E Block, Vikas Puri, New Delhi – 110018** 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
Oxford Senior Secondary School
School ID- 1618241
E- Block, Vikas Puri
New Delhi - 110018

No. F.DE.15 (1593)/PSB/2023/8897-8901 Dated: 18/10/23

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (South 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.

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