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

No. F. DE. .15 (148)/PSB/2024/ 4097-4102 **Dated:** 23/07/24

Order

WHEREAS, **Guru Tegh Bahadur Public School (School ID- 1309189)**, Zone C 19, Behind M Block, Model Town, Delhi-110009(hereinafter referred to as the **"School"**), run by the **Sri Guru Tegh Bahadur Public School Society**(hereinafter referred to as **"Society"**), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as **"DoE"**), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as **"DSEAR, 1973"**). The school is running on the land allotted by the Government on the recommendation of the DoE. Therefore, the school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 (hereinafter referred to as **"the Act"**) 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(hereinafter referred to as **"the Rules"**).

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 DSEA&R, 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.

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 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, besides the above, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and Others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the 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 *v.* 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 school.....

.....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 judgment 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/2023/1964-1972 dated 01.03.2023 and Order No.F.DE.-15(40)/PSB/ 2023/2685-2692 dated 27.03.2023 directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies at 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 2023-24.

AND WHEREAS, in pursuance to Order No. DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and Order No.F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023 of the DOE, the school submitted its proposal for enhancement of fee for the academic session **2023-24.** Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2023-24.**

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 Chartered Accountants at HQ level. **Suri & Sudhir, Chartered Accountants** 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 this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid school for the academic session 2023-24, necessary records and explanations were also called from the school through email dated 03rd April, 2024. Further, the school was also provided an opportunity of being heard on 16th April, 2024 but at the request of the school it was rescheduled to 24th April, 2024 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 that hearing, the compliance of Order No. F.DE-15/ACT-I/WPC-4109/PART/13/824 dated 18.07.2017 issued for the academic session 2016-17 was also discussed and the school submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee hike 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 increase proposal of the school and its subsequent clarifications and submissions, following key suggestions for improvement were noted:

A. Financial Suggestions for Improvement

1. Clause 2 of Public Notice dated 04.05.1997 states *"It is the responsibility of the society who has established the school to raise 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 judgment dated 30.10.1998 titled 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."*

Clause 14 of Order No.F.DE./15(56)/Act/2009/778 dated 11.02.2009 and Clause 7 of Order No.DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of 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 out of this fund, will be kept in a separately maintained Development Fund Account."*

Also, Rule 177 of DSER, 1973 states that "*Income derived by an unaided private 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."*

Therefore, based on the above mentioned provisions, the cost relating to land and construction of the school building should be borne by the society running the school, and school funds, i.e., fee collected from the students is not fees collected from the students is not to be utilized for the same.

In this regard, it is also important to mention that society was allotted institutional land at a very low cost compared to the price of commercial and residential land in nearby locality. The low cost of land allotment was due to the society's offer to do noble work in the field of education and run the school in Delhi on a "no profit, no loss" basis. In its offer, the society also undertook to execute this work from its resources or by arranging funds through donations, subscriptions, or any other legal possible manner. Based on these noble grounds, the DOE recommended to the land-owning agencies the allotment of land to the society, which would otherwise not be possible for the society to have land in such a posh location at this cost.

Accordingly, if the DoE finds any deviation or non-compliance in any condition of the land allotment letter, the society as well as the school is bound to comply and honor that immediately, as per the direction of the DoE. Society cannot always claim the protection of Article 19(1)(g), 21 & 30 of the Constitution of India for non-interference by the DoE because the primary source, i.e., the land required to establish and run the school, was supported by the DoE by recommending to land owning agencies that the land be allotted to the society, a clause was also included in the land allotment letter that the school shall not increase the fee without the prior sanction of the Director (Education) and shall follow the provisions of the Delhi School Education Act and Rules, 1973, and other instructions issued by the department from time to time.

As per the Directorate's Order No. F.DE-15/ACT-I/WPC-4109/PART/13/824 dated 18.07.2017 issued to the school post evaluation of fee increase proposal for the academic session 2016-17, it was noted that the school has utilized school funds for repayment of loan against construction of building amounting to total INR 1,75,629 towards principal and INR 45,58,305 towards interest during FY 2015-16 which is in contravention of Rule 177 of DSER, 1973.

The compliance report submitted by the school against order dated 18.07.2017 was taken on record. The school submitted that "The loan was taken for school purpose and the depreciation on the same has not been claimed."

The contention of the school is incorrect because based on Rule 177 of DSER, 1973, the school fee at the first instance should be utilized for meeting establishment cost and other benefits admissible to the employees and capital expenditure should be met out the saving if any. Further, the school did not implement the recommendation of the 7th CPC therefore, the school has not complied with the provision of Rule 177 of DSER, 1973 and pronouncement of courts judgments. Therefore, the school fund utilized by the school for repayment of loan taken for construction of school building is not admissible. Further, the cost relating to land and construction of school building should be borne 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. Hence, the contention of the school is not tenable and justified.

Further, based on the audited financial statements submitted by the school for FY 2020-21 to FY 2022-23, it has been noted that the school has repaid loan of INR 51,30,122 in FY 2020-21 and INR 40,28,812 in FY 2021-22. Also, the school has paid Interest on loan amounting to INR10,75,882 & INR 2,21,043 during FY 2020-21 and FY 2021-22 respectively out of the school funds which is in contravention of the aforesaid provisions. Hence it is concluded that the school continued to repay the loan taken for the purpose of construction of building instead of complying with the previous order's directions.

Since school has not complied with the direction issued in the previous year order. Therefore, the amount spent by the school on building construction and on the payment of Interest on loan for construction of building amounting to INR 1,51,89,793.00 (INR47,33,934 plus INR 51,30,122 plus INR 40,28,812 plus INR 10,75,882 plus INR 2,21,043) is hereby added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover this amount from the Society within 30 days from the date 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.

Further while reviewing the society ledgers for FY 2020-21 to FY 2022-23 it was noted that there are transfer of funds between the school and society because of the building construction work undertaken. The net effect of transfer entries between the school and the society in the three years results into credit balance of the society amounting to INR 49,71,601. Therefore INR 49,71,601 is hereby added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover this amount from the Society within 30 days from the date 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.

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2. 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, para 7.14 of Accounting Standard- 15 defines "Employee Benefit" issued by the Institute of Chartered Accountants of India (ICAI) states

   "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 states *"An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."*

   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 applicable to the school as it has employed more than 50 staff in a year. Further, the school has calculated liability as on 31st March, 2023 towards gratuity amounting to INR 1,24,45,865 in accordance with the actuarial valuation report and reported the same in the audited financial statements. However, the school has made investment of INR 5,00,000 in plan assets against provision for gratuity shown in the books of accounts. Additionally, it has been noted that the school has not calculated liability towards leave encashment in the books of accounts and has not obtain actuarial valuation report for its liability towards leave encashment.

   Therefore, an amount of INR 5,00,000 has been considered while deriving the fund position of the school. Further, the school is also directed to make provision for leave encashment in the audited financial statements based on the actuarial valuation report and to make an equivalent investment which qualify as plan assets within the meaning of AS-15 and submit the compliance report 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. 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."*

   Para 99 of Guidance Note-21 'Accounting by school' issued by the Institute of Chartered Accountants of India(ICAI), relating to restricted fund 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:

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

   Taking cognizance from the above para, the school needs to create the 'Development Fund Utilisation Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortised in the proportion of the depreciation charged to income and expenditure account. If the school follows the accounting treatment specified by para 99 of the guidance note, the depreciation reserve fund would be mere an accounting head and school is not required to invest equivalent for that. However, review of the audited financial statements of FY 2022-23 revealed that the school is not following para 99 of the GN 21 cited above as the school has created the deferred income account upon purchase of assets out of the development fund but has not transferred any amount from deferred income account to the credit of income and expenditure account equivalent to the depreciation charged on those assets.

On review of audited financial statements for FY 2020-21 to 2022-23, the school has not charged Depreciation on assets acquired out of development fund to Income and Expenditure Account. The school has only charged Depreciation on assets acquired out of general fund to Income and Expenditure Account. Further, the school has not maintained Depreciation Reserve account, which is in contravention of generally accepted accounting practices.
Moreover, assets purchased out of the general fund and assets purchased out of the development fund are shown at WDV in the financial statements which is in contravention to para 67(ii) of the Guidance Note-21.

Upon reviewing the audited financial statements for FY 2022-23, it appears that the school transferred INR 96,19,316 from the Development Fund to the General Fund. This indicates a utilization of the development fund balance for other expenditures. According to the audited financials, as of March 31, 2023, the Development Fund balance stood at INR 3,22,923. It is noteworthy that this balance aligns with the bank balance of the same amount. Hence, in evaluating the school's fund position, this INR 3,22,923 has been considered.

4. As per 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 Rs.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, as per 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 Clause 4 Order No.DE/15(150)/Act/2010/4854-69 dated 9 Sep 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 be reflected as income for the next financial year & it shall not be shown as liability. Further the income shall also be taken into account while projecting fee structure for ensuing academic year

According to the audited financial statements provided by the school, it has been observed that during FY 2022-23, the school wrote off Caution Money/Security Deposits totaling INR 16,36,390 in accordance with the relevant provisions. As of March 31, 2023, there is no balance remaining against Caution Money/Security Deposits.

5. 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 to 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 installments of fee payable by students.

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Also, Clause no. 2 (xvi) of Letter of Allotment of Land issued by DDA states that "The society shall not increase the rate of tuition fee without prior sanction of the competent authority and shall follow the provisions of Delhi School Education Act/ Rules, 1973 and other instructions issued from time to time."

Upon review of the fee structure for FY 2022-23, FY 2021-22, and FY 2020-21, it was observed that the school has increased its annual charges over these three years without obtaining prior approval from the Director of Education. This action appears to contravene the clauses of the relevant orders and the rules of the Delhi School Education Act and Rules (DSEAR), 1973.

In light of these findings, the school is hereby directed to charge fee as per the fee structure approved by the Director of Education and to ensure to align their fee structure strictly with the results of examination of fee proposal for session 2016-17 to 2022-23. Charging of any unapproved increase in fee tantamount to commercialization of education and will lead to action under section 24(4) of the DSEA, 1973.

B. Other Suggestions for improvement

1. Clause 19 of Order No. F.DE. /15(56)/Act12009/778 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 Multimedia fees, Activity fees and Transportation 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 is as under:

Particulars	**Multimedia fees (IT & Lab)**	**Transport fee**	**Activity fee**
FY 2020-21			
Income	16,50,291	-	-
Expenditure	18,94,397	-	-
Surplus/ Deficit	**-2,44,106**	-	-
FY 2021-22			
Income	24,52,410	-	-
Expenditure	23,63,595	-	-
Surplus/ Deficit	**88,815**	-	-
FY 2022-23			
Income	-	-	47,29,899

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Expenditure	-	-	52,15,720
Surplus/ Deficit	-	-	**-4,85,821**
FY 2023-24			
Income	-	60,00,000	53,60,000
Expenditure	-	70,00,000	7,50,000.
Surplus/ Deficit	-	**-10,00,000**	**46,10,000**

* The above table is showing the surplus/losses of last 3 financial years in accordance with the data submitted by the school against earmarked levies.

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 Multimedia fees and Activity fees from all the students loses its character of earmarked levy. Thus, the school is directed not to charge Multimedia and Activity Charges from all the students as it loses its character of earmarked levy. Thus, the school is directed not to charge such fee as earmarked levy with immediate effect and incur the expenses relating to these from tuition fee and/or annual charges.

Therefore, the school is again directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies 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 Directorate vide its Order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students

belonging to weaker section. However, as per the information provided by the school for FY 2020-21 to FY 2022-23, it has been noted that the school was not complying with the abovementioned order of the DOE and the condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. Therefore, DDE District may be requested to look into this matter and ensure compliance with the above requirements. The details of EWS Students to Total Students for the FY 2020-21 to 2022-23 is tabulated below:

Particulars	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**
Total Students	1,982.00	2,052.00	2,250.00
EWS Students *	61.00	52.00	46.00
% of EWS students	3%	3%	2%

The school is directed to comply with the directions included in orders above.

3. As per Right to Education Act, 2009, the pupil teacher ratio for primary classes and upper primary classes should be 30:1 and 35:1 respectively. Also, as per the affiliation bye-laws prescribed by Central Board of Secondary Education (CBSE), the student's teacher ratio should not exceed 30:1 excluding principal, physical education teacher and counselor to teach various subjects. However, based on the information submitted by the school relating to total students and number of overall teachers following ratio has been derived:

Particulars	**F.Y. 2022-23**	**F.Y. 2022-23**	**F.Y.2022-23**
Students to Teacher Ratio	**1:38**	**1:39**	**1:27**

Given the above overall calculation, it has been observed that there is approximately one teacher for every 34 (Approx) students. In the absence of data relating to the exact pupil-teacher ratio for primary classes and upper primary classes, we are unable to comment on the overstaffing/understaffing of teaching staff in the school. The school management is required to look into this aspect and try to establish equilibrium, without compromising the standard of education, between the standard prescribed by the CBSE and the existing student-teacher ratio.

4. School is not maintaining Fixed Assets Register (FAR). The FAR should include details such as invoice date, invoice number, supplier name, description of asset, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and document complete details of assets at one place.

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5. 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 abovementioned Guidance Note states that "A school should charge depreciation according to the written down value method at the rates recommended in Appendix Ito the Guidance Note- 21."

   Para 67(ii) of Guidance Note-21 issued by the Institute of Chartered Accountants of India, states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

   On review of audited financial statements for the FY 2020-21 to FY 2022-23, it has been noted that the depreciation on fixed assets have been provided at the rates prescribed in the Income Tax Rules, 1962 which is contravention of the rule cited above. Therefore, the school is directed to provide depreciation on assets in accordance with the guidance note cited above and report fixed assets at gross value on the assets side of balance sheet.

   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 with the school for FY 2023-24 amounting to **INR 9,54,96,075** out of which the expected expenditures for FY 2023-24 is to be **INR 8,81,95,841**. This results in a net surplus of **INR 73,00,234** for the FY 2023-24. The detailed calculation is provided below:

Particulars	Amount (INR)
Cash and Bank balances as on 31.03.2023 as per Audited Financial Statement of FY 2022-23	27,22,744
Investments as on 31.03.2023 as per Audited Financial Statement of FY 2022-23 **(Refer Note No. 1 Below)**	28,48,909
Liquid fund as on 31.03.2023	**55,71,653**
Add: Amount Recoverable from society for amount incurred on building construction **(Refer Financial Suggestion No. 1)**	1,51,89,793
Add: Amount Recoverable from society for amount incurred on building construction **(Refer Financial Suggestion No. 1)**	49,71,601
Add: Fees for FY 2022-23 as per Audited Financial Statements **(Refer Note No. 2 Below)**	7,03,70,163

Less: Unauthorized fee hike during FY 22-23 **(Refer Financial Suggestion No. 5)& (Refer Note No. 2 Below)**	(11,17,000)
Add: Other income for FY 2022-23 as per audited Financial Statements **(Refer Note No. 3 Below)**	16,67,771
Total available funds for FY 2022-23	**9,66,53,981**
Less: FDR in joint name with DOE **(Refer Note No. 1 Below)**	(56,856)
Less: FDR in joint name with CBSE **(Refer Note No. 1 Below)**	(2,78,127)
Less: FDR in joint name with Registrar Delhi High Court **(Refer Note No. 1 Below)**	-
Less: Student Security Deposit as on 31.03.2023**(Refer Financial Suggestion No. 4)**	-
Less: Investment made with LIC against provision made for retirement benefits **(Refer to Financial Suggestion No. 2)**	(5,00,000)
Less: Development Fund as per Audited Financial Statements of FY 31.03.2023 **(Refer Financial Suggestion No. 3)**	(3,22,923)
Less: Depreciation reserve fund as on 31.03.2023 **(Refer Note No. 4 Below)**	-
Estimated Available Funds for FY 2023-24	**9,54,96,075**
Less: Budgeted Expenditure for FY 2023-24 **(Refer Note No. 5 Below)**	(8,81,95,841)
Less: Arrears of 7th CPC **(Refer Note No. 6 Below)**	-
Estimated Surplus/(Deficit)	**73,00,234**

Note 1: The details of fixed deposits held by the school as per the audited financial statements of FY 2022-23 is provided below:

Particulars	As per AFS	Remarks
FDR against Gratuity	10,03,307	-
FDR with PNB Bank in joint name of School & CBSE	2,78,127	Restricted Fund- Considered Separately
FDR with SBI Bank in joint name of School & DOE	30,252	Restricted Fund- Considered Separately
FDR with PNB Bank in joint name of School & DOE	26,604	Restricted Fund- Considered Separately
FDR with Yes Bank	11,42,336	-
FDR with HDFC Bank	3,68,283	-
Total	**28,48,909**	

Note 2: Upon reviewing the audited financial statements of FY 2022-23 and considering additional information provided by the school, it has been observed that the school generated fees income of INR 7,03,70,163 it is assumed that the school will maintain at least this level of fee income for FY 2023-24.

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Particulars	Amount (INR)
Tuition Fee	5,06,79,430
Admission Fee& Registration Fee	1,43,225
Annual Charges	1,17,35,251
Development Fee	7812257

Fee Structure FY 2022-23

Class	Tuition Fees (Monthly)	Development Funds (Yearly)	Annual Charges (Yearly)
Nursery to KG	1,500	2,700	5,000
I-V	1,640	2,900	5,000
VI-VIII	1,850	3,300	5,000
IX-X	2,350	4,200	5,000
XI & XII(Sci)	2,700	4,800	5,000
XI & XII(Comm. & Arts)	2,500	4,500	5,000

It is pertinent to note here that the Department has initiated the evaluation of fee proposal from session 2016-17 and is calling proposals for fee hike from schools via online mode for each academic session from 2016-17 onwards to 2022-23. The proposal of fee hike for academic session 2020-21 and 2021-22 were called off due to COVID-19. As a practice, the fee proposals are disposed of after detailed examination by assessing the availability of the funds with the school and an order is issued to the school communicating them that their fee proposal is accepted or rejected. Thus, school cannot increase the fee for any academic session without approval of the Director of Education or can increase the fee in the prescribed heads by applying the approved percentage of increase. However, while reviewing the fee structure of the school from academic session 2016-17 to 2022-23 along with the fee receipts for session 2022-23, as submitted by the school, it is noted that the school had increased the fee without any approval of the Director of Education. The details of approved fee structure and the fee structure applied by the school is as under:

Fee Structure FY 2015-16- Base Year*

Class	Tuition Fees (Monthly)	Development Funds (Yearly)	Annual Charges (Yearly)
Nursery to KG	1,500	2,700	4,500
I-V	1,640	2,900	4,500
VI-VIII	1,850	3,300	4,500
IX-X	2,350	4,200	4,500
XI & XII(sci)	2,700	4,800	4,500
XI & XII(Comm. & Arts)	2,500	4,500	4,500

Excess fee collected for FY 2022-23

Class	No of fee Paying Students	Tuition Fees (Monthly)	Development Funds (Yearly)	Annual Charges (Yearly)
Nursery to KG	315	-	-	1,57,500
I-V	999	-	-	4,99,500
VI-VIII	381	-	-	1,90,500
IX-X	280	-	-	1,40,000
XI & XII(sci)	83	-	-	41,500
XI & XII(Comm. & Arts)	176	-	-	88,000
				11,17,000

Upon examining the fee structure for the fiscal year 2022-23, along with the audited financial statements for the same period and supplementary information provided by the school, it has been identified that the school increased its annual charges during the academic session 2022-23 without obtaining prior approval from the Department of Education (DOE).

Based on calculations considering the base year 2015-16, the amount in question is determined to be INR 11,17,000 and the revenue has been restated by reducing the excess amount charged by the school, with the base fee year considered as 2016-17.

Note 3: Other income amounting to INR 16,67,771 as per audited financial statements of FY 2022-23 has been considered while deriving the fund position of the school except earmarked levies of Transportation charges, Activity fees etc.

Note 4: As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided School. The first category of fee comprised of 'Registration fee and all one Time Charges' levied at the time of admissions such as admission and caution money. The second category of fee comprises 'Tuition Fee' which is to be fixed to cover the standard cost of the establishment and to cover the expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science, and computer fee up to class X and examination fee. The third category of the fee should consist of 'Annual Charges' to cover all expenditure not included in the second category and the fourth category consist of all 'Earmarked

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Levies' for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

The purpose of each head of the fee has been defined and it is nowhere defined the usage of development fee or any other head of fee for investments against depreciation reserve fund.

Further, Clause 7 of Order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the order no F.DE./15(56)/Act/2009/778 dated 11.02.2009, "development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixture 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". Thus, the above direction provides for:

- Not to charge development fee for more than 15% of tuition fee.
- Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- Development fee will be treated as capital receipts.
- Depreciation reserve fund is to be maintained.

Thus, the creation of the depreciation reserve fund is a pre-condition for charging of development fee, as per above provisions and the decision of Hon'ble Supreme court in the case of Modern School Vs Union of India & Ors.: 2004(5) SCC 583. Even Clause 7 of the above direction does not require to maintain any investments against depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' 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.

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is mere of an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note -21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, the depreciation reserve fund has not been considered while deriving the fund position of the school

Note 5: The budget estimates provided by the school for FY 2023-24 has been aligned with the actual expenses incurred as per the audited Financial Statements of FY 2022-23. Below is a table detailing the budgeted expenditure categories and their corresponding restricted amounts:

Expenditure	Budgeted	Disallowed	Remarks
Transportation Expenses	70,00,000	70,00,000	Neither considered Income nor expense as Earmarked levies are collected on no profit no loss basis
Sports & Activity Expenses	7,50,000	7,50,000	
Educational Expenses	1,00,000	1,00,000	New Head of expense, no justification is received.
Student welfare	20,00,000	20,00,000	
Depreciation on other Assets (General fund)	1,11,88,490	1,11,88,490	Non-Cash Expense
Electricity & Water Charges	17,50,000	58,585	Restricted to 110%
Telephone & Internet exp.	2,50,000	10,522	
Printing & stationary	35,00,000	3,74,191	
Audit fee	3,00,000	2,45,000	
Function & Festival Expenses	55,00,000	48,90,645	
Legal & Professional charges	20,00,000	9,85,364	
Medical Expenses	3,50,000	5,424	
Miscellaneous Expenses	1,00,000	47,026	
Workshop Training Teachers	3,00,000	21,028	
Building Repair & Maintenance	1,20,00,000	44,45,154	
Ground & Garden Repair & Maintenance	10,00,000	8,476	
Salary & wages Teaching staff	5,06,00,000	98,50,656	Restricted to 130%

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The school has proposed a Development Fund expense of INR 95,00,000 for FY 2023-24. However, based on the reported receipts from the Development Fund as per the audited financials for FY 2022-23, which amount to INR 78,12,257 the overall proposed expenditure has been constrained to match this previous receipt amount of INR 78,12,257.

The school has proposed a Development Fund expense of INR 95,00,000 for FY 2023-24.However, based on the reported receipts from the Development Fund as per the audited financials for FY 2022-23, which amount to INR 78,12,257 the overall proposed expenditure has been constrained to match this previous receipt amount of INR 78,12,257.

Note 6: On review of documents submitted by the school, it has been noted that the school submitted 7 CPC arrears of INR 3,70,50,861 till March'24. It is to be noted that the school has not applied for fee hike since 17-18, so it is assumed that school has surplus funds in those years and the impact of 7 CPC salary for FY 23-24 has been taken in the budgeted figures.

Note 7: While evaluating the fee hike proposal, department considers that how much liquid funds would require the school for a particular session for smooth operation without compromising with the quality of education. Thus, while deriving the fund position of the school all legitimate expenditures revenue as well as capital in accordance with the provisions DESAR, 1973 and pronouncement of Courts judgment have been considered. Therefore, balance of the other current assets other and current liabilities has not been considered. Because it is clear that the current assets, loans and advances and current liabilities are cyclic in nature and the same have already been considered in the form of budgeted income and expenditure of the school in the earlier years. Thus, current assets, loans and advances and current liabilities will always reflect in the financial statements at the end of the financial year.

ii. In view of the above examination, it is evident that the school has adequate funds for meeting all the operational expenditures for the FY 2023-24. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16.04.2010 states that,

> *"All Schools must, first of all, explore and exhaust the possibility of utilizing 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 utilized 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 and guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2023-24 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 instructions against which have been given in this order), that the sufficient fund are available with the school to carry out its operations for the academic session 2023-24.

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 available with the school for meeting financial implication for the academic session 2023-24.Accordingly, the fee increase proposal of the school is rejected.

AND WHEREAS, 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.

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 increase of **Guru Tegh Bahadur Public School (School ID- 1309189), Zone C 19, Behind M Block, Model Town, Delhi-110009** 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 2023-24 and if the fee is already increased and charged for the academic session 2023-24, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

2. To change fees according to the last approved fee structure only.

3. 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.

4. 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.

Patil Pranjal Lahen Singh
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To

The Manager/ HoS

Guru Tegh Bahadur Public School (School ID- 1309189),

Zone C 19, Behind M Block, Model Town, Delhi-110009

No. F. DE.15 (148)/PSB/2024/ 4097-4102 Dt: 23/07/24

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 A) ensure the compliance of the above order by the school management.
4. DE's nominee concerned.
5. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
6. Guard file.

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