

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

No. F.DE.15 ( 1502 )/PSB/2023/ 6770-6774

Dated: 27/07/23

**Order**

WHEREAS, Sachdeva Public School, Sec-XIII, Rohini, New Delhi – 110085 (School Id: 1413217) (hereinafter referred to as “the School”), run by the Shri Laxman Dass Sachdeva Memorial Educational Society (hereinafter referred to as the “Society”), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as “DoE”), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as “DSEAR, 1973”). The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

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

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

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

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

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

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA,1973 and returns and documents submitted under section 18(5) of DSEA,1973 read with rule 180(1) of DSEAR,1973.

AND WHEREAS, besides the above, the Director (Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

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

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

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

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

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

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

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

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

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has evaluated the fee increase proposals of the school carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 09<sup>th</sup> May 2023 to present its justifications/clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE. 15/(694)/PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

**A. Financial Suggestions for Improvement**

1. Section 18(4) of DSEA 1973 state *"income derived by Unaided Recognized School by way of fees should be utilized only for educational purposes as prescribed under Rules 176 and 177 of the DSER. 1973"*. Also clause (vii) (c) of Order No. F.DE./15/Act/2k/243/KKK/883-1982 dated 10.02.2005 issued by this Directorate states *"Capital Expenditure cannot constitute a component of financial fee structure"*.

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. Further, 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”.

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.”

Moreover, the school fee should, in first instance, be utilized for meeting pay, allowances and other benefits admissible to the employees of the school and not for capital expenditure of car, principal amount of loan and interest thereon.

The Directorate in its Order No. F.DE. 15/(253)/PSB/2019/1445-1449 dated 29.03.2019 issued for FY 2017-18 noted that the school had utilized the school funds for purchase of luxury cars two Honda city cars for INR 21,68,222 and one WagonR car for INR 4,18,000 without complying with the above-mentioned provisions and the school was directed to recover this amount from the society. However, the recovery from the society is still pending.

The Directorate in its order dated 29.03.2019 mentioned the school’s record that “All the three vehicles are being kept in pool of vehicles to be used to ferry students and staff for school activities i.e. educational and other related purposes.”

It is pertinent to note here that the school has not implemented the recommendations of the 7<sup>th</sup> CPC and has utilized its funds to purchase luxury cars instead of paying salaries and salary arrears as per 7<sup>th</sup> CPC to the school staff. The school has incurred the capital expenditure without complying with the above-mentioned provisions.

Accordingly, INR 21,68,222 has been included in the calculation of available fund of the school with the direction to the school to recover this amount from the society/management of the school within 30 days from the date of issue of the order.

2. Rule 176 of DSEAR, 1973 states that “Income derived from collection for specific purposes shall be spent only for such purpose”. Thus, any amount collected by the school should be utilized for imparting better education to the students and not from any other purpose or donation.

Section 18(4)(a) of DSEAR, 1973 states that “Income derived by unaided schools by way of fees shall be utilized only for such educational purposes as may be prescribed”. Thus, any amount collected by the school should be utilized for educational purpose only.

The Directorate in its Order No. F.DE. 15(253)/PSB/2019/1445-1449 dated 29.03.2019 issued for FY 2017-18 noted that the school donated INR 52,000 to Maa Kamakhya Yog Sadhana Social Welfare Society and INR 75,000 to Action Committee to cover the legal and miscellaneous cost of the committee which was construed as not for educational purposes and school was directed to recover the said amounts from the society. However, the recovery from the society is still pending.

Accordingly, INR 1,27,000 spent by the school has been added to the funds available of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of the order.

3. 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, according to para 7.14 of the Accounting Standard 15 "*Plan assets comprise:*

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

The Directorate in its Order No. F.DE. 15/(694)/PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20 directed the school to invest the equivalent amount as determined by actuary that qualify as plan assets within the meaning of AS-15.

On review of audited financial statements for FY 2021-22, the school has reported the liability for retirement benefits in its audited financial statements towards gratuity and leave encashment as on 31.03.2022 are INR 8,20,48,993 and INR 2,37,14,826 respectively and the school has invested INR 3,18,24,283 in LIC which classify as plan assets within the meaning of AS-15 'Employees Benefit'

Accordingly, the amount invested by the school with LIC amounting to INR 3,18,24,283 has been considered while deriving the fund position of the school. Further, the school is directed to deposit the amount determined as per actuarial valuation with LIC so that the provision for gratuity and leave encashment stand equals the investment amount.

#### **B. Other Suggestions for Improvement**

1. 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.*"

Further, as per Clause 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, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are

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required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

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

On review of audited financial statements for FY 2019-20 to 2021-22, it has been noted that the school charges earmarked levies in the form of Transport Fee, Smart Class Fee, Health, Hygiene and Safety Fee, Science Fee and Computer Fee and the school is not maintaining separate fund accounts for these earmarked levies but has been generating surplus, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit), which has been met from other fees/income. Based on the information provided by the school the surplus/ deficit generated by the school is provided below.

Particulars	Transport Fees	Computer Fee	Science Fee	Smart Class Fee	Health and Hygiene Fee
<b>For the year 2019-20</b>					
Fee Collected during the year (A)	24,57,500	10,23,600	7,87,200	1,12,26,000	16,31,520
Expenses during the year (B)	26,05,469	-	-	89,41,616	86,66,621
<b>Difference for the year (A-B)</b>	<b>-1,47,969</b>	<b>10,23,600</b>	<b>7,87,200</b>	<b>22,84,384</b>	<b>-70,35,101</b>
<b>For the year 2020-21</b>					
Fee Collected during the year (A)	-	-	-	1,200	960
Expenses during the year (B)	6,31,705	-	-	29,60,450	32,530
<b>Difference for the year (A-B)</b>	<b>-6,31,705</b>	<b>-</b>	<b>-</b>	<b>-29,59,250</b>	<b>-31,570</b>
<b>For the year 2021-22</b>					
Fee Collected during the year (A)	-	-	-	1,25,700	1,00,560
Expenses during the year (B)	7,61,529	-	-	-	-
<b>Difference for the year (A-B)</b>	<b>-7,61,529</b>	<b>-</b>	<b>-</b>	<b>1,25,700</b>	<b>1,00,560</b>

Similar observations were also noted in Directorate's Order No. F.DE. 15/(694)/ PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/ PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20 which the school has yet to comply with.

Based on the above-mentioned provisions, earmarked levies are to be collected only from the user students availing of the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as collection of capitation fee in other manner and form.

Accordingly, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies

during subsequent proposals for enhancement of fee ensuring that the proposed levies are calculated on a no-profit no-loss basis and not to include fees collected from all students as earmarked levies.

2. As per Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 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 a 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."*

On review of the audited financial statements for FY 2019-20 to 2021-22, it is noted that depreciation reserve fund maintained by the school is not reconciling with the accumulated depreciation shown under fixed assets schedule which is not in compliance with the above-mentioned provisions.

Similar observations were also noted in Directorate's Order No. F.DE. 15/(694)/ PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/ PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20 which the school has yet to comply with. Also, in the Directorate's Orders mentioned above, the school was directed to comply with the accounting treatment indicated in the Guidance Note 21 – Accounting by Schools issued by the Institute of Chartered Accountants of India.

Accordingly, the school is again directed to prepare detailed reconciliation for reasons of differences between depreciation reserve fund as shown in the balance sheet and as shown in the fixed assets schedule and based on that make necessary rectification entries in the respective heads of accounts. Also, school is directed to ensure to follow accounting treatment and presentation in development fund, fixed assets and depreciation reserve fund as indicated in the Guidance Note -21 failing which the school shall not be allowed to charge development fee in subsequent financial years. The school is directed to comply the aforesaid directions within 30 days from the date of issue of the order and the same shall be verified at the time of evaluation of fee next fee proposal of the school.

3. 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, as per Para 102 of the aforementioned Guidance Note states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

- (a) In respect of each major fund, opening balance, additions during the period, deductions/utilisation 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 utilisation of each fund balance;
- (d) Restrictions, if any, on the utilisation of specific assets."

And as per para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, *"The financial statements should disclose inter alia the historical cost of fixed assets."*

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has not credited deferred income in income and expenditure account to the extent of the cost of the asset in proportion to the depreciation charged every year as required under para 99 of guidance note mentioned above.

Similar observations were also noted in Directorate's Order No. F.DE. 15/(694)/ PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/ PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20 which the school has yet to comply with.

Accordingly, the school is directed to make necessary rectification entries relating to development utilization account and income & expenditure account to comply with the accounting treatment indicated in the Guidance Note 21 and submit the compliance report within 30 days from the date of issue of the order.

4. Para 58(i) of the Guidance Note states "*A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note.*"

As per Notes to Appendix I 'Rates of Depreciation' of Guidance Note, "The rates contained in this Appendix should be viewed as the minimum rates and therefore, a school should not charge depreciation at rates lower than those specified in this Appendix in relation to assets purchased after the date of applicability of Guidance Note. However, if on the basis of a bona fide technological evaluation, higher rates of depreciation are justified, the same may be provided with proper disclosures by way of a note forming part of accounts.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school did not charge depreciation at the rates specified in Appendix I to the Guidance Note, which was a contravention of the directions issued by this Directorate. Whereas, the Significant Accounting Policies and Notes to Accounts attached with the financial statements mentions that, depreciation on all fixed assets have been provided at the rates prescribed in the Income Tax Rules, 1962.

Similar observations were also noted in Directorate's Order No. F.DE. 15/(694)/ PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/ PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20 which the school has yet to comply with.

Accordingly, the school is again directed to follow rates of depreciation specified in the Guidance Note as explanation related to bona fide technological evaluation of the assets is not presented in the notes to accounts. The above being a presentation/ disclosure finding, no financial impact is warranted for deriving the fund position of the school. The school is directed to comply the aforesaid directions within 30 days from the date of issue of the order and the same shall be verified at the time of evaluation of fee next fee proposal of the school.

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."

Further, Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 09.09.2010 states "In case of those ex-students who have not been refunded the Caution Money/Security Deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty days. After the expiry of thirty days, the un-refunded Caution Money belonging to the ex-students shall

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be reflected as income for the next financial year & it shall not be shown as liability. Further, this income shall also be considered while projecting fee structure for ensuing Academic year.”

On review of audited Financial Statements of the school for FY 2019-20 to 2021-22, it has been noted that the school is refunding the caution money to the student at the time of his/ her leaving without interest thereon. Also, the school has not opened separate bank account/ create fixed deposit with Bank for depositing caution money collected from students and the school has not reflected un-refunded caution money belonging to ex- students as income in the next financial year after the expiry of thirty days from the date of communication with the students to collect their caution money and not taken this into account while projecting fee structure for ensuring academic year. Similar observation was also noted in Directorate’s Order No. F.DE. 15/(694)/ PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/ PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20. However, the school has not complied with the above direction.

The school is directed to comply the aforesaid directions within 30 days from the date of issue of the order and the same shall be verified at the time of evaluation of fee next fee proposal of the school.

6. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on ‘Accounting by Schools’, issued by the ICAI, there is a requirement that keeping in the view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

The Directorate in its Order No. F.DE. 15/(694)/PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20, directed the school to disclose related party transactions in its audited financial statements. However, on review of audited financial statements of the school, it is noted that the school has disclosed following related party transactions in its notes on financial statements for FY 2021-22 and mentioned “No Benefit is taken by the persons specified u/s 13(3) of Income Tax Act, 1961 except Mrs. Julie Rajput – Professionally Qualified MA – English B.Ed Headmistress. The school failed to disclose the nature of transactions and the amounts of transactions in the notes to accounts. The school is directed to ensure to comply the accounting presentation stated in Guidance Note -21 and make necessary disclosures in the financial statements.

The school is directed to comply the aforesaid directions within 30 days from the date of issue of the order and the same shall be verified at the time of evaluation of fee next fee proposal of the school.

7. The Directorate in its Order No. F.DE. 15/(253)/PSB/2019/1445-1449 dated 29.03.2019 issued for FY 2017-18, Order No. F.DE. 15/(694)/PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20, noted that the school was not complying with the DOE Order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 and condition mentioned at S. No. 18 in the land allotment letter which provides for 25% reservation to children belonging to EWS category.

As per school’s submission, the details of EWS students and total number of students are as follows:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Students	3732	3717	3588
EWS Students	665	694	743
% of EWS students	18%	19%	21%

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



8. As per Section 18(5) of the DSEA, 1973, the management committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed.

Further, Rule 180 of DSER, 1973 states “ (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31 July of each year.(3) The account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by any officers authorised by the Comptroller and Auditor General of India”

And Section 24 (2) of DSA. 1973 states “The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him”.

Whereas Appendix-II to Rule 180 specify that “final accounts i.e. receipts, and payment account, income and expenditure and balance sheet of the preceding year should be duly audited by Chartered Accountant.

And it has been noticed that Financial Documents/ Certificates Attested by third persons misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving several complaints of signatures of CAs being forged by non-CAs.

To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e. Unique Document Identification Number which is being implemented in a phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Council in the 379th meeting of ICAI held on 17.12.18 and 18.12.2018, made it mandatory for all practicing members to obtain 18 digits UDIN before issuing any audits reports/ certification, etc. in the following manner:

- All Certification done by Practising CAs w.e.f. 01.02.2019.
- All GST & Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

The Directorate in its Order No. F.DE. 15/(694)/PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20, instructed the school to ensure the compliance.

However, on examination of the financial statements submitted by the school for FY 2019-20 to 2021-22, it been has observed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. Further, the receipts and payment account was not prepared in comparative format. This being the procedural finding therefore, the school management is again instructed to ensure this compliance from the Auditor of the school.

**After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:**

- The total funds available for the FY 2022-23 amounting to INR **27,71,77,178** out of which cash outflow in the FY 2022-23 is estimated to be INR **28,99,18,523**. This results in deficit of INR **1,27,41,344** 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	2,24,66,337
Investments as on 31.03.22 as per Audited Financial Statements	3,31,59,047
<b>Liquid Funds as on 31.03.2022</b>	<b>5,56,25,384</b>

Particulars	Amount (in INR)
Add: Recovery from the society for purchase of luxury cars [Refer Financial Suggestion No. 1]	21,68,222
Add: Recovery from the society for expenditure incurred on donation and legal expenses of the society [Refer Financial Suggestion No. 2]	1,27,000
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	19,49,43,565
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	34,19,366
Add: Additional Income of Annual Charges and Development Fund (Refer Note 3 Below)	3,38,60,118
Add: Additional Fees due to increase in fee @14% from 01.07.2022 (Refer Note 4 Below)	2,03,16,071
<b>Total Available Funds for FY 2022-23</b>	<b>31,04,59,725</b>
Less: FDR on joint name with Secretary, CBSE and Manager of the School (Refer Note 1 Below)	13,34,764
Less: Investment made with LIC against provision made for retirement benefits. (Refer Financial Suggestion No.3)	3,18,24,283
Less: Caution Money (Refer Other Observation No. 5)	1,23,500
<b>Net Available Funds for FY 2022-23 (A)</b>	<b>27,71,77,178</b>
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	23,57,28,778
Less: Salary Arrears of 7th CPC (Refer Note 6 Below)	5,41,89,745
<b>Total Estimated Expenditure for FY 2022-23 (B)</b>	<b>28,99,18,523</b>
<b>Net Deficit (A-B)</b>	<b>1,27,41,344</b>

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

Particulars	Amount (in INR)	Remarks
FDR in the joint name of Manager and Secretary, CBSE	13,34,764	Deducted while calculating available funds of the school.
<b>Total</b>	<b>6,78,075</b>	

**Note 2:** All the fee and other income as per audited financial statements for the FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

**Note 3:** The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

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

- (i) "to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in

lieu of unutilized facilities by the students during the relevant period of academic year 2020-21". And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

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

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

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee	15,87,04,070	18,67,10,671	As per details provided by the school, Tuition Fees, Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% in compliance of the Directorate's order dated 01.07.2021 and thus, difference amount of INR 3,38,60,118 has been considered.
Annual Charges	1,20,99,295	1,42,34,465	
Development Charges	2,10,70,635	2,47,88,982	
<b>Total</b>	<b>19,18,74,000</b>	<b>22,57,34,118</b>	

**Note 4:** The school was allowed to increase fee 8% vide Order No. F.DE. 15/(694)/PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and 6% vide Order No. F.DE. 15/(695)/PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20 from 1st July, 2022. School has submitted that it has increased the fee @14% from 1st July 2022. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @14% for 9 months)
Tuition fees	15,87,04,070	2,80,06,601	18,67,10,671	20,63,15,291
Annual Charges	1,20,99,295	21,35,170	1,42,34,465	1,57,29,084
Development Fee	2,10,70,635	37,18,347	2,47,88,982	2,73,91,826
<b>Total</b>	<b>19,18,74,000</b>	<b>3,38,60,118</b>	<b>22,57,34,118</b>	<b>24,60,50,188</b>
<b>Impact of fee increase</b>				<b>2,03,16,071</b>

**Note 5:** All budgeted expenditure proposed by the school amounting to INR 32,10,15,054 has been considered while deriving the fund position of the school except the following:

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
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Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Salary - Teaching and Non-teaching staff	18,40,72,854	1,85,29,831	Restricted to 130% of expenditure incurred in FY 2021-22.
Gratuity & Leave Encashment	1,50,00,000	1,50,00,000	Refer Financial Suggestion No. 3
Examination Expenses	25,00,000	22,36,380	Restricted to 110% of expenditure incurred in FY 2021-22.
Art & craft	40,00,000	32,26,811	
Refreshment	15,00,000	7,04,967	
Newspaper & Periodicals	10,00,000	9,58,915	
Toys & Educational	5,00,000	4,94,610	
Sports Activity Expenses	22,00,000	21,88,811	
Student Magazine/ newsletter/ ID Card	22,00,000	22,00,000	
Extra-curricular activities	20,00,000	19,60,865	
Prize & Award	18,00,000	14,51,333	
Annual function	25,00,000	24,58,910	
Printing & Stationery Expenses	35,00,000	14,52,216	
Computer Lab & Repair & Maintenance	27,00,000	5,20,428	
EWS exp-cost of books & uniform	17,47,200	17,47,200	
Smart class Fee	1,13,73,500	1,13,73,500	
Health, Hygiene and safety fee	99,59,000	99,59,000	
Transport expenses	28,00,000	28,00,000	
Capital Expenditure related to Smart Class and Health, Hygiene and Safety Fee	30,22,500	30,22,500	
Repair and upgradation of Furniture & Fixtures	30,00,000	30,00,000	Being revenue expenditure proposed out of development fee, hence not considered
<b>Total</b>	<b>25,73,75,054</b>	<b>8,52,86,276</b>	

**Note 6:** In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

Further, Directorate of Education has adopted the Central Civil Serviced (Revised Pay) Rules, 2016 vide Circular No 30-3(17)/(12)/VII pay Comm./2016/11006-11016 dated 19.08.2016 and No. 30-3 (17)/(12)/VII pay Comm./Coord./2016/12659-12689 dated 14.10.2016 for employees of Government Schools.

Further, in exercise of the powers conferred under clause (xviii) of Rule 50 of the Delhi School Education Rules, 1973, vide Competent Authority order No DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the managing committees of all Private unaided Recognized Schools have already been directed to implement central Civil Services (Revised Pay) Rule, 2016 in respect of the regular employees of the corresponding status with effect

from 01.01.2016 (for the purpose of pay fixation and arrears). Further, guidelines/detailed instructions for implementation of 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

As per Directorate's Order No. F.DE. 15/(694)/PSB/2022/4250-4254 dated 07.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(695)/PSB/2022/4255-4259 dated 07.06.2022 issued for FY 2019-20, salary arrears has already been allowed for the period 01.01.2016 to 31.03.2019. Further, salary arrears for the period 01.04.2019 to 31.03.2022 amounting to INR 5,41,89,745 payable to existing staff has been considered as school has already make full and final settlement of outgoing staff and also, not provided any liability for them in the audited financial statements.

- ii. In view of the above examination, it is evident that the school does not have adequate funds for meeting all the operational expenditure for the academic session 2022-23. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that,

*"All Schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."*

AND WHEREAS, in the light of the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23.

AND WHEREAS, it is noticed that the school has incurred INR 22,95,222 in contravention of Rule 177 and other provisions of DSEA&R, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 1973 without providing any further opportunity of being heard.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. Further, school is hereby directed that the additional income received on account of increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of the order.

AND WHEREAS, it is relevant to mention charging of any arrears on account of fee for several months from the parents is not advisable, not only because of the 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.

AND WHEREAS, the fee proposal of the school along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that sufficient funds are not available with the school for meeting financial implication for the academic session 2022-23. 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 5% to be effective from 01 April 2023.



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

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **Sachdeva Public School, Sec-XIII, Rohini, New Delhi – 110085 (School Id: 1413217)** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 5% for session 2022-23 to be effective from 01.04.2023.

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

1. To increase the fee by 5% from the specified date i.e. 01.04.2023.
2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.
3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

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

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

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

To  
The Manager/ HoS  
Sachdeva Public School,  
Sec-XIII, Rohini,  
New Delhi – 110085 (School Id: 1413217)

**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) 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**