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

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No. F.DE.15 (270)/PSB/2019 / 1435-1439 Dated: 29/3/19

Order

WHEREAS, this Directorate vide its order No. DE.15 (318)/PSB/2016/19786 dated 17.10.2017 issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private unaided recognized Schools in Delhi' and directed that the private unaided Schools, which are running on land allotted by DDA/other govt. agencies with the condition in their allotment letter to seek prior approval of Director (Education) before any fee increase, needs to submit their online fee increase proposal for the academic session 2017-18. Accordingly, vide circular no. 19849-19857 dated 23.10.2017, the fee increase proposals were invited from all aforesaid Schools till 30.11.2017 and this date was further extended to 14.12.2017 vide Directorate's order No. DE.15 (318)/PSB/2016/20535 dated 20.11.2017 in compliance of directions of Hon'ble High Court of Delhi vide its order dated 14.11.2017 in CM No. 40939/2017 in WPC 10023/2017.

AND WHEREAS, attention is also invited towards order of Hon'ble High Court of Delhi dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus GNCTD and others wherein it has been directed by the Hon'ble Delhi High Court that the Director of Education will ensure the compliance of conditions, if any, in the letter of allotment regarding prior approval of Director of education for the increase of fee by all the recognized unaided Schools which are allotted land by DDA.

AND WHEREAS, the Hon'ble High Court of Delhi while issuing the aforesaid direction has observed that the issue regarding the liability of private unaided Schools situated on the land allotted by DDA at concessional rates has been conclusively decided by the Hon'ble Supreme Court in the judgment dated 27.04.2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School V. Union of India and others wherein Hon'ble Supreme Court in Para 27 and 28 has held as under:-

"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 Supreme Court in the above said Judgment also held that under section 17(3),18(4) of Delhi School Education Act, 1973 read with rule

172,173,175 and 177 of Delhi School Education Rules 1973, Directorate of Education has the authority to regulate the fee and other charges to prevent commercialization of education.

AND WHEREAS, in pursuance to order dated 23.10.2017 of this Directorate, **G.D. Goenka Public School, Plot No. 3, Pocket- 7, Sector- 22, Rohini, Delhi-110085 (School Id: 1412249)** had submitted the proposal for increase in fee for the academic session 2017-18 including the impact on account of implementation of recommendations of 7th CPC.

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 this Directorate for fee regulation.

AND WHEREAS, necessary records and explanations were also called from the School vide email dated March 27, 2018. Further, School was also provided opportunity of being heard on July 10, 2018 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussions, School was further asked to submit necessary documents and clarifications on various issues noted.

AND WHEREAS, the reply of the School, documents uploaded on the web portal for fee increase and subsequent documents submitted by the School were evaluated thoroughly by the team of Chartered Accountants. The key findings noted are as under:

Financial Irregularities

I. As per section 18(4) of DSEA, 1973, Income derived by unaided recognised schools by way of fees should be utilized only for such educational purposes as prescribed. Additionally, as per Rule, 177, income derived by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by school may be utilised by its management committee for meeting **capital or contingent expenditure** of the school. On review of the financial statements of the School, it has been observed that the school has purchased a car for Rs. 21,59,683 in FY 2014-15 by taking loan of Rs.17,00,000 from the Bank while the remaining amount of Rs.4,59,683 was paid from the school fund. However, the school has not provided any calculation to justify the compliance of Rule 177 in relation to purchase of car. And the school has paid Rs.14,84,408 towards principal repayment & Rs.2,77,319 towards interest cost on loan during the FY 2014-15 to 2016-17. Therefore, total expenditure of Rs.22,21,410 (Rs.14,84,408+ Rs.4,59,683+ Rs.2,77,319) incurred by the school for purchasing the car (including repayment of loan and interest cost) is not in accordance with the abovementioned provisions of the DSEAR, 1973. Thus, the total expenditure of Rs.22,21,410 has been included in the calculation of fund availability and the school is directed to recover this amount from the society.

II. As per Clause 2 of Public Notice dated May 4, 1997 states that "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 October 1998 in case of Delhi Abibhavak Mahasangh concluded that "Tuition Fee cannot be fixed to recover capital expenditure to be incurred on the properties of the Society". Also, clause (vii) of order No. F.DE/15/Act/2k/243/KKK/883-1982 dated 10.02.2005 issued by this Directorate states that "Capital expenditure cannot constitute a component of financial fee structure".

Moreover, as per Rule 177 of DSER, income derived by an unaided private recognised schools by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its 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 recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. 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.

Based on the aforesaid Public Notice and Judgement of the Hon'ble High Court, the cost relating to construction of Building has to be met by the Society, being the property of the society and not from the fund of the school. Further, Rule 177 states that the school is not allowed to make addition to the building if it does not have savings. However, on review of the financial statements of the school, it has been observed that the school has made addition to building during FY 2014-15 and 2015-16 for Rs. 1,21,56,028 and Rs 87,92,888 respectively regardless of not having enough surplus in the given financial years. The details of addition made along with position of general fund (surplus) is as follow:

(Figures in Rs.)

Particulars	**FY 2014-15**	**FY 2015-16**	**FY 2016-17**	**Total**
Addition to Building	1,21,56,028	87,92,888	-	2,09,48,916
General Fund Balance	(37,91,290)	(3,89,58,712)	(52,86,929)	
Profit/(loss) for the year	8,37,433	-3,51,67,422	-1,92,07,938	

Thus, it can be perceived from the above table that the school is incurring capital expenditure on building instead of the society meeting its obligation towards construction of building, the school fund was utilised for construction of building resulting into misutilisation of school fund. Therefore, capital expenditure incurred by the school of Rs. 2,09,48,916 (to the extent of funds utilised in past three financial years) has been included in the calculation of funds availability of the school and accordingly the school is directed to recover this amount from the society.

Further, with respect to the opening balance of building amounting Rs. 15,02,16,344 (gross block) which is appearing in the financial statements of the school as on 01.04.2014, the corresponding capital contribution from the society is not reflecting in the financial statements. For which the school has not provided any details regarding the sources of funds which were utilised by the school for construction of abovementioned building. It has also been observed that Rs. 3,90,25,092 is reflecting as capital contribution in the financial statements as on 31.03.2017, but the school has not provided any details against which this capital contribution has been made. Therefore, in the absence of required information, the Director of Education may take necessary steps to identify the sources of funds which were utilised by the school for construction of the school building and the purpose for which the capital contribution has been made by the society.

III. On review of the financial statements, it has been observed that the school was not preparing fixed assets schedule with respect to the assets purchased out of the development fund till FY 2015-16. On purchase of assets out of the development fund, the first accounting entry passed by the school was debit fixed assets account and credit the bank account and then subsequently passing the second accounting entry as debit development fund account and credit the fixed assets account. Thus, by virtue of adopting this accounting treatment, value of the assets purchased out the development fund became zero and hence not getting reflected in the financial statements. As explained by the school this accounting treatment has been followed since the beginning of the school. However, in FY 2016-17, the assets purchased out of the development fund till FY 2015-16 has been revalued at Rs. 2,32,41,051 by the Chartered Engineer and recorded in the financial statements.

Further, it has been noted that the school has utilised development fund of Rs. 2,60,15,696 and Rs. 2,78,63,438 in FY 2014-15 and 2015-16 respectively for purchase of assets which also form part of the abovementioned revaluation of assets done by the Chartered Engineer. Thus, difference of Rs. 3,06,38,084 (Rs. 5,38,79,135- Rs, 2,32,41,051) between the amount of development fund utilised in FY 2014-15 and 2015-16 and the value as determined by the chartered engineer in respect of the assets purchased till FY 2015-16 has been considered as unaccounted. Therefore, Rs. 3,06,38,084 has been included in the calculation of fund availability of the school and accordingly the school is directed to recover this amount from the society.

Moreover, it is also important to note that the school has been collecting development fee @ 15% of the total tuition fee. Thus, considering the volume of development fee collection for each year, the current value of fixed assets as

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determined by the chartered engineer does not seem to be correct. Accordingly, the Director of Education may take necessary steps to arrive at the actual amount of development fee collected and its overall utilisation. Further, the school may also be instructed to get the physical verification of all assets done along with the current value of assets. And if the current value so determined is different from the value which was determined by the chartered engineer then the amount of aforesaid adjustment made in the calculation of fund position of the school would undergo change.

Apart from the above, the school has also utilised Depreciation Reserve Fund of Rs.78,57,419 in FY 2016-17 for upgradation, replacement and renovation of fixed assets. But this addition was neither reflected on the face of the financial statement nor in fixed assets schedule forming part of the financial statements which indicates that the school has misutilised Rs. 78,57,419 out of the school fund. Therefore, this amount has been included in the calculation of fund availability of the school and accordingly the school is directed to recover this amount from the society. It is also pertinent to note that during personal discussion with school at DoE premises, the school was asked to provide updated fixed assets register along with invoices for verification but the same has not been provided by the school despite of sending several reminders. Therefore, Director of Education is directed to instruct the school to submit the fixed assets register along with physical verification report for verification.

Further, as per the accounting policies adopted by the school "fixed assets are stated at historical cost inclusive of inward freight, duties, and expenditure necessary to bring the assets to their present condition and location less accumulated depreciation" while the assets purchased out of the development fund are reflected at historical cost and other assets are reflected at written down value in the financial statements of FY 2016-17. Therefore, the school is directed to present the value of fixed assets in the financial statement in accordance with the accounting policies adopted by the school.

IV. As per Para 99 of Guidance note on "Accounting by School" issued by ICAI state that "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"

Based the aforesaid provisions, it has been noted that Rs. 2,97,12,585 was utilised by the school for capital expenditure out of the development fund in FY 2016-17, but instead of treating this utilisation as Deferred Income, the same has been transferred to General Fund account resulting into overstatement of general fund balance at the year end. Therefore, the school is directed to make necessary adjustments in general fund account in accordance with the aforesaid provisions of para 99 of GN-21.

V. The Hon'ble High Court in the case of Abibhavak Mahasangh dated 30 October, 1998 concluded that "Tuition fee cannot be fixed to recover the capital expenditure to be incurred on the properties of the society". Also, clause (vii) of order No. F.DE/15/Act/2k/243/KKK/883-1982 dated 10.02.2005 issued by this Directorate states that "Capital expenditure cannot constitute a component of financial fee structure". However, on review of the financial statements of the school it has been observed that the school has obtained secured loans for purchase/upgradation of machinery & equipment, furniture & fixture, electrical equipment, air conditioning equipment, IT infrastructure and purchase of vehicles but has not provided asset wise detail, purchased out of the aforesaid loans. Further, during the FY 2014-15 to 2016-17 the school has paid Rs. 5,22,45,593 towards principal repayment by utilising unsecured loan and Rs. 2,45,99,118 towards interest cost on secured loans by utilising school fund. Thus, the utilisation of amount of Rs. 2,45,99,118 is in contravention to the Order of Hon'ble High Court dated 30 October, 2018 and DOE Order dated 10.02.2005. Accordingly, this amount has been included in the calculation of fund availability of the school and accordingly, the school is directed to recover this amount from the Society. The summary of secured loans taken and paid during the period is as under. Additionally, the school may also be instructed not to make any further payment in respect of the secured loan out of the school funds.

Summary of Secured Loans (Figures in Rs.)				
Particulars	**FY 2014-15**	**FY 2015-16**	**FY 2016-17**	**Total**
Opening Balance	5,83,87,966	4,43,36,162	2,52,75,337	5,83,87,966
Add: Taken during the year	69,00,000	-	94,60,000	1,63,60,000
Less: Repaid during the year	2,09,51,804	1,90,60,825	1,22,32,964	5,22,45,593
Closing Balance	**4,43,36,162**	**2,52,75,337**	**2,25,02,373**	**2,25,02,373**

VI. Apart from the secured loans as mentioned above, the school has also obtained the unsecured loans from various individuals and HUFs at interest rate of 14% p.a. without executing any formal contract with them. As per the school submission, this loan was taken to support the working capital deficiencies of the school. However, on analysis of the funds position of the school, it has been observed that major portion of the unsecured loans have been utilised for repayment of secured loan as well as unsecured loans. Therefore, the interest cost of Rs. 1,32,17,161 paid by the school on these unsecured loans during the FY 2014-15 to 2016-17 out of the school fund has been considered in the calculation of fund availability of the school and accordingly, the school is directed to recover this amount from the Society. Additionally, the school may also be instructed not to make any further payment in respect of these unsecured loans out of the school funds. The summary of unsecured loans taken and paid during the period is as under.

Summary of Unsecured Loan (Figures in Rs.)				
Particulars	**FY 2014-15**	**FY 2015-16**	**FY 2016-17**	**Total**
Opening Balance	5,34,43,945	6,78,55,782	8,14,50,311	5,34,43,945
Add: taken during the year	1,64,05,000	1,44,80,000	3,75,23,564	6,84,08,564

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Summary of Unsecured Loan (Figures in Rs.)				
Less: Repaid during the year	19,93,163	8,85,471	59,82,882	88,61,516
Closing Balance	**6,78,55,782**	**8,14,50,311**	**11,29,90,993**	**11,29,90,993**

VII. In respect of earmarked levies, school is required to comply with:

- Clause 22 of order dated 11.02.2009 states that earmarked levies shall be charged from user students on 'no profit no loss' basis;
- Rule 176 of DSER, 1973 states that 'income derived from collections for specific purpose shall be spent only for such purpose';
- Judgement of Hon'ble Supreme Court of India in the case of Modern School Vs Union of India & Others states that schools, being run as non-profit organizations, are supposed to follow fund-based accounting.

On review of audited financial statements for FY 2014-15 to 2016-17, it has been noted that the school has been collecting earmarked levies in the name of transport fee, health & hygiene charges, safety & security charges, refreshment and meal charges, scholastic enrichment charges, orientation charges, activity fee, computer fee and science fee from the student. But these levies are not being charged on 'no profit no loss' basis because the school has either earned surplus or incurred deficit from these earmarked levies. During the period under evaluation, school has earned surplus from transport fee, activity fee, health & hygiene charges, safety & security charges, computer fee and science fee and has incurred deficit from refreshment and meal charges, scholastic enrichment charges and orientation charges. Accordingly, surplus/ deficit earned from these earmarked levies has been adjustment against general fund balance. Further, the school is not following the fund-based accounting as recommended by Guidance Note-21 "Accounting by School" issued by ICAI, due to which expenditure incurred against each of the earmarked levy cannot be identified from the income expenditure account. Therefore, the school is directed to follow fund based accounting in respect of all earmarked levies charged by the school. The summary of the surplus/ deficit on these earmarked levies as provided by the school is as under:

(Figures in Rs.)

Particulars	Total Income	Total Expenditure	Surplus/ (Deficit)
Transport Fee	13,75,78,590	12,24,79,112	1,50,99,478
Activity Fee	9,92,934	-	9,92,934
Health and Hygiene Charges	4,30,66,441	4,29,53,604	1,12,837
Safety and Security Charges	5,85,77,891	5,83,15,280	2,62,611
Scholastic Enrichment Charges	3,02,96,310	3,18,22,301	(15,25,991)

Particulars	Total Income	Total Expenditure	Surplus/ (Deficit)
Orientation Charges	1,35,37,908	1,35,60,600	(22,692)
Computer Fee	2,36,865	-	2,36,865
Science Fee	8,58,334	-	8,58,334
Refreshment and Meal Charges	1,55,73,137	1,80,11,863	(24,38,726)
Total	**30,07,18,410**	**28,71,42,760**	**1,35,75,650**

Moreover, as per the Duggal Committee report, there are four categories of fee that can be charged by a school. The first category of fee comprised of "registration fee and all One Time Charges" which is levied at the time of admission such as Admission and Caution Money. The second category of fee comprised of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and to cover 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 fee comprised of "Annual Charges" to cover all expenditure not included in the second category and the forth category comprised of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students'. These charges are Transport Fee, Swimming Pool Charges, Horse Riding, Tennis, Midday Meals etc.

Based on the aforesaid provisions, earmarked levies are to be collected only from the user students availing the services/ facilities of the school. And if, the services are extended to all the students of the school, a separate charge should not be levied by the school as it would get covered or clubbed either from the Tuition Fee or from Annual Charges. Therefore, the school is directed to determine its fee structure in accordance with provisions of DSEAR, 1973.

VIII. On analysis of the expenditures of the school for the FY 2014-15, 2015-16 and 2016-17, it has been observed that the ratio of other expenditures (net of depreciation and interest cost) was more than the establishment expenditure of the school. This clearly indicates that the school management is required to monitor and exercise due care on occurrence of these expenditures. The summary of other expenditure is as under.

Particulars	FY 2014-15	FY 2015-16	FY 2016-17
Total Expenditure	29,13,74,341	35,37,36,576	35,46,28,894
Less: Depreciation	93,05,015	73,82,986	1,37,12,140
Less: Interest on Loan	1,09,97,662	1,15,15,432	1,55,80,504
Total expenditure net of depreciation and interest cost	27,10,71,664	33,48,38,158	32,53,36,250
Establishment Expenditure	8,92,12,894	13,63,58,316	12,63,10,100

Particulars	FY 2014-15	FY 2015-16	FY 2016-17
Other Expenditures net of depreciation and interest cost	18,18,58,770	19,84,79,842	19,90,26,150
% Establishment expenditure as compared to total expenditure net of depreciation and interest cost	33%	41%	39%
% Other expenditure as compared to total expenditure net of depreciation and interest cost	67%	59%	61%

On further review of other expenditures, it has been observed that under the following heads the expenditures of the school appear to be excessive or high whereupon the school management is directed to monitor the significance of such expenditure and exercise due control over the same. From the table given below it can be seen that school has incurred highest expenditure under the head "Educational Service Charge" for providing academic and educational services to G.D Goenka Private Limited. Considering the volume of educational service charges as compared to the other expenditures of the school, this expenditure appears to be of extraordinary nature which need to be monitored by the school management. The summary of the major expenditure incurred by the school in the last three financial years are as under:

(Figures in Rs.)

Heads of Expenditure	2014-15	2015-16	2016-17	as a % of total expenditure net of depreciation and interest cost			as a % of other expenditure net of depreciation and interest cost		
				2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
Educational service charges	3,55,70,483	3,92,45,877	4,14,15,396	13%	12%	13%	20%	20%	21%
Printing & Stationery	48,14,200	51,91,563	55,05,029	2%	2%	2%	3%	3%	3%
Sports Expenses	70,94,102	71,88,763	68,20,545	3%	2%	2%	4%	4%	3%
School function and activity expense	75,97,765	77,66,842	1,06,93,365	3%	2%	3%	4%	4%	5%
Electricity and water expenses	77,32,908	89,27,791	84,71,470	3%	3%	3%	4%	4%	4%
Repairs and maintenance of Building, furniture and fixtures	1,19,20,889	63,38,053	96,62,117	4%	2%	3%	7%	3%	5%

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Other Irregularities

I. On review of Financial statements for the FY 2014-15 to 2016-17, following irregularities has been noted:

   a. As per clause 18, Caution money 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 interest thereon. On review of the financial statements, it has been noted that the School has not collected caution money from the students during FY 2014-15 to 2016-17 and has refunded only principal amount to the students at the time of his or her leaving which is not in accordance with the clause 18 of the order dated 11.2.2009. Therefore, the school is directed to comply with the requirement of the aforesaid clause.

   b. Further, as per Clause 4 of Order No. DE./15/150/ACT/2010/4854-69 dated 09/09/2010, after the expiry of 30 days, the amount of un-refunded caution money belonging to ex-students shall be reflected as income in the next financial year and it shall not be shown as liability. Further, this income shall also be considered while projecting the fee structure for ensuing academic year. But the school has not provided details of unrefunded money belonging to the ex-students. In the absence of which its impact in the calculation of fund availability cannot be quantified. Therefore, the school is directed to comply with the requirement of the aforesaid clause.

II. As per AS-15 'Employee Benefit' issued by ICAI. "An entity should determine the present value of defined benefit obligations and their fair value of any plan asset so that the amounts recognised in the financial statement do not differ materially from the amounts that would be determine at the balance sheet date. However, the financial statements of FY 2016-17 reflect Rs.3,86,61,254towards gratuity and leave encashment but the corresponding plan assets was nil as per the actuarial valuation report. Since, the school has obtained the actuarial valuation in respect of liability towards gratuity and leave encashment, therefore, Rs. 1,93,30,627 (50% of Rs. 3,86,61,254) has been considered in the calculation of fund availability of the school for the FY 2017-18, as it is the year of implementation of 7th CPC and the remaining balance of liability should be deposited with LIC (other insurer) over the period of next 4-5 years. Further, the amount budgeted by the school towards gratuity and leave encashment of Rs. 80,63,896 has also been considered as part of the budgeted expenditure for FY 2017-18.

III. The school is not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04-06-2012 as well as condition specified in the land allotment letter which require to provide 25% reservation to children belonging to EWS category. Since the school is not complying with the aforesaid order therefore, concerned DDE District is directed to look in the matter. The admission allowed under EWS category during the FY 2014-15, FY 2015-16 and FY 2016-17 is as under:

Particulars	FY 2014-15	FY 2015-16	FY 2016-17
Total strength	2,122	2,144	2,265

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Particulars	FY 2014-15	FY 2015-16	FY 2016-17
EWS	279	320	363
% EWS students to total students	**13.15%**	**14.92%**	**16.02%**

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 2017-18 amounting to **Rs. 39,58,68,096** out of which cash outflow in the FY 2017-18 is estimated to be **Rs. 37,40,40,799.** This results in net balance of Surplus amounting to **Rs. 2,18,27,297** for FY 2017-18 after all payments. The details are as follows:

(Figures in Rs.)

Particulars	**Amount**
Cash and Bank balances as on 31.03.17 as per audited Financial Statements	33,81,622
Investments as on 31.03.17 as per audited Financial Statements	7,15,088
Add: Amount Recoverable from Society:	
-School's Fund was utilised for purchase of Car in FY 2014-15 (Refer Observation I of Financial Irregularity)	22,21,410
-Construction of Building in FY 2014-15 and FY 2015-16 (Refer Observation II of Financial Irregularity)	2,09,48,916
-Asset Purchased out of the development fund FY 2014-15 & 2015-16 but not reflecting in financial statement (Refer Observation III of Financial Irregularity)	3,06,38,084
-Assets Purchased out of depreciation fund but not reflecting in FS of FY 2016-17 (Refer Observation III of Financial Irregularity)	78,57,419
-Interest paid on secured loan (Refer Observation V of Financial Irregularity)	2,45,99,118
-Interest paid on unsecured loan (Refer Observation VI of Financial Irregularity)	1,32,17,161
Less: Caution Money Payable as on 31-03-2017	3,61,000
Less: Balance in Bank Overdraft as on 31-03-2017	43,83,688
Less: Balance of Development Fund as on 31-03-2017	2,81,218
Less: Provision for Gratuity and Leave Encashment 50% of Rs. 3,86,61,254 as on 31.03.2017 (Refer Observation II of Other Irregularity)	1,93,30,627
Less: Fixed deposit in the joint name of "Manager of GD Goenka Public School and Chairman CBSE, Delhi"	50,000
Total	**7,91,72,285**

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Particulars	Amount
Fees for FY 2016-17 as per audited Financial Statements (we have assumed that the amount received in FY 2016-17 will at least accrue in FY 2017-18) {except transportation fee)	31,52,99,334
Other income for FY 2016-17 as per audited Financial Statements (we have assumed that the amount received in FY 2016-17 will at least accrue in FY 2017-18)	13,96,477
Estimated availability of funds for FY 2017-18	**39,58,68,096**
Less: Budgeted expenses for the session 2017-18 **(Refer Note- 1 to 3)**	37,40,40,799
Net Surplus	**2,18,27,297**

Adjustments:

Note-1: The school has first time proposed 3 month salary reserve of Rs. 45,41,160 in its budget for FY 2017-18 which has not been considered in the evaluation of fee increase proposal.

Note-2: The school has not proposed expenditure towards transportation therefore, corresponding income of transportation has also not been considered in the evaluation of fee increase proposal.

Note-3: The Proposed expenditure towards interest on secured loan and unsecured loans amounting Rs.**1,20,00,000** have also not been considered in the evaluation of fee increase proposal in terms of observation mentioned in Point No. V under Financial Irregularities

i. The School has sufficient funds to carry on the operation of the School for the academic session 2017-18 on the existing fees 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 prima facie there are financial and other irregularities and also, sufficient funds are available with the School to meet its budgeted expenditure for the academic session 2017-18 including the impact of implementation of recommendations of 7th CPC, the fee increase proposal of the School may not be accepted.

AND WHEREAS, recommendations of the team of Chartered Accountants along with relevant material were put before the Director of Education for consideration and who after considering all the material on the record, found that sufficient funds are available with the School to meet its budgeted expenditure for the academic session 2017-18 including the impact of implementation of recommendations of 7th CPC. Therefore, Director (Education) has rejected the proposal of fee increase submitted by the said School.

AND WHEREAS, it is also noticed that the School has incurred Rs.9,94,82,108 in contravention of clause 2 of public notice dated 04-05-1997 read with Rule 177 as well as clause 14 of order dated 11-02-2009. Therefore, the school is directed to recover the aforesaid amount from the society. The amount of receipts along with copy of bank statements showing receipt of above mentioned amount should be submitted with DoE, in compliance of the same, within sixty days from the date of the order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

Accordingly, it is hereby conveyed that the proposal of fee increase of **G.D. Goenka Public School, Plot No. 3, Pocket- 7, Sector- 22, Rohini, Delhi-110085 (School Id: 1412249)** 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 including implementation of 7th CPC for the academic session 2017-18 and if the fee is already increased and charged for the academic session 2017-18, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

2. To communicate the parents through its website, notice board and circular about rejection of fee increase proposal of the School by the Directorate of Education.

3. To rectify all the financial and other irregularities as listed above and submit the compliance report within 30 days to the D.D.E (PSB).

4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of Delhi in its Judgment of Modern School vs Union of India. Therefore, School not to include capital expenditure as a component of fee structure to be submitted by the School under section 17(3) of DSEA, 1973.

5. 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.

6. In case of submission of any proposal for increase in fee for the next academic session, the compliance of the above listed financial and other irregularities/violations will also be attached.

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Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with the provision of section 24(4) of DSEA, 1973 and DSER, 1973.

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

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

To
The Manager/ HoS
G.D. Goenka Public School,
Plot No. 3, Pocket- 7, Sector- 22, Rohini,
Delhi-110085 (School Id: 1412249)

No. F.DE.15 (370)/PSB/2019/1435-1439 Dated: 29/03/19

Copy to:

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.

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