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

No. F.DE.15(765)/PSB/2022/4866-4870 **Dated: 22/06/22**

ORDER

WHEREAS, **Nav Bharti Public School (School ID- 1411200), Deepali, Pitampura, New Delhi-110034,** (hereinafter referred to as "**the School**"), run by the Bharti Education Society (hereinafter referred to as "**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 DSEA, 1973 to the DoE. Such full statement of fee is required to indicate estimated income of the School to be derived from the fees and estimated operational expenses to be incurred during the ensuing year towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the DSER, 1973.

AND WHEREAS, as per Section 18(5) 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 objectives 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 recognized 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 the Writ Petition No. 4109/2013 in the matter of Justice for All vs. 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 private unaided recognized Schools to whom land has been allotted by the DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed to all the private unaided recognized Schools, running on the land allotted by the 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 session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DoE, the School submitted its proposal for enhancement of fee for the academic session 2018-19. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2018-19.**

AND WHEREAS, in order to examine the proposals submitted by the Schools for fee increase for justifiability or not, the DoE has deployed teams of Chartered Accountants at HQ level who 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 for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2018-19, necessary records and explanations were also called from the School through email. Further, the School was also provided an opportunity to be heard on 29.11.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing, compliances against Order No. F.DE-15/(213)/PSB/2019/1160-1164 dated 29.03.2019, issued for academic session 2017-18, was also discussed and submissions taken on record.

AND WHEREAS, the response of the School along with documents uploaded on the web portal for fee increase, and subsequent documents submitted by the School, were evaluated by the team of Chartered Accountants; the key observations noted are as under:

A. Financial observations

1. 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".*

Directorate Order No. F.DE.15(213)/PSB/2019/1160-1164 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school had purchased bus by taking loan prior to FY 2014-2015, in relation to which the school paid INR 9,25,879 (INR 7,67,679 towards principal repayment and INR 1,58,200 towards interest on loan) during FY 2014-2015 to FY 2016-2017. Thus, the school was directed to recover this amount from the society. The school in its response submitted that the school has made the payment towards loan taken for purchase of bus out of transportation fee.

The income and expense towards transport service from the audited financial statements of the school for aforesaid period were evaluated and it was noted that the school was charging transport fee, which was not even adequate to cover revenue (operating) expenses for providing the transport service to students keep aside interest and loan repayment. Based on details provided by the school, calculation of deficit is enclosed below:

Particulars	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Income				
Transport Fees (A)	13,47,815	13,60,675	13,17,175	16,10,165
Expenses				
Vehicle Running & Maintenance (Includes hiring of driver & conductor)	13,49,778	13,37,397	16,39,878	18,61,921
Vehicle Insurance			93,789	41,633
Total Expenses (B)	**13,49,778**	**13,37,397**	**17,33,667**	**19,03,554**
Deficit (C)=(A-B)	**(1,963)**	**23,278**	**(4,16,492)**	**(2,93,389)**

Note: Depreciation on bus used for transportation of students is not included as part of "Expenses" in table above.

Since the purchase of buses were made in previous years, the principal amount and interest paid on the bus loans, being additional burden met out of school funds (fee collected from students), should not have been paid from school funds. Earmarked levies in the form of transport fee are to be charged on no-profit no-loss basis and the school has not been able to recover the cost of buses, being paid in instalments, from the transport fee collected from students indicating that the school has shifted the burden of capital cost and interest thereon from all students of the school, who are not even availing the transport service.

Based on the information submitted by the school and taken on record, loan instalment including interest of INR 9,25,879 was paid from school funds during FY 2014-2015 to FY 2016-2017 together with amount of INR 75,723 paid towards principal repayment during FY 2017-2018. However, interest expense on loan during FY 2017-2018 could not be quantified. Further, it was noted that school has charged INR 22,583 as interest expense during FY 2018-2019 for which no detail was provided by the school. Accordingly, the entire amount of principal repayment and interest/financial expenses thereon totalling to INR 10,24,185 (INR 9,25,879 plus INR 75,723 plus INR 22,583) paid out of school fund is recoverable from the society. However, on analysis of the financial statements for FY 2018-2019 submitted by the school, it was noticed that the school has received INR 18,00,000 from the society during the FY 2018-2019 which is added in the "Corpus Fund/ Society Account" and reported as such on the liabilities side of the Balance Sheet as on 31 Mar 2019. Since the school has recovered amount of INR 18 lakhs from the society during FY 2018-2019, no adjustment has been made in the fund position (enclosed in the later part of the order).

Further, the school is directed to ensure that transport vehicles are procured only from the transport fund and not from school funds unless savings are derived in accordance with Rule 177.

2. 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:*
   - *assets held by a long-term employee benefit fund; and*
   - *qualifying insurance policies.*"

   On review of the financial statements for FY 2018-2019, it was noted that the school has made a total provision of INR 81,89,363 towards gratuity as on 31 Mar 2019 in accordance with the actuarial valuation report dated 21 Sep 2019 obtained by the school for measuring its liability towards gratuity as on 31 Mar 2019. Though the school has obtained actuarial valuation towards gratuity, it has not deposited any amount in investments that qualify as plan assets (i.e. group gratuity and leave encashment policies of LIC or other insurer) to earmark funds towards statutory liability of staff gratuity. Also, the school had not made provision for leave encashment and has not obtained actuarial valuation for liability towards leave encashment.

   Also, it was noticed that number of staff mentioned in the actuarial valuation report were only 16, based on which the actuary determined the liability towards gratuity, whereas the school provided a detail of 29 staff in its staff statement. Thus, it indicates that the school underreported the number of staff to the actuary with a corresponding impact on the actuarial valuation derived by the actuary for gratuity. Thus, resulting in probable lower determination of liability towards gratuity by the actuary.

   An amount of INR 16,40,000 (approximately 20% of the gratuity liability as per the actuarial valuation report) has been considered while deriving the fund position of the school for FY 2018-2019 (enclosed in the later part of this order) with the direction to the school to deposit the amount of INR 16,40,000 in investments that qualify as 'plan-assets' such as group gratuity scheme of LIC or other insurer in order to secure funds towards staff gratuity and to deposit the remaining amount in the subsequent years.

   Also, the school is directed to submit complete and accurate details of staff to the actuary for deriving actuarial liability towards gratuity and leave encashment. Further, the school is directed to obtain actuarial valuation for determining its liability towards leave encashment and start depositing amount in investments that qualify as 'plan-assets' to secure funds towards leave encashment in group leave encashment scheme of LIC or other insurer.

3. 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 shall be collected only if the school is maintaining Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account.*"

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.*"

As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 Apr 2016 "*The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.*"

Para 67 (ii) of the Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*"

Directorate's Order No. F.DE.15(213)/PSB/2019/1160-1164 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that school was treating development fee as revenue receipt. On examination of the financial statements of the school for FY 2018-2019, it was noted that the school has started treating development fee as capital receipts in its financial statements and had created development fund unutilised account. However, it was noted that the balance in the development fund reported in the Balance Sheet as on 31 Mar 2019 of INR 18,22,557 was not supported by actual fund balance in the bank account indicating the school had in fact utilised development fund for other expenses, while higher fund balance in the Balance Sheet as on 31 Mar 2019 was presented towards development fund.

Further, it was noted that the school took unsecured loan during FY 2017-2018 from certain persons (relationship of whom with the school was not disclosed by the school) and the outstanding balance of these unsecured loan was much higher that the amount of funds available with the school as on 31 Mar 2019. Accordingly, this indicates that the school has fully utilised development fund for other expenses. Thus, no adjustment has been considered towards the balance of development fund reported by the school in its financial statements.

Further, based on the presentation made in the financial statements for FY 2018-2019 submitted by the school, it was noted that the school has not followed the accounting treatment of recognition of income equivalent to the amount of depreciation charged on assets purchased out of development fund by adjusting development fund utilised account and crediting Income and Expenditure Account as indicated in the guidance note cited above.

Also, it was noticed that the school in its Significant Accounting Policies and Notes to Accounts annexed to its financial statements for the year ended 31 Mar 2019 mentioned that fixed assets are stated at cost less depreciation. However, it was noted that fixed assets were appropriately reported at historic(gross) cost and the note appears to be erroneously given in the financial statements.

Further, it was noted that the amount of depreciation reserve reported by the school on the face of Balance Sheet as on 31 Mar 2019 was different from the accumulated depreciation presented in the fixed assets schedule annexed with the said Balance Sheet. Amount of depreciation reserve reported on the face of Balance Sheet as on 31 Mar 2019 was INR 17,46,036 whereas per the schedules of fixed assets enclosed, the closing balance of depreciation reserve was INR 16,79,934. The difference of INR 66,102 (INR 17,46,036 minus INR 16,79,934) was on account of an amount of INR 66,044 which was reflected as adjustment on account of segregation of fixed assets between those purchased from general funds and those from development fund. It was noted that this amount was not included in the total of depreciation reserve as on 31 Mar 2019 in the schedule of fixed assets purchased out of development fund.

Further, it was noted that the school indicated interest on saving bank account of INR 61 as an addition to the depreciation reserve, which is incorrect. Depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue accounts as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009) is more of an accounting head for appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note 21 issued by the Institute of Chartered Accountants of India. Thus, depreciation reserve is not an actual fund against which school can earn interest.

Accordingly, the school is instructed to make necessary rectification relating to development fund utilised, development fund unutilised, depreciation reserve and to comply with the accounting treatment and presentation as indicated in the Guidance Note. Further, the school is directed to ensure that development fund balance reported in the financial statements must be represented by actual funds in bank account or fixed deposits earmarked towards development fund.

Also, the school is directed to ensure that the depreciation reserve reported on the face of Balance Sheet and that reported in the fixed assets schedule must reconcile and there must not be any difference between the same. Also, the school must be careful in drafting the Notes to Accounts and ensure consistency in the presentation in financial statements and Notes enclosed with the financial statements. The school must rectify its Note relating to fixed assets.

B. Other observations

1. 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.

   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.*"

   SA 700 also include formats for issuing audit opinions on the financial statements by practicing Chartered Accountants (CA).

   It was noticed that no audit report was issued by the CA on the financial statements of the school for FY 2018-2019 as per the requirements of SA 700 instead the CA certified the true and fair view at the end of the Balance Sheet and Income and Expenditure Account. No such statement was included in the Receipt and Payment Account though the same was signed by the CA. Also, no reference was drawn to the audit report in the Balance Sheet or Income and Expenditure Account or Receipt and

Payment Account indicating that the CA did not issue a formal audit report on the financial statements.

Accordingly, the school is directed to seek explanation from its CA for non-adherence to the requirement of mandatory Standard on Auditing and for not submitting the audit report in the format prescribed by SA 700. The school is further directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant must comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India.

2. On examination of the financial statements submitted by the school, it was noted that the financial statements were not appropriately authenticated by the representatives of the school, since only the Balance Sheet, Income and Expenditure Account and Significant Accounting Policies and Notes to Accounts were signed by the Principal and Manager. While all the pages of the financial statements were stamped and initialled by the Chartered Accountant, the Receipt and Payment Account and schedules annexed to the financial statements were not signed or initialled by any of the representatives of the school. Thus, the authenticity of the financial statements and financial information included therein cannot be confirmed.

   The school is directed to ensure that the entire set of financial statements (all pages, schedules including Schedules and Receipt and Payment Account) must be signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents.

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

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

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

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

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

   Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

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

From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of transport charges, smart class charges and science & computer fee from students. The school started maintaining a separate fund for transport fee from FY 2018-2019 and reported a negative balance of INR 2,93,389 as on 31 Mar 2019.

It was further noted that the school failed to disclose transport fees in the income and expenditure account rather it was presented directly in designated funds maintained by the school as Transport Fund. While these are revenue receipts collected by school, the school did not route the incomes and expenses in relation to transport facility through Income and Expenditure Account.

Further, the school has not maintained separate fund accounts for smart class fee and computer fee. The school has been incurring surplus/ (deficit) from earmarked levies, which was also mentioned in Directorate's Order No. F.DE.15(213)/PSB/2019/1160-1164 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018. Based on financial statements for FY 2017-2018, the following were the incomes and expenses against earmarked levies:

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus/(Deficit) (INR)
	A	B	C=A-B
Transport Charges	13,17,175	17,33,667^	(4,16,492)
Smart Class	8,58,000	10,83,966	(2,25,966)
Science & Computer Fee	58,400	42,959	15,441

^The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

The school has been operating its transport facility at huge deficit as expenses incurred by the school are more than the fee collected from students. The school must re-evaluate transport expenses incurred by it and optimise the same for matching it with income generated from transport facility. The school is strictly directed not to transfer the financial impact (i.e. deficit from transport facility) from the inefficient operation of transport facility to students not availing transport facility i.e. it must not adjust the deficit from school funds. Thus, the school is instructed to operate transport facility on strict no-profit no-loss basis.

Based on aforementioned, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Directorate Order No. F.DE.15(213)/PSB/2019/1160-1164 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school is collecting smart class fee from all its students and directed the school to stop the collection of smart class fee. However, the school is continuing to charge smart fees from the students of all classes. The fee charged from all students loses its character of earmarked levy, being a non-user-based fees. Thus, based on the nature of the smart class fees and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee or annual charges, as applicable.

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 during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies. The school is also directed not to collect any earmarked levy compulsorily from students and the same should be optional and at the discretion of the students.

4. Incomes (fee collected from students) reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2017-2018 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 2017-2018 in its Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per details provided by the school.

   Following differences were derived based on the computation of FY 2017-2018:

Particulars	**Income reported in Income & Expenditure Account (A)**	**Fee computed based on details no. of students provided by the school (B)**	**Derived Difference (C)=(A-B)**	**Derived % Difference (D)=(C/B* 100)**
Tuition fee	1,11,69,847	1,21,16,340	(9,46,493)	7.81%
Development Fee	15,92,290	17,07,120	(1,14,830)	6.73%
Annual Fee	10,02,000	10,35,650	(33,650)	3.25%
Smart Class Fee	8,58,000	8,99,640	(41,640)	4.63%

   The school should 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 and submit the same along with its subsequent fee increase proposal.

5. 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 2016-2017	FY 2017-2018	FY 2018-2019
Total No. of Students	470	469	453
No. of EWS students	33	36	39
% of EWS students to Total Students	7.02%	7.68%	8.61%

While the school in its response mentioned that it takes admission under EWS category on the basis of list of admissions provided by the Directorate, it 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 year 2018-2019 amounting to INR 1,69,51,091 out of which cash outflow in the year 2018-2019 is estimated to be INR 4,01,27,052. This results in net deficit of INR 2,31,75,961. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 Mar 2018 (as per financial statements of FY 2017-2018)	8,91,216
Investments (Fixed Deposits) including accrued interest as on 31 Mar 2018 (as per financial statements of FY 2017-2018)	26,90,625
Total Liquid Funds Available with the School as on 31 Mar 2018	**35,81,841**
Add: Fees and other income for FY 2018-2019 (based on audited financial statements of FY 2018-2019 of the school) [Refer Note 1]	1,67,92,272
Gross Estimated Available Funds for FY 2018-2019	**2,03,74,113**
Less: FDR held jointly with DOE (as per the audited financial statements of FY 2017-2018)	4,10,022
Less: Development Fund balance [Refer Financial Observation No. 3]	-
Less: Depreciation Reserve Fund [Refer Financial Observation No. 3]	-
Less: Retirement Benefits - Gratuity [Refer Financial Observation No. 2]	16,40,000
Less: Unsecured Loan as on 31 Mar 2018 (as per audited financial statements of FY 2017-2018) [Refer Note 2]	13,73,000
Net Estimated Available Funds for FY 2018-2019	**1,69,51,091**
Less: Expenses for FY 2018-2019 (as per audited financial statements of FY 2018-2019) [Refer Note 1]	1,84,64,509
Less: Arrears of 7th CPC salary for the period Jan 2016 to Mar 2019 (as per separate computation of 7th CPC arrears submitted by the school)	2,16,62,543

Particulars	Amount (INR)
Estimated Deficit	**2,31,75,961**

Notes:

1. The school submitted its audited financial statements for FY 2018-2019. Based on the audited financial statements for FY 2018-2019 submitted by the school, all fees and incomes and all expenses (other than depreciation, being non-cash expense) have been considered.
2. Based on the details submitted by the school, it was noted that the school took unsecured loan during FY 2017-2018 from certain persons (relationship of whom with the school was not disclosed by the school) for incurring expenses and operations of the school, which has been considered and adjusted in table above.

ii. In view of the above examination, it is evident that the school does not have sufficient funds to carry on the operation of the school for the academic session 2018-19 on the existing fees structure. In this regard, the 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 discrepancies, that the sufficient funds are not available with the school to carry out its operations for the academic session 2018-19 therefore, the fee increase proposal of the school may be accepted.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a widespread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC. Further, it has to be seen that after covid, which has affected the society at large, financial sudden burden to some extent may be avoided. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 07% to be effective from 01 July 2022.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of sections 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 funds are not available with the School for meeting its financial implication for the academic session 2018-19. Therefore, Director (Education) has accepted the proposal submitted by the school to increase the fee for the academic session 2018-19.

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

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for session 2018-2019 of **Nav Bharti Public School (School ID- 1411200), Deepali, Pitampura, New Delhi-110034** has been accepted by the Director of Education and the school is hereby allowed to increase fee by 07% with effect from 01 July 2022.

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

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

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

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

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

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

(Yogesh Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To:
The Manager/ HoS
Nav Bharti Public School
School ID- 1411200
Deepali, Pitampura
New Delhi-110034

No. F.DE.15(765)/PSB/2022/ 4866-4870

Dated: 22/06/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West-B) to 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

(Yogesh Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi