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

No. F.DE.15(509)/PSB/2022/ 2920 - 2924 **Dated:** 12/05/22

ORDER

WHEREAS, **G.D. Goenka Public School, J -Block, Sarita Vihar, New Delhi-110076 School ID-1925427** (hereinafter referred to as "**the School**"), run by the Rai Bahadur Raghbir Singh Educational 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 24.10.2019 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(247)/PSB/2019/1390-1394 dated 29 Mar 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. Authenticity of Audited Financial Statements

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.

   The Council of the Institute of Chartered Accountants of India, in terms of the decision taken at the 296th meeting held in June 2010 decided to extend the requirement to mention the firm registration number to all reports issued pursuant to any attestation engagement, including certificates, issued by the members as proprietor of/ partner in the said firm on or after 1 Oct 2010.

   Also, para 45 of SA 700 states "…. *The partner/proprietor signing the audit report also needs to mention the membership number assigned by the Institute of Chartered Accountants of India. They also include the registration number of the firm, wherever applicable, as allotted by ICAI, in the audit reports signed by them.*"

   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*".

   On examination of the financial statements submitted by the school it was noted that auditor issued its opinion in Form 10B, which is prescribed under the Income Tax Act, 1961. While the school prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and not for the Income Tax Department, the use of the audit report format as per form 10B was inappropriate instead Audit Report format as per SA 700 should have been used by the auditor. Also, the Firm Registration No. (FRN) of the auditor was not mentioned on the audit report and on the financial statements. Thus, the auditor did not issue a proper Audit Report on the financial statements of the school.

   Further, on review of the audited final accounts submitted by the school, it was noted that while the Receipt and Payment Accounts with reference thereon to the audit report of even date were duly signed by the auditor, but no opinion thereon was included in the audit report. The auditor only gave his opinion on the true and fair view on:

   - In the case of the Balance Sheet, of the Statement of affairs as at 31 March 2019
   - In the case of Income and expenditure account of the excess of Income Over Expenditure of its accounting year ending on 31st March 2019.

   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.

   Further, the auditor had signed the audit report and financial accounts for FY 2018-2019 on 25 Oct 2019. Thus, the school did not comply with the requirement of submission of audited final accounts in accordance with the timeline prescribed in Rule 180(1).

Accordingly, the school is directed to ensure that the financial statements as per the requirements of Rule 180(1) are appropriately prepared and submitted to the Directorate within the prescribed timelines. Further, the school must ensure that the audit report is issued by the Auditor on complete set of financial statements i.e. Balance Sheet, Income and Expenditure Account and Receipt and Payment Account. The school is further directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India and must cover the Receipt and Payment Account including use of format as per SA 700 and mentioning FRN, etc.

2. On examination of the financial statements of FY 2017-2018 and FY 2018-2019 submitted by the school, it was noted that the financial statements were not appropriately authenticated by the representatives of the school. While the Balance Sheet, Income and Expenditure Account, Receipt and Payment Account, Fixed Assets Schedule and Significant Accounting Policies and Notes to Accounts were signed by the Chairman and Secretary, other 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 information included in the financial statements cannot be confirmed.

   The school is directed to ensure that the entire set of financial statements (all pages) 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.

B. Financial Observations

1. As per direction no. 2 included in the Public Notice dated 4 May 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 Oct 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 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   Accordingly, based on the aforementioned public notice and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same except in compliance with Rule 177 of DSER, 1973.

   Rule 177 of DSER, 1973 *states "(1) 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 managing committee for meeting the capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:*

   - *award of the scholarships to students,*
   - *establishment of any other recognised 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.*

(2) The savings referred to in sub-rule (1) 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 development nature,

(c) the expansion of the school building or for the expansion or construction of any building or establishment of hostel or 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."

Directorate Order No. F.DE.15(247)/PSB/2019/1390-1394 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the society had transferred fixed assets worth INR 16,82,42,314 including building of INR 15,31,12,690 and secured loan of INR 15,54,13,296 on 1 April 2015 and the balance amount of INR 1,28,29,018 was credited in the society account. From the information provided by the school during evaluation of the fee hike proposal of FY 2017-2018, it was further noted that the school had paid INR 1,83,32,903 towards repayment of loan and INR 3,47,73,239 towards interest thereon during FY 2015-2016 to FY 2016-2017. During FY 2014-2015 to FY 2016-2017, school also took secured loans for vehicles amounting to INR 2,22,43,200. To meet the fund requirement for repayment of aforementioned loans and interest thereon, the school took secured loan of INR 2,01,00,000 in FY 2015-2016 and unsecured loans of INR 45,00,000 in FY 2016-2017. It was also noted that the school received contribution of INR 4,54,49,207 from the society during FY 2014-2015 to FY 2016-2017. The school was directed not to utilize school fund for repayment of loan and interest on the aforesaid loans in future.

On review of the financial statements of the school for the FY 2017-2018 and FY 2018-2019, it was further noted that the school had made repayment of aforementioned loans and interest thereon during FY 2017-2018 and FY 2018-2019. Further, the school also paid interest on unsecured loans, which was taken by it primarily for the repayment of loans transferred from society. To meet its fund requirements, the school took additional unsecured loans of INR 1,40,00,000 and received corpus contribution from the society of INR 6,05,00,000 during FY 2017-2018 and FY 2018-2019.

On analysis of the year wise corpus contribution received from the Society and the outflow of funds in the form of loan repayment and interest thereon for FY 2015-2016 to FY 2018-2019, based on the information provided by the school and the audited financial statements, it was noted that the school funds were utilised for repayment of loans taken by the society beyond the amount of contributions received from the society, which is detailed hereunder:

Particulars	**FY 2015-2016**	**FY 2016-2017**	**FY 2017-2018**	**FY 2018-2019**	**Total (INR)**
Contribution received from society (A)	1,66,89,207	2,87,60,000	2,19,00,000	3,86,00,000	10,59,49,207

Particulars	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	Total (INR)
Fund Outflows:					
Secured loan Principal Repayment (B)	-	1,24,59,767	1,93,32,650	2,64,07,997	5,82,00,414
Interest Paid on Secured Loans (C)	1,55,73,872	1,63,03,893	1,41,72,611	1,07,48,875	5,67,99,251
Interest Paid on Unsecured Loan (D)	14,19,473	14,75,001	2,16,048	11,74,083	42,84,605
Repayment of Secured Loan (E)	-	-	-	-	-
Bus Loan Paid (F)	25,09,621	33,63,515	42,42,403	46,73,380	1,47,88,920
Total Fund outflow (G)=(B)+(C)+(D)+(E)+(F)	**1,95,02,966**	**3,36,02,176**	**3,79,63,712**	**4,30,04,335**	**13,40,73,190**
Net outflow from school funds (H)=(G)-(A)	**28,13,759**	**48,42,176**	**1,60,63,712**	**44,04,335**	**2,81,23,983**

Based on the table above, an amount of INR 2,81,23,983 has been utilised by the school for meeting the obligations of the society for construction and set-up of the school on account of repayment of principal and interest on loans of the Society. Accordingly, the school is directed to recover this amount from the society within 30 days from the date of this order and ensure that no payment is made by the school out of school funds towards loans taken for capital expenditure in contravention of Rule 177.

2. 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."*

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

   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."*

Directorate Order No. F.DE.15(247)/PSB/2019/1390-1394 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school had transferred INR 2,02,750 from General Reserve to Development Fund during the FY 2016-2017. It is noted that the school had further transferred INR 28,859 during FY 2018-2019 and INR 1,55,679 during FY 2017-2018. Thus, the total amount of INR 3,87,228 during FY 2016-2017 to FY 2018-2019 transferred from General Reserve to Development Fund is even less than the development fund balance as on 31 March 2019 amounting INR 62,007 which means that the school has already utilised its development balance. Further, it was noted that during FY 2017-2018, the school had transferred INR 16,140 from general reserve to depreciation reserve fund. The school failed to provide clarification for transfer of funds from general reserve to development fund and depreciation reserve fund.

Directorate Order No. F.DE.15(247)/PSB/2019/1390-1394 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 further noted that the school had utilised depreciation reserve fund for purchase of fixed assets amounting INR 20,34,040 in FY 2016-2017 and transferred equal amount to general reserve account resulting in overstatement of general reserve. Further, it is noted that during 2017-2018 and 2018-2019, the school reflected purchase of fixed assets totalling to INR 21,05,418 and INR 24,98,792 respectively utilizing depreciation reserve fund, which was transferred to deferred income account from depreciation reserve fund.

It is being highlighted that the presentation by the school of utilization of depreciation reserve of INR 66,38,250 (INR 20,34,040 plus INR 21,05,418 plus INR 24,98,792) towards purchase of fixed assets is not in accordance with accounting guidance included in para 99 of Guidance Note cited above. Depreciation reserve is a notional fund, which is not represented with actual funds. Thus, the school can't utilize depreciation reserve for purchase of assets. Accordingly, the accounting treatment by the school in its financial statements with respect to depreciation reserve is incorrect. Further, the school had reported development fund balance of INR 15,666, INR 26,498 and INR 62,007 as on 31 March 2017, 31 March 2018 and 31 March 2019 respectively which was insufficient for purchase of fixed assets done by school. Hence, the school had utilised school funds for capital expenditure which is not in accordance with Rule 177 of DSER, 1973.

Basis the presentation made in the financial statements for FY 2018-2019 submitted by the school, it is also noted that the school does not include interest earned on development fund bank account/ Investment in the Development Fund.

Further, since the school has not maintained depreciation reserve fund equivalent to the cumulative depreciation charged on the fixed assets purchased, it has not complied with the statutory condition required for collecting development fee.

Accordingly, INR 66,38,250 utilised from school funds for excessive purchase of fixed assets, without complying with the requirements of Rule 177, is hereby added to the fund position of the school (enclosed in the later part of this 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 this order. Since the school has not maintained depreciation reserve fund equivalent to cumulative depreciation charged on fixed assets, the school directed to immediately stop collecting development fee from students. Further, the incorrect balance of development fund as on 31 Mar 2019 presented in the audited financial statements of the school, which was created by way of transfer from general fund has not been considered while deriving the fund position of the school (enclosed in the later part of this order). Also, the school is directed to adhere to accounting and disclosure requirements of Guidance Note 21. Further, the school should include interest earned on development fund bank account/ Investment in the Development Fund Balance.

3. 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.*"

   Directorate Order No. F.DE.15(247)/PSB/2019/1390-1394 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school had not obtained actuarial valuation report and directed the school to obtain actuarial valuation report and to earmark investments with LIC or other agency so as to protect statutory liabilities.

   On review of the financial statements for FY 2018-2019, it was noted that the school has made a total provision of INR 65,35,352 and INR 45,08,422 towards gratuity and leave encashment respectively as on 31 Mar 2019 in accordance with the actuarial valuation report dated 26 Sep 2019 obtained by the school for measuring its liability towards gratuity and leave encashment as on 31 Mar 2019.

   Though the school has obtained actuarial valuation reports for determining its obligations towards gratuity and leave encashment, it has not deposited any amount in investments such as group gratuity and leave encashment policies of LIC or other insurer to earmark funds towards statutory liabilities of gratuity and leave encashment of staff.

   Since the school has not started implementation of pay scales as per 7th CPC and has not deposited any amount in investments such as group gratuity and leave encashment policies of LIC or other insurer despite the same being directed in Directorate's order dated 29 Mar 2019, no amount towards gratuity and leave encashment has been considered while deriving the fund position of the school (enclosed in the later part of the order).

   The school is directed to start depositing amounts in investments such as group gratuity and leave encashment policies of LIC or other insurer in subsequent years to ensure that value of such investments equals the amount of liability determined by actuary.

4. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

- Registration Fee
- Admission Fee
- Caution Money
- Tuition Fee
- Annual Charges
- Earmarked Levies
- Development Fee

Further, clause no. 9 of the aforementioned order states "*No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order ......*"

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

Clause 17 of Order No. F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 issued by this Directorate states *"No admission Fee of more than two hundred rupees per student, at the time of admission shall be charged. Admission Fee shall not be charged again from any student who is once given admission as long as he remains on the rolls of the school."*

On review of the financial statements submitted and fee structure by the school, it is noted that the school is collecting one-time orientation charges of INR 25,000 from students at the time of admission. No private recognised school can collect fee other than those prescribed in aforementioned order dated 15 Dec 1999. Further, collecting one-time charge from students at the time of admission of students takes the form of admission fee, which can be collected only upto an amount of INR 200. Thus, collection of one-time fees from students at the time of admission indicates that the school is engaging in profiteering and commercialisation of education in contravention of the aforementioned clause.

Accordingly, the school is directed not to collect one-time orientation charge from students at the time of admission.

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.

C. Other Observations

1. 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 is noted that the school charges earmarked levies in the form of refreshment/ meal fee and transportation charges from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been incurring loses (deficit) from earmarked levies which was also noted by the Directorate Order No. F.DE.15(247)/PSB/2019/1390-1394 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
Refreshment/ Meal Charges	4,612,500	4,615,325	(2,825)
Transportation Charges	9,151,608	9,205,266	(53,658)

^No details/ break-up of the expenditure has been provided by the school.

The school is directed to maintain separate fund account for each earmarked levy depicting clearly the amount collected, amount utilised and balance amount. Unintentional surplus, 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. Also, the school is directed to provide detailed beak-up of expenses (with nature of expense) incurred against each earmarked levy along with its subsequent fee increase proposal.

2. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school, *the society shall ensure that percentage of freeship from tuition fee as laid down under rules by the Delhi Admin. from time to time strictly complied with. They will 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	390	654	759
No. of EWS students	54	88	117
% of EWS students to total students	14%	13%	15%

During the personal hearing of the school, the school mentioned that it takes admission under EWS category on the basis of list of admissions provided by the Directorate. However, 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 year 2018-2019 amounting to INR 15,16,01,817 out of which cash outflow in the year 2018-2019 is estimated to be INR 13,61,61,234. This results in net surplus of INR 1,54,40,583. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 March 2018 (as per audited financial statements of FY 2017-2018)	2,31,717
Investments (Fixed Deposits) including accrued interest as on 31 March 2018 (as per audited financial statements of FY 2017-2018)	1,13,427
Bank overdraft as on 31 March 2018 (as per audited financial statements of FY 2017-2018)	(2,41,246)

Particulars	Amount (INR)
Total Liquid Funds Available with the School as on 31 Mar 2018	**1,03,899**
Add: Fees and other income for FY 2018-2019 (as per audited financial statements of FY 2018-2019) [Refer Note 1]	11,68,49,113
Add: Recoverable from society against loan and interest repayment made from school funds [Refer Financial Observation No. 1]	2,81,23,983
Add: Recoverable from society against purchase of fixed assets out of Depreciation Reserve Fund [Refer Financial Observation No. 2]	66,38,250
Gross Estimated Available Funds for FY 2018-2019	**15,17,15,244**
Less: FDR held jointly with CBSE/DOE (as per audited financial statements of FY 2017-2018)	1,13,427
Less: Development Fund as on 31 March 2019 [Refer Financial Observation No. 2]	-
Less: Staff Retirement Benefit - Gratuity [Refer Financial Observation No. 3]	-
Less: Staff Retirement Benefit - Leave Encashment [Refer Financial Observation No. 3]	-
Less: Depreciation Reserve Fund [Refer Note 2]	-
Net Estimated Available Funds for FY 2018-2019	**15,16,01,817**
Less: Expenses for FY 2018-2019 (as per audited financial statements of FY 2018-2019) [Refer Note 1]	13,61,61,234
Estimated Surplus as on 31 Mar 2019	**1,54,40,583**

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 (except deferred income, which are is only an appropriation) and expenses (except depreciation on fixed assets) have been considered in table above.

2. 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, there is no financial impact of depreciation reserve on the fund position of the school.

ii. In the view of the above evaluation, it is evident that the School has sufficient fund to carry out its operations at the existing fee structure. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 2010 states:

"All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in

the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

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, certain financial observations were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings were also noted (appropriate instructions against which have been given in this order), the funds available with the school to carry out its operations for the academic session 2018-2019 are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, it has been noted that the School has paid INR 3,47,62,233 towards payment of loan, purchase of assets, which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973. Thus, the school is directed to recover INR 3,47,62,233 from the society. The receipt of the above amount along with the copy of the bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

AND WHEREAS, the recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting its financial implication for the academic session 2018-19. Therefore, Director (Education) has rejected 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 **G.D. Goenka Public School (School ID-1925427), J -Block, Sarita Vihar, New Delhi-110076** has been rejected by the Director of Education.

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

1. Not to increase any fee/charges during FY 2018-19. In case, the school has already charged increased fee during FY 2018-19, 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 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 DelhiTo:

The Manager/ HoS
G.D. Goenka Public School
School ID-1925427
J -Block, Sarita Vihar,
New Delhi-110076

No. F.DE.15(509)/PSB/2022/ 2920- 2924

Dated: 12/05/22

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 (South East) 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