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

No. F.DE.15 (1106)/PSB/2022/ 400-404 Dated: 16/01/23

Order

WHEREAS, **Gyan Mandir Public School (School ID- 1720150) E-Block Naraina Vihar New Delhi-110028,** (hereinafter referred to as **"the School"**), run by the **Khosla Education Foundation** (hereinafter referred to as the "**Society"**), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi **(hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act & Rules, 1973 **(hereinafter referred to as "DSEAR, 1973")**. The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

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

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

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

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

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

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

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

"27....

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

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

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

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

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

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

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

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 10th October 2022 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. During that hearing, the compliance of order no. F.DE.15(564)/PSB/2022/3301-3305 dated 23.05.2022 issued for the academic session 2019-20 was also discussed and the school submission were taken on record.

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

A. Financial Suggestions for Improvement

1. As per the Directorate's Order No. DE.15/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 judgement on a review petition in 2009 restricted transfer of funds to the society.

   It was noted that the school has paid consultancy charges of INR 39,72,791 to M/s Cosmopolitan Enterprises for the period FY 2013-14 to FY 2016-17 on behalf of Society as the consultancy services were taken by the society and the same was directed to recover vide Directorate Order No. F.DE.15(564)/PSB/2022/3301-3305 dated 23.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20

   During personal hearing, the school submitted the response stating that "In this relation we would like to submit that the school has never made any submissions that the services were taken by the society……..the supporting documents towards these expenses (i.e., invoices and contracts) are being enclosed for perusal."

   However, the school was asked vide email dated 22nd September 2022 and 22nd November 2022 to provide supporting documents against the claim, but the school did not submit any details (i.e., contract and invoice) with respect to the above consultancy expenditure.

   Further, the school replied that it has already submitted the above documents by referring the previous review petition filed by the school. Whereas no supporting document was submitted by the school during the evaluation of fee increase proposal for the academic session 2022-23. As the school has already been given sufficient opportunity to substantiate its claim but the school fails to justify its claim time and again. Based on the reply of the school it appears that the school is not having any details to claim the genuineness of the aforesaid expenditure.

   Accordingly, the amount spent by the school towards consultancy charges of INR 39,72,791 as per previous year order is hereby added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

2. As per Rule 125 of Delhi School Education Rule, 1973 "Every employee of a recognized private school, not being an unaided minority school, shall be entitled to travelling allowance and daily allowance according to the rules made by the Delhi Administration."

   The school has paid conveyance charges of INR 16,60,000 (INR 7,94,000 paid to Principal, INR 6,26,000 paid to Manager and INR 2,40,000 paid to Vani Talwar (not a school employee)) during the period FY 2016-17 to FY 2018-19 and the same was directed to recover vide Directorate Order No. F.DE.15(564)/PSB/2022/3301-3305 dated 23.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20

   Post personal hearing, the school has submitted the response stating that *"In this relation we would like to submit that the school has paid conveyance charges as fixed amount as per the terms of the employment agreed between the school and the staff………….in light of the above stated facts said amount INR 16,60,000 may not be added to the fund position of the school and the order to recover such amount from the society should be dropped."*

In this regard, the school mentioned that the above amount is being paid on the basis of contractual agreement entered with them, but the school has not provided the contract copy for the verification. In the absence of the necessary information, the amount paid by the school over and above the salary component cannot be justified. Further, it has been noted that on the one hand school has not implemented the recommendation of the 7th CPC until now, on the other hand it has been paying additional amount to the some of its staff which is not available to other staff of the school. Thus, the school is paying salary to its staff not in accordance with the rule and regulation rather it depends on the discretion of management.

Accordingly, the amount spent by the school towards conveyance charges of INR 16,60,000 as per previous year order is hereby added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

3. Rule 177 of DSER, 1973 states that "income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely
   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 for the following, namely:

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

On review of the audited financial statements for the FY 2020-21, it has been noticed that the school has incurred capital expenditure towards purchase of solar panel of INR 13,97,200 out of the general fund which is not in accordance with the aforesaid provision as it can be seen that the school instead of paying the dues against salary arrears as per 7th CPC for the period January 2016 to till date preferred to incur capital expenditures without complying with the provision of Rule 177 of the DSER, 1973.

Further, on review of the financial statements for the FY 2019-20 to FY 2021-22, it has been noted that the school has paid scholarships to the students amounting to INR 5,59,924 which is also not in accordance with the above-mentioned provisions.

Accordingly, the amount of INR 13,97,200 utilized by the school for purchase of solar panel and the scholarships payments made by the school amounting to INR 5,59,924 without complying with the requirements of Rule 177 of DSEAR, 1973 is hereby added to the fund position of the school considering the same as funds available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

In view of the above, expenditure proposed by the school in FY 2022-23 against scholarship amounting to INR 80,000 has also not been considered while deriving the fund position of the school for FY 2022-23.

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

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

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

   On review of the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is applicable to the school as it has employed more than 50 staff in a year. On review of audited financial statements for the FY 2021-22, it has been noted that the school has reported liability of INR 1,30,44,299 and INR 29,86,937 towards gratuity and leave encashment respectively. However, actuarial valuation report dated 12th May 2022 submitted by the school states the amount payable by the school towards gratuity is INR 1,13,00,296 and towards leave encashment as on 20th June 2022 is INR 47,30,940 which concludes that the school has done over provisioning in case of gratuity liability and under provision towards leave encashment in the audited financial statements in comparison with the actuarial valuation report.

   During personal hearing, the school explained that it has invested INR 1,05,32,557 (INR 7,32,557 plus INR 98,00,000) till May 2022 in LIC against gratuity, and INR 47,30,940 against leave encashment in the month of July 2022 which can be utilized for payment of gratuity and leave encashment as and when required. Hence, the investment held by the school in the form of LIC qualifies as Plan Asset as per AS-15 issued by ICAI.

   Accordingly, an amount of INR 1,52,63,497 (INR 1,05,32,557 + INR 47,30,940) has been considered while deriving the fund position of the school with the direction to the school to make provisions in accordance with the actuarial valuation report and invest the remaining amount in plan asset in accordance with AS-15 and submit the compliance report within 30 days from the date of issue of this order.

In view of the above, provision amounting to INR 25,00,000 towards retirement benefits budgeted by the school in its proposal has also been considered while deriving the fund position of the school for FY 2022-23.

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

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

   On review of the financial statements for FY 2021-22, it has been noted that the school has been collecting caution money from the students. But only principal amount is being refunded to the students at the time of his or her leaving from the school which is not in accordance with the clause 18 of the order dated 11.2.2009 and clause 3 of the Public Noted dated 04.05.1997.

   Further, it has been noted that the caution money collected by the school is clubbed under the head "Fee Account". However, for better presentation and accounting purpose the same is required to be accounted under the separate fee head by the school.

   The school is hereby directed to comply with the above-mentioned provisions with respect to caution money collected from the student. Further, the amount refundable of INR 1,038,607 as on 31.03.2022 as reported in the audited Financial Statements has been considered while deriving the fund position of the school.

B. Other Suggestions for improvement

1. Clause 14 of the 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.*" Thus, the development fee/funds should not be utilized for any other purposes other than those specified in Clause 14 of the Order dated 11.02.2009.

   Also, as per 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 Guidance Note-21 also 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 of each fund balance;

(d) Restrictions, if any, on the utilisation of specific assets."

On review of the audited financial statements of the school from FY 2019-20 to FY 2021-22, it has been noted that the school has not been treating development fee as capital receipt. Instead, the school is treating it as revenue receipts for meeting revenue expenses of the school. Further, during personal hearing, the school has explained that it does not have sufficient funds to meet the expenditure of the school. Therefore, the development fee was treated as revenue receipt for payment of operational expenses.

The school is further directed to ensure the collection and utilization of development fee/ fund in accordance with above cited Clause 14 of the order dated 11.02.2009. As per Clause 14 of the order dated 11.02.2009, the development fund/fee can only be used for purchase upgrade and replacement of furniture, fixture, and equipment not for other purposes.

On review of audited financial statements of the school from FY 2019-20 to 2021-22, it has been noted that the school does not follow the accounting practice suggested in the guidance note cited above and do not maintain development fund and deferred income account. Similar point was also noted in Directorate Order No. F.DE.15(564)/PSB/2022/3301-3305 dated 23.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20. However, school has not complied with the directions given in the previous order. Accordingly, school is again directed to follow para 99 of GN-21 for correct presentation of its financial statements and make necessary rectification entries in its books of accounts. The compliance of the same will be reviewed in the subsequent fee increase proposal.

2. As per clause 2 included in the Public Notice dated 04.05.1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.02005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

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

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

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

From review of the audited financial statements for the FY 2021-22, it has been noted that the school has reported building value of INR 9,12,616 (at Gross value) however corresponding capital receipts/corpus fund is not reflecting in the audited financial statements. Further the school has not disclosed the source from which building was constructed. Hence the school is directed to provide the complete details about the funds which was used to construct the school building and pass the necessary accounting entries in the books of accounts.

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

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

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

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

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

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

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

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

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

(Figures in INR)

Particulars	Activity Charges	Computer Fees	Science Fees**	CCE Multimedia Fees**
For the year 2019-20				
Fee Collected during the year (A)	35,55,665	16,10,910	10,70,310	6,34,230
Expenses during the year (B)	13,20,477	4,98,875	-	-
Difference for the year (A-B)	**22,35,189**	**11,12,035**	**10,70,310**	**6,34,230**
For the year 2020-21				
Fee Collected during the year (A)	51,64,970	21,420	2,50,413	1,30,060
Expenses during the year (B)	2,71,971	4,54,092	-	-
Difference for the year (A-B)	**48,92,999**	**(4,32,672)**	**2,50,413**	**1,30,060**
For the year 2021-22				
Fee Collected during the year (A)	65,03,269	18,945	12,793	1,39,320
Expenses during the year (B)	2,94,014	7,49,578	-	-
Difference for the year (A-B)	**62,09,255**	**(7,30,633)**	**12,793**	**1,39,320**
Total (Surplus)	**1,33,37,443**	**(51,270)**	**13,33,516**	**9,03,610**

** The above table is not showing the actual surplus/losses of last 3 financial year from the Science fees and CCE Multimedia fees in the absence of complete details of income and expenditures furnished by the school.

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

Similar point was also noted in Directorate Order No. F.DE.15(564)/PSB/2022/3301-3305 dated 23.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20. However, the school has not complied with the directions given in the previous order. Therefore, the school is again directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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

4. Clause 24 of DoE Order dated 11.02.2009 states "*Every recognized unaided school covered by the Act, shall maintain accounts on the principles applicable to a non-business organization/ not-for-profit organization as per Generally Accepted Accounting Principles (GAAP). Such schools shall prepare their financial statement consisting of a Balance Sheet, P&L Account and Receipt & Payment account every year.*"

Further, Appendix-III (Part-I-General instructions and accounting principles) of Guidance Note-21 states:

1. "*the financial statement of the School should be prepared on accrual basis.*

2. *a statement of all significant accounting policies adopted in the preparation and presentation of the balance sheet and income and expenditure account should be included in the School's Balance sheet……………*

3. *accounting policies should be applied consistently from one financial year to the next. Any change in the accounting policies which has a material effect in the current period, or which is reasonably expected to have a material effect in later periods should be disclosed….*".

Review of the audited financial statements of the school revealed that the school has been recording income on cash basis while expenses are being recoded on accrual basis. Thus, the school is not following Generally Accepted Accounting Principles (GAAP). Therefore, the school is hereby directed, to maintain its books of account in accordance with GAAP from subsequent financial years and made necessary adjustment in its books of accounts accordingly. The compliance with this direction shall be verified while evaluating the fee increase proposal of the subsequent year.

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

Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**
EWS	280	269	295
Total Strength	1437	1473	1492
% Of EWS students to total strength	**19%**	**18%**	**20%**

Similar point was also noted in Directorate Order No. F.DE.15(564)/PSB/2022/3301-3305 dated 23.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20. As the school has not complied with the direction issued in the previous year order, therefore the school is again directed to comply with the directions included in orders above.

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 **9,13,01,973** out of which cash outflow in the FY 2022-23 is estimated to be INR **8,68,24,454.** This results in surplus of INR **44,77,519** 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	2,41,42,456
Investments as on 31.03.22 as per audited financial statements **(Refer Note 1 Below)**	2,80,47,567
Liquid Funds Available with the School as on 31 Mar 2022	**5,21,90,023**
Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note 2 Below)**	4,65,53,201
Add: Other income for FY 2021-22 as per Audited Financial Statements **(Refer Note 2 below)**	17,46,564
Net available funds for FY 2022-23	**10,04,89,788**
Add: Amount recoverable from the society for amount paid by the school against the consultancy charges on behalf of the society **(Refer Financial Suggestion No. 1)**	39,72,791
Add: Amount recoverable from the society for amount paid against conveyance charges to staff **(Refer Financial Suggestion No. 2)**	16,60,000
Add: Amount recoverable from the society for amount paid against scholarship to student **(Refer Financial Suggestion No. 3)**	5,59,924
Add: Amount recoverable from the society for amount paid against purchase of solar panel **(Refer Financial Suggestion No. 3)**	13,97,200
Less: Investment in LIC against Gratuity and Leave Encashment **(Refer Financial Suggestion No. 4)**	1,52,63,497
Less: Development Fund as on 31.03.2022 **(Refer Other Suggestion No. 1)**	-
Less: Caution Money as on 31.03.2022 **(Refer Financial Suggestion No. 5)**	10,38,607
Less: FDR held jointly in the name of CBSE as on 31.03.2022 as per audited financial statements **(Refer Note 1 below)**	4,19,427
Less: FDR held jointly in the name of DDE as on 31.03.2022 as per audited financial statements **(Refer Note 1 below)**	56,199
Estimated availability of funds for FY 2022-23	**9,13,01,973**
Less: Budgeted expenses for the session 2022-23 (after making adjustment including salary arrears as per 7th CPC for FY 2022-23) **(Refer Note 3 below)**	6,80,81,406
Less: Salary arrears on account of implementation of 7th CPC INR 3,64,09,196 minus arrears already paid by the school INR 30,29,079 minus amount of INR 1,46,37,069 already allowed to the school in DoE order no. F.DE.15(564)/PSB/2022/3301-3305 dated 23.05.2022 issued for FY 2019-20)	1,87,43,048
Net Surplus	**44,77,519**

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

Particulars	Amount (in INR)	Remarks
FDR with school	2,68,39,384	Available with the school for utilization.
FDR in the joint name of CBSE	4,19,427	Deducted while calculating available funds of the school.
FDR in the joint name of DDE	56,199	Deducted while calculating available funds of the school.
Investment in LIC (Gratuity Scheme)	7,32,557	Deducted while calculating available funds of the school. **(Refer Financial Suggestion No. 4)**
Total	**2,80,47,567**	

Note 2: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

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

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

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

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

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

Table A

Particulars	**Income Considered while deriving the fund position for the FY 2022-23**	**Remarks**
Tuition Fee	3,05,04,600	Fees has been considered as per fee reconciliation of FY 2021-22 provided by the school.
Annual Charges	46,49,828	
Development fees	45,69,480	
Total	**3,97,23,908**	

All the other income as per audited financial statements of 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 Donation amounting to INR 2,00,000 being a non-recurring item.

Note 3: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

Heads	**Budgeted expenditure in FY 2022-23**	**Amount Disallowed**	**Remarks**
Salaries related expenditure	5,59,90,000	1,40,18,594	Restricted to 110% of the expenses incurred by the school in previous year.
Depreciation	5,00,000	5,00,000	Expense being a non-cash item
Scholarship to Students	80,000	80,000	Refer Financial Suggestion No. 3
Arrears of 7th CPC Payable (As on 31.3.2022)	4,05,48,350	4,05,48,350	Considered separately.
Total	**9,71,18,350**	**5,51,46,944**	

ii. In view of the above examination, it is evident that the school has sufficient 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 above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial and other irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of the team of Chartered Accountants 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 the school has sufficient funds for meeting financial implication for the academic session 2022-23. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2022-23.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Gyan Mandir Public School (School ID- 1720150) E-Block Naraina Vihar New Delhi-110028** is rejected by the Director of Education. Further, the management of said School is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2022-23 and if the fee is already increased and charged for the academic session 2022-23, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

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

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

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

This is issued with the prior approval of the Competent Authority.

Nandini

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

To:
The Manager/ HoS
Gyan Mandir Public School
E-Block Naraina Vihar
New Delhi-110028
School Id – 1720150

No. F.DE.15(1106)/PSB/2022/ 400 – 404

Dated: 16/01/23

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-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.

Nandini

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