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

No. F.DE.15 (987)/PSB/2022/ 8110 - 8114 Dated: 06/10/22

Order

WHEREAS, **Sant Nirankari Public School (School ID- 1617183) Avtar Enclave, New Delhi-110063,** (hereinafter referred to as **"the School"**), run by the **Sant Nirankari Charitable Foundation** (hereinafter referred to as the "**Society"**), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (**hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act & Rules, 1973 (**hereinafter referred to as "DSEAR, 1973"**). The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, 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 a 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 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 hike proposal submitted by the private unaided recognized schools for some of the schools which have been allotted land by the DDA/ other land-owning agencies with the condition in their allotment to seek prior approval 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:

"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 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 hike proposal filed by the aforesaid school, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 20th 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 during personal hearing with the school. During that hearing, the compliance of order no. F.DE-

15/606)/PSB/2022/3671-3675 dated 26.05.2022 issued for the academic session 2019-20 was also discussed and the school submission were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee increase, and subsequent documents submitted by the school as a result of the personal hearing, were evaluated by the team of chartered accountants and key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

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

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

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

Accordingly, based on the above-mentioned public notice and judgement of the Courts, the cost relating to land and construction of the school building must be met by the society, being the property of the society and the school funds i.e., fee collected from students should not be utilized for the same. Moreover, the school fee can only be utilized for meeting pay, allowances and other benefits admissible to the employees of the school and not for capital expenditure on building and land.

From review of audited financial statements of FY 2021-22, it has been noted that the school has reported building value of INR. 51,03,431 (Gross Value) as on 31.03.2022 however corresponding capital receipts/corpus fund is not reflecting in the audited financial statements. During the personal hearing, the school further explained that it has been receiving the funds from the society on regular basis to meet the shortfall of expenditures and reported the same either as grants or loan from the society in the audited financial statements. During the last three years the school had received INR 14,50,000 towards grant and INR 86,17,602 towards loan. The total amount of loan payable to society was INR 1,90,34,323 as on 31.03.2022. As the school has loan payable of INR 1,90,34,323 to the society as on 31.03.2022 the total expenditure incurred by the school of INR 51,03,431 has been adjusted with the amount payable. Hence the school is directed to reflect a corpus fund amounting to INR 51,03,431 which is equivalent to the gross value of building reported in the audited financial statements.

2. 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 income generated from the investment made from this fund, will be kept in a separately maintained Development Fund Account."

   Also, para 67(ii) of the Guidance Note-21 states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

   Para 99 of Guidance Note-21 Accounting by Schools issued by the Institute of Chartered Accountants of India states "Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."

   Further, Para 102 of the Guidance Note-21 also states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

   (a) In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end;
   (b) Assets, such as investments, and liabilities belonging to each fund separately;
   (c) Restrictions, if any, on the utilization of each fund balance;
   (d) Restrictions, if any, on the utilisation of specific assets."
   (e) Also, as per para 67(ii) of the Guidance Note-21 "The financial statements should disclose, inter alia, the historical cost of fixed assets."

On review of audited financial statements of FY 2019-20 to FY 2021-22, it has been noted that the development fund was utilised for purchase of fixed assets and the school has transferred an amount equivalent to the cost of assets purchased to the general reserve which is not in accordance with the provisions of Para 99 of Guidance Note-21 Accounting by Schools issued by the Institute of Chartered Accountants of India.

The review of audited financial statements for FY 2021-22 revealed that the school has not maintained separate bank account for development fee collection and has not made earmarked investments against the development fund presented in the audited financial statements at the year-end which is in contravention of aforesaid clause 14 of order dated 11.02.2009.

Similar point was also noted in Directorate Order No. F.DE-15/606)/PSB/2022/3671-3675 dated 26.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20. As the school has not complied with direction issued in the previous year order, therefore the school is again directed to comply with the directions included in orders above regarding development fund and make necessary rectification entries relating to general fund. Further, the School is directed to maintain separate bank account for collection of development fee against the balance of development fund within 30 days from the date of issue of this order. Accordingly, the development fund balance as on 31st March 2022 amounting to INR. 25,06,751 has been considered while deriving the fund position of the school for FY 2022-23.

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

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

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

    And Para 60 of Guidance Note-21 'Accounting by Schools' (2005) issued by the Institute of Chartered Accountants of India states *"A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service".*

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

    On review of the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is not applicable to the school as it has employed less than 50 staff in a year. Further, it was noted that provision as on 31st March,2022 amounting to INR 94,02,256 towards gratuity and INR 28,48,523 towards leave encashment was created in accordance with the actuarial valuation report without making any investment in plan assets. The school claimed that it has investment in the form of fixed deposits against gratuity amounting to INR. 82,44,358 and leave encashment amounting to INR 24,09,105 which can be utilised for payment of these liability. But the investment made by the school in the form of fixed assets are not in accordance with AS-15. The contention of the school is not tenable as investment held by the school in the form of FDR does not qualify as Plan Asset.

    Gratuity is the statutory liability which the school is required to pay to their eligible employees on their retirement/resignation, as the case may be. However, over the number of years, the department has noticed that most of the schools have been recording liability for retirement benefits in their financial statements without making any investment in Plan Asset due to paucity of funds or otherwise. Accordingly, many schools keep the retirement benefit 'unfunded', which is not the true spirit of law, and it also defeats the objectives of maintaining of books of accounts as per Generally Accepted Accounting Principles (GAAP) as directed by the Hon'ble Supreme Court in its landmark judgment titled Modern School Vs. Union of India and Ors. Therefore, it has been felt that in order to protect statutory dues of the employees, instead of disallowing the full liability on account of non-investment in Plan Asset, it would be rational to spread this liability over the period of 12 years on the assumption that normally a student studies 12 years in the school. This will not only allow the schools a breather to make an investment in Plan Asset gradually but also lower down the sudden financial burden of fee on the parents/students on account of huge liability for retirement benefits.

Accordingly, an amount of INR 10,20,898 (i.e., 1/12 of INR 1,22,50,779 (INR 94,02,256 + INR 28,48,523)) has been considered while deriving the fund position of the school. Similar suggestion was also noted by the DoE in its order No. F.DE-15/606)/PSB/2022/3671-3675 dated 26.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20. As the school has not complied with direction issued in the previous year order, therefore the school is again directed to comply with the direction to the school to invest the aforesaid amount in plan asset in accordance with AS-15 and submit the compliance report within 30 days from the date of issue of this order. In case the school fails to comply with the above directions, the school shall not be allowed further instalments and the amount so allowed to the school shall be recovered from the society/ school management along with interest while evaluating the fee increase proposal for the subsequent year.

In view of the above, provision amounting to INR 35,00,000 towards gratuity and INR. 16,00,000 towards leave encashment budgeted by the school in its proposal has also not been considered while deriving the fund position of the school for FY 2022-23.

B. Other Suggestions for improvement

1. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 state "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 state that "Earmarked levies shall be charged from the user student only."

   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."

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 a 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 observed that school charges earmarked levies in the name of Transport Fees from the students but has not maintained fund-based accounting. The surplus/deficit generated by the school from these earmarked levies in last three financial years are as under:

Particulars	**Transport Fees (amount in INR)**
For the year 2019-20	
Fee Collected during the year	32,79,075
Expenses during the year	30,05,837
Difference for the year (A)	**2,73,238**
For the year 2020-21*	
Fee Collected during the year	-
Expenses during the year	9,53,413
Difference for the year (B)	**(9,53,413)**
For the year 2021-22*	
Fee Collected during the year	-
Expenses during the year	**7,81,403**
Difference for the year (C)	**(7,81,403)**
Surplus/Deficit (A+B+C)	**(14,61,578)**

* School has not collected transport fee during FY 2020-21 and 2021-22.

The school is 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.

3. The school has prepared a Fixed Assets Register (FAR) that only captures asset name, quantity. The FAR should also include details such as purchase date, purchase amount, supplier name, invoice number, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. Similar suggestion was also noted by the DoE in its order No. F.DE-15/606)/PSB/2022/3671-3675 dated 26.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20. As the school has not complied with direction issued in the previous year order, therefore the school is again directed to prepare/update the fixed assets register with the above details and submit the compliance report within 30 days from the date of issue of this order. This being a procedural finding, no adjustment has been made in the fund position of the school.

4. As per rule 59 (h) (iii), "the head of the school be responsible for the proper maintenance of accounts of the school, school records, service books of teachers, and such other registers, returns and statistics as may be specified by the Director from time to time".

   On review of the audited financial statements of FY 2020-21, it has been noted that income under the head "EWS receivable" was accrued as INR 8,47,833 for the FY 2020-21. However, the same was recorded at INR 11,07,028 (Difference between FY 2020-21 and FY 2019-20 i.e. INR. 22,47,028 less INR. 11,40,000) under Balance Sheet as on March 31, 2021, giving difference of INR 2,59,195.

   In view of the above, the school is required to provide the information about the differential amount of INR 2,59,195. Information related to this shall be verified while evaluating the fee increase proposal of the subsequent year.

5. As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016 "The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute."

   On review of audited Financial Statements for the FY 2021-22, it has been noted that the depreciation on fixed assets have been provided at the rates prescribed in the Income Tax Rules, 1962. Therefore, the school is directed to provide depreciation on assets in accordance with the guidance note cited above.

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

i. The total funds available for the FY 2022-23 amounting to INR **3,51,37,878** out of which cash outflow in the FY 2022-23 is estimated to be INR **2,96,65,079.** This results in surplus of INR **54,72,799** 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	8,83,609

Particulars	Amount (in INR)
Investments as on 31.03.22 as per audited financial statements **(Refer Note 1 Below)**	1,89,10,125
Liquid Funds Available with the School as on 31 Mar 2022	**1,97,93,734**
Add: Fees for FY 2021-22 as per Audited Financial Statements (on the assumption that the amount received in FY 2021-22 will at least accrue in FY 2022-23) **(Refer Note 2 Below)**	1,86,83,343
Add: Other income for FY 2021-22 as per Audited Financial Statements (on the assumption that the amount received in FY 2021-22 will at least accrue in FY 2022-23)	22,63,624
Net available funds for FY 2022-23	**4,07,40,701**
Add: Recovery from society of funds spent on additions to the building **(Refer Financial Suggestion No. 1)**	-
Less: Development Fund as on 31.03.2022 **(Refer Financial Suggestion No. 2)**	25,06,751
Less: FDR against 3 Months' Salary Reserve **(Refer Note 3 below)**	13,26,387
Less: FDR as on 31.03.2022 (in the name of CBSE and School)	4,84,649
Less: FDR as on 31.03.2022 (in the name of DOE and Manager)	2,64,138
Less: FDR as on 31.03.2022 (Against Gratuity and Leave Encashment) **(Refer Financial Suggestion No. 3)**	10,20,898
Estimated availability of funds for FY 2022-23	**3,51,37,878**
Less: Budgeted expenses for the session 2022-23 (after making adjustment) **(Refer Note 4-6 below)**	2,96,65,079
Less: Salary arrears as per 7^{Th} CPC **(Refer Note 7 below)**	-
Net Surplus	**54,72,799**

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

Particulars	Amount (in INR)	Remarks
FDR towards Gratuity and Leave Encashment	1,06,53,463	Not considered as plan asset Refer Financial Suggestion No. 2.
FDR in the joint name of DoE/CBSE and Manager	20,75,174	Deducted while calculating available funds of the school.
Other FDR with school	61,81,488	Available with the school for utilization.
Total	**1,89,10,125**	

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 of FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported 100% of the tuition fees and has not collected 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:

Table A:

Particulars	Income as per AFS of FY 2021-22	Income Considered in the Above Table	Remarks
Tuition Fee	1,56,97,014	1,56,97,014	There is no difference as 100% tuition fees has been reported.
Annual Charges	-	13,27,100	Annual charge of FY 2021-22 has been increased by INR 13,27,100. For calculation refer below Table B.
Development fees	-	16,36,404	Development fees of FY 2021-22 has been increased by INR 16,36,404. For calculation refer below Table B.

Table B

Class	No. of Students paying	Development fees per student	Total Development Fees	Annual charges per student	Total Annual Charges
Nursery	11	1,992	21,912	2,000	22,000
KG	32	2,496	79,872	2,000	64,000
1	57	2,496	1,42,272	2,000	1,14,000
2	71	2,496	1,77,216	2,000	1,42,000

3	71	2,496	1,77,216	2,000	1,42,000
4	69	2,592	1,78,848	2,200	1,51,800
5	54	2,592	1,39,968	2,200	1,18,800
6	51	2,700	1,37,700	2,200	1,12,200
7	52	2,700	1,40,400	2,200	1,14,400
8	60	2,700	1,62,000	2,200	1,32,000
9	50	3,000	1,50,000	2,300	1,15,000
10	43	3,000	1,29,000	2,300	98,900
TOTAL			**16,36,404**		**13,27,100**

Note 3: 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 balance of Salary Reserve Fund as on 31.03.2022 is INR 53,23,533 as per audited financial statements of the school for FY 2021-22. However, the school has earmarked investment in the joint name of the Dy. Director and Manager of the school of amounting INR. 13,26,387 only. Hence, the same has been considered while calculating the fund position of the school.

Note 4: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except the following:

Heads	Amount (INR)	Remarks
Depreciation	10,77,000	Depreciation being a non-cash expense does not result in cash outflow. Hence, it has not been considered.
Terminal Benefits	51,00,000	Refer Financial Suggestion No. 1

Note 5: During the personal hearing, the school explained that the expenditure proposed for purchase of new school bus for INR. 17,00,000 in the FY 2022-23 would not be incurred as school has entered a contract with the supplier for transport services in FY 2022-23. Since there would not be any requirement for the purchase of an additional new school bus hence, purchase of vehicle amounting to INR 17,00,000 has not been considered while calculating the fund position of the school.

Note 6: All amount budgeted by the school has been considered while deriving the fund position of the school for the FY 2021-22 except in respect of the following heads, the school has proposed expenditure in excess of 30% as compared to the actual expenditure incurred in FY 2021-22 or the school proposed new head of expenditure for which the school has not offered satisfactory explanation/ Justification. Therefore, the aforesaid expenditure in excess of 30% over the previous year and/or new head of expenditure have not been considered while deriving the fee increase proposal of the school.

Particulars	FY 2021-22	FY 2022-23	Net Increase/ (Decrease)	% Change	Amount disallowed in excess of 30% (in INR)
Salaries to Non-Teaching Staff	17,38,730	64,00,000	46,61,270	268%	24,00,921

Total	**17,38,730**	**64,00,000**	**46,61,270**		**24,00,921**

Note 7: The school has implemented 7th CPC since the month of July 2018. However, the school has provided a staff undertaking to forego the salary arrears as per 7th CPC for the period Jan 2016 to June 2018.Therefore, no provision for the 7th CPC salary arrears have been provided in the books of accounts and the same has not been considered while calculating the 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 2022-23.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Sant Nirankari Public School (School ID-1617183), Avtar Enclave, New Delhi-110063** 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.

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

To:

The Manager/ HoS
Sant Nirankari Public School
Avtar Enclave, New Delhi-110063
School Id - 1617183
No. F.DE.15(987)/PSB/2022/ 8110 - 8114

Dated: 06/10/22

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 (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.

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