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

No. F.DE.15(1069)/PSB/2022/10057 - 10061 **Dated: 16/12/22**

Order

WHEREAS, **Shadley Public School (School ID- 1515105) Press Colony, G-8 Area, Rajouri Garden, New Delhi- 110064,** (hereinafter referred to as **"the School"**), run by the **Sachdeva 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 DSER,1973.

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

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

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

"27....

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

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

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

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

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

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

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of expert Chartered Accountants at HQ level who have evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by 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 26th September 2022 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE.15(494)/PSB/2022/2864-2868 dated 12.05.2022 issued for academic session 2019-20 were also discussed with the school and school's submissions were taken on record.

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

A. Financial Suggestions for Improvement

1. 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 the financial fee structure.*"

   On review of audited financial statements for FY 2019-20, it has been noted that school incurred capital expenditure on purchase of Car (Maruti Ciaz) amounting to INR 12,82,186 in contravention of the provisions mentioned above. Moreover, the above capital expenditure was incurred without complying with the requirements prescribed in Rule 177 of DSER, 1973.

   Accordingly, the payment made against purchase of Car for INR 12,82,186 is hereby added to the fund position of the school 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 issue of this order.

2. Direction no. 2 included in the Public Notice dated 04.05.1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the School becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, clause (vii) (c) of Order No. F.DE/15/Act/2K/243/ KKK/883-1982 dated 10.02.2005 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.

   The school incurred INR 5,45,092 for construction of building in FY 2017-18 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(494)/PSB/2022/2864-2868 dated 12.05.2022. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

   Therefore, the amount utilised by the school towards construction of school building of INR 5,45,092 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

3. Recruitment Rule 59 prescribed under DSEA, 1973 for various posts in the school does not include any position for Director, which had been hired by the school as one of its staff. Accordingly, the appointment of the Director is the contravention of the Rule 59 of DSEA, 1973. Section 2 (m) of DSEA, 1973 states that "Manager/Direction" in relation to a school, means the person, by whatever name called who is entrusted, either on the date on which this Act comes into force, or as the case may be, under a scheme of management made under section 5, with the management of the affairs of that school.

The school incurred INR 40,86,792 for salary payment to Managing Director in FY 2017-18 and FY 2018-19 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(494)/PSB/2022/2864-2868 dated 12.05.2022. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

Further, during the personal hearing school explained that name of aforesaid position has been replaced to "Section Officer" from "Managing Director" and regular salary payment was made for the FY 2019-20 to 2021-22. On review of documents submitted by the school regarding payment of salary to section officer, it has been noted that the school has paid INR 69,41,724 (INR 1,70,283*3months + INR 1,94,875*33 months) till March 31, 2022. The school also stated that the section officer has been paid salary as he was performing work for the school.

INR 1,10,28,516 (INR 40,86,792 + INR 69,41,724) added to the fund position of the school with the direction not to pay any remuneration/honorarium/ allowance to the section officer. Similarly, the amount of INR 23,38,500 (i.e. INR 1,94,875 per month) has been adjusted from the budgeted expenses for FY 2022-23 while calculating the fund position of the school. Further, the school is directed to recover above-mentioned amount from the section officer or the society.

4. Para 7.14 of AS-15 "*Employee Benefit*" issued by the Institute of Chartered Accountants of India (ICAI) states 'Plan Assets as:
   a. assets held by a long-term employee benefit fund; and
   b. qualifying insurance policies."

Further, the para 57 of the AS-15 states "*an enterprise should determine the present value of defined benefit obligations and the fair value any plan assts 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.*"

The review of the audited financial statements of FY 2021-22 revealed that the school has not provided provision for gratuity and leave encashment equivalent to the actuarial liability determined by the actuary. It has been noted that the school has recorded liability of INR 96,98,151 towards gratuity and INR 18,60,288 towards leave encashment against actuarial liability of INR 1,25,63,303 towards gratuity and INR 30,18,229 towards leave encashment. Therefore, the school has not provided the full liability for retirement benefits.

Further, the school has invested with LIC of INR 13,65,567 towards gratuity and INR 7,42,889 towards leave encashment in plan assets. Therefore, the amount deposited by the school in plan assets has been considered while deriving the fund position of the school with the direction to the school to make investment and provision equivalent to the amount of actuarial liability.

In view of the above, provision amounting to INR 8,00,000 towards gratuity budgeted in FY 2022-23 by the school has also been considered while deriving the fund position of the school for FY 2022-23.

5. Clause 14 of DoE'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.*"

Further, para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India specify the accounting treatment for specific funds. The GN-21 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 clause 14 of the order dated 11.02.2009 the development fund / fee can only be utilised for purchase upgrade and replacement of furniture fixtures and equipment. However, on review of the audited financial statements for the FY 2019-20, it has been noted that the school has incurred expenditure on purchase of car of INR 10,68,688 out of the development fund which was a contravention of the clause 14 of the order dated 11.02.2009.

Further, it was also noted that the school has maintained a separate bank account for collection of development fee, however, the balance in the bank was not equivalent to the development fund balance presented in the audited financial statements for the FY 2021-22 which is again the contravention of aforesaid clause.

Therefore, the school is hereby directed to ensure that the development fund is to be utilized only towards purchase, upgradation and replacement of furniture, fixture and equipment and shall also maintain equivalent bank balance against the development fund balance in accordance with clause 14 of the order dated 11.02.2009. Hence, while calculating the fund position of the school, development fund balance has been restricted to the bank balance maintained by the school as on 31.03.2022 amounting to INR 14,15,384.

6. Directorate's order no. F.DE-15/PSB (PMU)/Fee Hike/2017-2018/14073-082 dated 07.04.2017 regarding fee increase proposals for FY 2017-2018 states "*Schools are strictly directed not to increase any fee until the sanction is conveyed to their proposal by Director of Education.*" Further, Directorate's order no. F.DE-15/WPC-4109/Part/13/7914-7923 dated 16.04.2016 regarding fee

increase proposals for FY 2016-2017 stated "*In case, the schools have already charged any increased fee prior to issue of the order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal.*"

As per the order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided school whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of DoE. Further, as per the directions of Supreme Court in ***Modern School vs. Union of India & ORS.*** (supra), a Circular dated 16.04.2010 has been issued reiterating as under:

a) It is reiterated that annual fee-hike is not mandatory.

b) School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973

c) If any school has collected fee in excess of that determined as per procedure prescribed here-above, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

On review of the fee structure for FY 2019-20 and FY 2020-21, it was noted that the school has increased its tuition fees and development fees in FY 2020-21 without obtaining prior approval from the Director of Education which is the contravention of the clauses of the aforesaid orders as well as the rules of DSEAR, 1973. The head wise increase of fee made by the school has been tabulated below:

Class	Heads of Fee	FY 2019-20 (A)	FY 2020-21 (B)	% Change in fees (A-B)
I-II	Tuition Fee	3965	4360	10%
	Development fee	510	650	27%
III-V	Tuition Fee	3965	3965	0%
	Development fee	510	595	17%
VI-VII	Tuition Fee	3965	3965	0%
	Development fee	510	595	17%
VIII	Tuition Fee	3515	3965	13%
	Development fee	450	595	32%
IX-X	Tuition Fee	4010	4160	4%
	Development fee	450	625	39%
XI-XII	Tuition Fee	3690	4210	14%
	Development fee	475	630	33%

The school is hereby directed to refund/adjust the excess fee charged from the students in the subsequent month/quarter and submit the compliance of the same within 30 days from the date of receipt of this order and do not increase any fee without prior approval from the Directorate of Education.

B. Other Suggestions for Improvement

1. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states *"The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus,*

etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."

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

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

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

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

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

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

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

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

Particulars	Lab Charges (Science and Painting)	Computer Lab	SDA Fees
For the year 2019-20			
Fee Collected during the year (A)	3,32,640	5,56,800	69,27,200
Expenses during the year (B)	3,00,253	8,58,720	58,95,395

Difference for the year (A-B)	**32,387**	**(3,01,920)**	**10,31,805**
For the year 2020-21			
Fee Collected during the year (A)	14,800	17,725	-
Expenses during the year (B)	2,91,181	6,72,172	39,74,869
Difference for the year (A-B)	**(2,76,381)**	**(6,54,447)**	**(39,74,869)**
For the year 2019-20			
Fee Collected during the year (A)	4,58,475	5,54,705	-
Expenses during the year (B)	3,94,625	9,13,248	43,57,150
Difference for the year (A-B)	**63,850**	**(3,58,543)**	**(43,57,150)**
Total (Surplus)	**(1,80,144)**	**(13,14,910)**	**(73,00,214)**

*Lab Fees, SDA Fees and Computer Fess – all these fees are collected from all students.

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

The school is also directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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

2. The school has prepared a Fixed Assets Register (FAR) that only captures name of asset, details of receipt, issue, and balance. The FAR should also include details such as date of purchase, bill number, supplier name, amount, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and document the complete details of assets at one place.

Accordingly, the school is directed to update the fixed assets register with the above details to strengthen the internal control system of the fixed assets and submit the compliance report within 30 days from the date of issue of this order. Compliance of the above shall be verified at the time of evaluation of proposal for enhancement of fee for subsequent year.

3. 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 31st day of 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 person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving number of 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 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 17.12.2018 and 18 .12. 2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

   - All Certification done by Practicing 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.

   On review of the audited financial statements for the FY 2019-20 and FY 2020-21 submitted by the school, revealed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. This being the procedural observation therefore, the school management are directed to ensure this compliance from the Auditor of the school.

4. According to the Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, In exercise of the powers confirmed by Clause (xviii) of Rule 50 and Rule 180 of the Delhi School Education Rules, 1973, the Director specified 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 Accountant of India, established under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note on Accounting by the Schools (2005).

Further, 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."

On review of audited Financial Statements for the FY 2019-20 to FY 2021-22, it has been noted that the school has charged depreciation on fixed assets as per written down value method at the rates prescribed in the Income Tax Rules, 1962.Further, the school did not prepare the financial statements as per the format prescribed in the order dated 16.04.2016 since the school failed to mention previous year's figures in Balance Sheet, Income and Expenditure Account and Receipt and Payment Account.

Therefore, school is directed to provide depreciation on assets and to prepare financial statements in accordance with the guidance note cited above.

5. Para 18 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states that *"schools should follow recognition and measurement principles, within the framework of accrual basis of accounting, for the purpose of preparation of their financial statements."*

   On review of the financial statements of the school for the FY 2019-20 to FY 2021-22, it has been noted the school is following hybrid approach for recording of transactions i.e., some incomes and expenditures are booked on accrual basis and some are booked on cash basis. Thus, the school has not correctly applied recognition and measurement principle mentioned in Guidance note cited above. Therefore, the school is directed to follow accrual basis of accounting and recognize both income and expenses on accrual basis only. Compliance of the above shall be verified at the time of evaluation of proposal for enhancement of fee for the subsequent year.

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

i. The total funds available for the FY 2022-23 amounting to INR **6,86,32,117** out of which cash outflow in the FY 2022-23 is estimated to be INR **6,08,51,500.** This results in surplus of INR **77,80,617** 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	53,92,530
Investments as on 31.03.22 as per Audited Financial Statements **(Refer Note 1 Below)**	32,50,000
Liquid Funds as on 31.03.2022	**86,42,530**
Add: Recovery from society towards amount spent on purchase of car **(Refer Financial Suggestion No. 1)**	12,82,186
Add: Recovery from society for additions to building **(Refer Financial Suggestion No. 2)**	5,45,092
Add: Recovery from society towards amount spent on payment of salary to Section Officer **(Refer Financial Suggestion No. 3)**	1,10,28,516
Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note 2 Below)**	5,26,92,770

Particulars	Amount (in INR)
Add: Other income for FY 2021-22 as per Audited Financial Statements **(Refer Note 3 Below)**	12,14,863
Total Available Funds for FY 2022-23	**7,54,05,957**
Less: FDR in the name of CBSE as on 31.03.2022 **(Refer Note 1 Below)**	5,50,000
Less: FDR in the name of Court as on 31.03.2022 **(Refer Note 1 Below)**	27,00,000
Less: FDR in the joint name of Manager and DoE **(Refer Note 4 Below)**	-
Less: Gratuity and Leave Encashment Fund with LIC as on 31.03.2022 **(Refer Financial Suggestion No. 4)**	21,08,456
Less: Development Fund as on 31.03.2022 **(Refer Final Suggestion No. 5)**	14,15,384
Net Available Funds for FY 2022-23 - (A)	**6,86,32,117**
Less: Budgeted expenses for the session 2022-23 **(Refer Note 5 Below)**	6,08,51,500
Less: Salary arrears of 7th CPC for the period Jan 2016 to June 2019 **(Refer Note 6 Below)**	-
Total Estimated Expenditure for FY 2022-23 - (B)	**6,08,51,500**
Net Surplus (A-B)	**77,80,617**

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 name of CBSE	5,50,000	These figures have been considered while calculating the fund position of the school
FDR in the name of Court	27,00,000	
Gratuity Fund with LIC	13,65,567	
Leave Encashment Fund with LIC	7,42,889	
Total	**53,58,456**	

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

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

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

Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

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

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 100% of the tuition fees and annual charges and development fees at 85% in its audited financial statements of FY 2021-22. Further, it has also been noted that the school is recording its income on receipts basis. Thus, the school is not maintaining its books and accounts in accordance with GAAP (Generally Accepted Accounting Principles). 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 AFS of FY 2021-22	Income Considered in the Above Table	Remarks
Tuition Fee	3,77,17,368	4,02,53,640	As per fee reconciliation submitted by the school, total tuition fee for FY 2021-22 is INR 4,02,53,640
Annual Charges	93,31,117	59,39,320	As per fee reconciliation submitted by the school, total annual charges and development fee for FY 2021-22 are INR 59,39,320 and INR 59,71,500 excluding arrears of previous years.
Development Fees	91,26,084	59,71,500	
Total	**5,61,74,569**	**5,21,64,460**	

Note 3: All the other income as per audited financial statements of FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23 except deferred income amounting to INR 4,26,702 being non-cash item.

Note 4: As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done in the form of FDR in any scheduled bank.

The school has proposed 3 month's salary reserve for the FY 2022-23 amounting to INR 1,50,000. However, the school has not earmarked any investment in the joint name of the Dy. Director and Manager of the school. Hence, the same has not been considered while calculating the fund position of the school.

Note 5: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

Heads	Budgeted expenditure in FY 2022-23	Amount Disallowed	Remarks
Salaries to teaching and Non-teaching Staff	4,50,00,000	23,38,500	Disallowing salary of section officer amounting to INR 23,38,500 (INR 1,94,875 per month). **(Refer Financial Suggestion No. 3)**
3 Month's Salary Reserve Provision	1,50,000	1,50,000	Refer Note 4 Above
Depreciation	4,50,000	4,50,000	Expense being a non-cash item
Co-Scholastic Expenses	56,00,000	56,00,000	Neither income nor expenditure has been considered while calculating the fund position of the school for FY 2022-23 on the assumption that earmarked levies are collected on no profit/no loss basis.
Total	**5,12,00,000**	**85,38,500**	

Note 6: During the personal hearing, the school explained that they have implemented 7th CPC from July 2019 and paying salary as per 7th CPC since then. However, while submitting proposal for fee increase for the FY 2022-23, school proposed arrears of 7th CPC for the period starting from January 2016 to June 2019 amounting to INR. 1,58,73,980. Since, the school is already paying salaries in compliance with 7th CPC recommendation from July 2019 and has not provided salary arrears during the fee increase proposal of FY 2019-20. Thus, aforesaid 7th CPC arrear amount (i.e. INR 1,58,73,980) has not been considered while calculating fund position of the school.

ii. The school has sufficient funds to carry on its operation for the academic session 2022-23 on the existing fee structure. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that,

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

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

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting financial implication for the academic session 2022-23. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Shadley Public School (School ID- 1515105) Press Colony, G-8 Area, Rajouri Garden, New Delhi- 110064,** is rejected by the Director of Education. Further, the management of said School is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

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

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

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

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

This is issued with the prior approval of the Competent Authority

Nandini.

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

To
The Manager/ HoS
Shadley Public School (School ID- 1515105)
Press Colony, G-8 Area, Rajouri Garden, New Delhi- 110064

No. F.DE.15 (1069)/PSB/2022/ 10057-10061 Dated: 16/12/22

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) 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