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

No. F.DE.15(580 **)/PSB/2022/** 3423-3427 **Dated:** 24/05/22

ORDER

WHEREAS, **Mother's Global School (School ID-1002278), C Block, Preet Vihar, New Delhi** (hereinafter referred to as "**the School**"), run by the Secular Educational 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 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 DSEA, 1973 to the DoE. Such full statement of fee is required to indicate estimated income of the School to be derived from the fees and estimated operational expenses to be incurred during the ensuing year towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the DSER, 1973.

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

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

Section 24(1): *'every recognised School shall be inspected at least once in each financial year in such manner as may be prescribed'*

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

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 objectives of preventing profiteering and commercialization of education.

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

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

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

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

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in the Writ Petition No. 4109/2013 in the matter of Justice for All vs. 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 private unaided recognized Schools to whom land has been allotted by the DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed to all the private unaided recognized Schools, running on the land allotted by the DDA/other land owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DoE, the School submitted its proposal for enhancement of fee for the academic session 2018-19. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2018-19**.

AND WHEREAS, in order to examine the proposals submitted by the Schools for fee increase for justifiability or not, the DoE has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the School carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2018-19, necessary records and explanations were also called from the School through email. Further, the School was also provided an opportunity to be heard on 27.11.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing, compliances against Order No. No. F.DE.15(590)/PSB/2019/30013-30018 dated 30/11/2018, issued for academic session 2017-18, was also discussed and submissions taken on record.

AND WHEREAS, the response of the School along with documents uploaded on the web portal for fee increase, and subsequent documents submitted by the School, were evaluated by the team of Chartered Accountants; the key observations noted are as under:

A. Incomplete and Unreliable Financial Information

1. As per Directorate's Order no. 15072-15871 dated 23 March 1999 *"All pre-primary schools being run by the registered society/ trust in Delhi as Branches of the recognized schools by the appropriate authority in or outside the school premises shall be deemed as one Institution for all Purposes"*. Further, the Hon'ble High Court of Delhi in the matter of Social Jurist vs. the Govt. of NCT of Delhi & others concluded *"We do not find any proper reason or rationale to keep Pre-*

school apart and segregated by those regular schools where Preschool facilities exist and admission starts from that stage."

During the process of evaluation of fee hike proposal, it was identified that Mother's Global School (operating from class 1) was admitting most of the students directly from the pre-school – "Mother's Global School (Nursery)" based on the information provided by the school, which on that basis has been considered as feeder school of Mother's Global School. Accordingly, the conditions and requirements applicable to Mother's Global School would apply in the same manner to "Mother's Global School (Nursery)". However, the school did not submit details including financial information and fee (existing and proposed) for students enrolled in Mother's Global School (Nursery) along with its proposal for enhancement of fee for FY 2018-2019. Further, despite repetitive requests and reminders sent to the school, the school did not submit the required financial details of Mother's Global School (Nursery). Thus, in absence of the requisite information and data regarding feeder school, completeness of financial statements and information therein submitted by the school could not be evaluated. Further, the fund position of the school could not be derived in absence of the aforementioned required information and the observations included below relate only to Mother's Global School.

The school is hereby directed to submit complete details of feeder school in respect of FY 2015-2016, FY 2016-2017, FY 2017-2018 and FY 2018-2019 along with its subsequent fee hike proposal including the financial information, similar to the main school. Further, the school should ensure submission of complete information requested by the Directorate for appropriate and timely evaluation of its fee increase proposal.

2. Para 50 of Accounting Standard (AS) 10 "Property, Plant and Equipment" issued by the Institute of Chartered Accountants of India states "*The depreciation charge for each period should be recognised in the statement of profit and loss unless it is included in the carrying amount of another asset.*"

   Further, para 52 of AS 10 states "*The depreciable amount of an asset should be allocated on a systematic basis over its useful life.*"

   On review of the audited financial statements of the school for FY 2016-2017 and FY 2018-2019, it was noted that the school did not charge depreciation on fixed assets in its Income and Expenditure Account. Rather, the school in its Significant Accounting Policies annexed to the audited financial statements for FY 2018-2019 mentioned:

   - "**i. Basis of preparation of financial statements** – The condensed financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis following going concern concept, except otherwise stated elsewhere. GAAP comprises accounting standards notified by the Central Government of India, and other pronouncements."
   - "**v. Depreciation** – Depreciation is a notional figure as per schedule of Fixed Assets and has not been claimed as expense in Income & Expenditure Account."

   While the school mentioned that that the financial statements are prepared in accordance with generally accepted accounting principles of India, against depreciation, it mentioned that depreciation has not been claimed as expense in Income & Expenditure Account, which is not in accordance with the requirements of Accounting Standard 10 that makes it mandatory for entity to recognize depreciation in the statement of profit and loss.

Thus, the financial statements of the school were not prepared in accordance with the requirements of Accounting Standard 10. However, the auditor did not qualify its opinion issued on the financial statements to highlight the deviation from the requirements of a mandatory accounting standard prescribed by the Institute of Chartered Accountants of India.

In view of the above, the financial statements and audit opinion thereon are erroneous and are not reliable. The school is directed to ensure that it complies with the requirements of Accounting Standards issued.

3. As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e. receipts and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31st July.

   On review of the audited final accounts for FY 2018-2019, it was noted that though the receipt and payment account for the year 2018-2019 was duly signed by the auditor with reference thereon to the audit report of even date, but in its audit report, the auditor only gave his opinion on the true and fair view on:

   - The state of affairs in the case of the balance sheet as on 31 March 2019
   - Surplus/deficit of the accounting year in the case of Income and expenditure for the year 2018-2019

   Thus, the auditor did not give his opinion on the receipt and payment account. The school did not provide reasonable justification for auditor's non-inclusion of receipt and payment account in his audit opinion. Further, the auditor had signed the audit report and financial accounts for FY 2018-2019 on 30 Sep 2019. Thus, the school did not comply with the requirement of submission of audited final accounts in accordance with the timeline prescribed in Rule 180(1).

   Accordingly, the school is directed to ensure the financial statements as per the requirements of Rule 180(1) are appropriately prepared and submitted to the Directorate. The school is also directed to ensure that the audit opinion is issued by the auditor on Balance Sheet, Income & Expenditure Account and Receipt & Payment Account.

B. Financial Observations

1. Directorate's order No F.DE.15(590)/PSB/2018/30013-18 dated 30 Nov 2018 issued to the school post evaluation of fee hike proposal for FY 2017-2018 noted that the School had purchased Fixed assets of INR 89,61,060 in FY 2014-2015 whereas in the fixed assets schedule of FY 2014-2015 additions of only INR 8,38,049 were made by the School. The School did not provide any justification/clarification about this variance. Further, the School also failed to submit the fixed assets register. Hence, in the absence of details, it was concluded that the assets purchased out of development fee amounting to INR 81,23,011 (INR 89,61,060 – INR 8,38,049) during FY 2014-2015 were diverted from the school.

School in its representation mentioned that wherever there is inadequacy/shortcoming according to the department, we will take the due remedial action promptly. However, the school has not provided any documentation to substantiate purchase of assets by utilising development fund, nor has the school recovered this amount of INR 81 lakhs diverted from the school.

Accordingly, the school is directed again to recover the amount of INR 81,23,011 from the Society within 30 days from the date of this order.

2. The Manager of the school is not entitled to any payment whatsoever from the school funds. However, from the records submitted by the school and taken on record (Pay register for the month of March 19), it was noted that the school has paid salary to the Manager of the school INR 15,06,744 during FY 2018-2019. The school mentioned that the Manager of the School has been paid salary as she is performing work for the school. The Manager previously was also the Principal of the school but moved out of the role of Principal with effect from 1 July 2018. However, she has continued to work as the Manager of the School and the salary has been paid to her for fulfilling her responsibilities as Manager of the School.

   The school is hereby directed to recover the amount of salary paid to the Manager of INR 15,06,744 during FY 2018-2019 from the manager/society within 30 days from the date of this order. Further, the school is directed not to pay any remuneration to the Manager from school funds.

3. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 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 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."*

   As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 "*The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.*"

   Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*" Further, Para 102 of the aforementioned Guidance Note states "*In respect of funds, schools should disclose the following in the schedules/notes to accounts: (a) In respect of each major fund, opening balance, additions during the period, deductions/utilisation during the period and balance at the end;*

(b) Assets, such as investments, and liabilities belonging to each fund separately;
(c) Restrictions, if any, on the utilisation of each fund balance;
(d) Restrictions, if any, on the utilisation of specific assets."

Directorate's order No F.DE.15(590)/PSB/2018/30013-18 dated 30 Nov 2018 issued to the school post evaluation of the proposal for enhancement of fee for FY 2017-2018 noted the following issues to which the school failed to provide adequate response:

- During FY 2015-2016, difference was noted in the closing balance of Development Fund. The schedule of Development Fund indicated a closing balance of INR 34,10,838 whereas on the face of the Balance Sheet, balance of Development Fund was appearing as INR 29,729 and differential amount of INR 33,81,109 (INR 34,10,838 less INR 29,729) was transferred to General Fund. The School failed to provide reconciliation for such difference and hence, the financial statements submitted by the School could not be relied upon in relation to development fund and general fund. The school failed to provide any reconciliation or provide any justification/explanation the difference of INR 33,81,109 nor has it made any rectification against the same.

- The fixed assets schedule for FY 2014-2015 indicated depreciation on the fixed assets of INR 13,17,214 whereas, the corresponding amount of depreciation charged to Income and Expenditure Account and that added to the Depreciation Reserve Fund account was INR 13,27,904. The school failed to provide any reconciliation or reasonable justification/explanation for the difference of INR 10,690 nor has it made any rectification against the same.

- The School has not maintained Development Utilisation Account/ Deferred Income. The assets purchased out of Development Fund were transferred directly to General Reserve resulting in overstatement of General Fund with the amount of assets purchased from development fund. The details of the amounts transferred from Development Fund account to General Fund are as under:

Particulars	**2015-2016**	**2016-2017**	**2017-2018**	**2018-2019**
Transfer from Development fund to General Fund on utilisation of development fund for purchase of fixed assets	58,36,152	89,00,776	65,39,566	1,01,56,662
Transfer from Development fund to General Fund without details	33,81,109	-	-	-
Total Amount of transfer made to General fund from Development fund	**92,17,261**	**89,00,776**	**65,39,566**	**1,01,56,662**

The school is not aware about the accounting requirements advised in para 99 of Guidance Note 21 and has not made any rectification regarding the amount transferred from development fund to general fund.

Further, it was noted that during FY 2018-2019, the school reflected purchase of fixed assets totaling to INR 12,04,543 utilizing depreciation reserve fund, which amount was transferred to general fund from depreciation reserve fund. Also, it was noted that the school made presentation in the fixed assets schedule in two parts – 'Part A' comprising of assets purchased from development fund and 'Part B' comprising of assets purchased from transport fund. The school did not segregate the assets in fixed assets that it represented as purchased from depreciation reserve fund and presented these assets along with assets purchased from development fund. Additionally, school transferred INR 1,07,44,465 from depreciation reserve fund to general fund for which the school failed to provide any reasonable explanation.

It is being highlighted that the presentation by the school of utilization of depreciation reserve of INR 12,04,543 towards purchase is not in accordance with accounting guidance included in para 99 of Guidance Note cited above. Depreciation reserve is a notional fund, which is not represented with actual funds. Thus, the school can't utilize depreciation reserve for purchase of assets. Accordingly, the accounting treatment by the school in its financial statements with respect to depreciation reserve is incorrect. Further, based on the ruling of the Hon'ble Supreme Court in the matter of Modern School Vs Union of India & Others, Directorate issued directions to the school in relation to development fund and depreciation reserve under clause 14 of Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009, which is cited above. The school has charged depreciation in its Income and Expenditure Account during FY 2016-2017 and FY 2018-2019 and therefore has not complied with the direction that Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts.

Therefore, since the school has recognised depreciation as an expense in its Income and Expenditure Account and has not created depreciation reserve equivalent to cumulative depreciation on assets, it has not complied with the statutory condition required for collecting development fee. Accordingly, based on the above non-compliance, the school directed to immediately stop collecting development fee from students.

Further, the school is directed to follow DOE instruction regarding development fund and depreciation reserve and ensure that development fund is maintained in a separate bank account, utilised only towards purchase of furniture, fixture and equipment and depreciation reserve is maintained equivalent to the amount of depreciation charged in the revenue accounts. Also, the school is directed to adhere to accounting and disclosure requirements of Guidance Note 21 and ensure that figures presented in schedules and on face of Balance Sheet reconciles. The school should properly prepare fixed assets schedule for assets purchased against development fund and other assets purchased against general fund/ transport fund, which should be annexed with the audited financial statements along with the requisite disclosures as per the guidance note.

4. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

Further clause 21 of the aforesaid order states "*No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition* *fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.*"

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

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

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

Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

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

Rule 175 of DSER,1973 clearly states that "*The accounts with regard to the recognised school shall be so maintained as to exhibit, clearly the income accruing to the school by way of fees, fines, income accruing to the school by way of fees, fine, income from building rent, interest, development fees, collection for specific purpose, endowments, gifts, donations, contributions to pupil fund and other miscellaneous receipts, and also, in the case of aided schools, the aid received from the administrator.*"

From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of Transport Fees, Science fees and excursion & activity fees from students. During FY 2017-2018, though the school created a separate fund for transport fee, but it made certain adjustments by way of transfer from general fund to the transport fund, the reason for which seemed to be deficit in fund account.

It was further noted that the school failed to disclose transport fees and excursion & activity fees in the income and expenditure account rather it was presented directly in designated funds maintained by the school as Transport Fund and Excursion & Activity Fund. While these are revenue receipts collected by school, the school did not route the incomes and expenses in relation to these fee heads through income and expenditure account. Based on financial statements for FY 2017-2018, the following were the incomes and expenses against earmarked levies:

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus/(Deficit) (INR)
	A	B	C=A-B
Transport Fees^	98,77,505	1,28,26,302	(29,48,797)
Science fees	7,50,090	-*	7,50,090
Excursion and Activity fees	17,22,049	16,98,124	23,925

^ The school did not apportion depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

* The school failed to provide the details of expenses against science fees.

The surplus in science fee is reflected since the school did not provide details of expenses incurred by the school towards same. Thus, actual surplus or deficit against science fee could not be determined. Also, the school is incurring heavy loss in operation of transport service, which is met from surplus from other earmarked levy or from other fee (tuition fee/ annual charges) collected from all students of the schools, which is not in accordance with provisions of DSEA&R, 1973. Therefore, the school must re-evaluate transport expenses incurred by it and optimise the same for matching it with income generated from transport facility. The school is strictly directly not to transfer the financial impact (i.e. deficit from transport facility) from the inefficient operation of transport facility to students not availing transport facility i.e. it must not adjust the deficit from school funds. Further, the school is instructed to operate transport facility strictly on no-profit no-loss basis.

During FY 2018-2019, the school incurred transport expenses of INR 1,14,51,367. During personal hearing the school mentioned that out of total transport expenses of INR 1,14,51,367, INR 1,01,78,105 was relate to payment of salaries to drivers and conductors which seems excessive considering the total income and expenses on transport facility. However, the school did not provide detailed breakup and supporting documents in relation to salary cost incurred in relation to transport fee for both FY 2017-2018 and FY 2018-2019. Due to lack of information from school, expenses could not be evaluated in adequate details. Thus, no adjustment has been made against the same. However, the school is instructed to provide complete details in relation to expenses by the school on transport facility during FY 2017-2018 and FY 2018-2019 along with its subsequent fee increase proposal.

The school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount separately 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 during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis. Also, the school must not make any transfer to or from general fund in earmarked funds, as deficit/ surplus must be adjusted from the earmarked levy collected from students and not any other fee/savings.

5. 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.*" Further, according to para 7.14 of the Accounting Standard 15, "*Plan assets comprise:*
   - *assets held by a long-term employee benefit fund; and*
   - *qualifying insurance policies.*"

   Directorate's order No F.DE.15(590)/PSB/2018/30013-18 dated 30 Nov 2018 issued to the school post evaluation of the proposal for enhancement of fee for FY 2017-2018 noted that in FY 2016-2017, the school made a provision for Gratuity for INR 1,72,45,943 whereas, the amount charged to Income and Expenditure Account in respect of Gratuity was INR 1,41,33,135. The school could not provide any explanation for such difference.

   From the financial statements of FY 2018-2019, it was noted that the school has created provision for retirement benefits equivalent to the amount of liability determined as per the actuarial valuation report dated 1 Jun 2019. The school obtained actuarial valuation report dated 1 Jun 2019 in respect to its liability towards staff gratuity and leave encashment as on 31 Mar 2019. The liability determined by the actuary towards gratuity and leave encashment as on 31 Mar 2019 was INR 3,01,70,535 and INR 59,09,533 respectively. However, the audited financial statements of FY 2018-2019 indicated that the school has created cumulative provision of gratuity and leave encashment as on 31 Mar 2019 of INR 3,44,11,271 and INR 75,35,192 respectively. Thus, the school has recorded excessive provision of gratuity and leave encashment amounting to INR 42,40,736 and INR 16,25,659 respectively. The school is directed to reverse the excess provision created against retirement benefits and ensure that the provisions created are not excessive to the liability determined by actuary.

   Further, based on the details provided by the school and taken on record, the school started making investments in plan assets with LIC against its liability towards gratuity and leave encashment. The school submitted receipts for deposit of amount of INR 1,90,00,000 against gratuity and INR 50,00,000 against leave encashment with LIC during FY 2019-2020. The school is directed to keep making investments in plan assets with LIC in subsequent years to the extent of liability determined by the actuary.

C. Other Observations

1. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student in any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.*"

   Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11 Feb 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 4 Order no .DE/15(150)/Act/2010/4854-69 dated 9 Sep 2010 states "*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*"

From the information provided by the school, it was noted that the school was not refunding interest along with caution money to students. Further, while discussing with the school during personal hearing, it was mentioned by the school that no communication has been sent to ex-students for collection of their caution money and thus, the school has not made any adjustment towards unclaimed caution money.

Therefore, the school is directed to communicate with ex-students to collect their caution money together with interest thereon and any unclaimed amount after 30 days of such communication should be treated as income by the school in its books of account.

2. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school, it shall ensure that percentage of freeship from the tuition fees, as laid down under rules by the Delhi Admn. from time to time, is strictly complied. The school shall ensure admission to the students belonging to weaker sections to the extent of 25% and grant freeship to them.

   From the breakup of students provided by the school, it had admitted students under Economically Weaker Section (EWS) Category as under:

Particulars	**FY 2016-2017**	**FY 2017-2018**	**FY 2018-2019**
Total No. of Students	2,176	2,453	2,453
No. of EWS Students	277	309	346
% of EWS students to total students	12.73%	12.60%	14.11%

   While the school in its response mentioned that it takes admission under EWS category on the basis of list of admissions provided by the Directorate, it has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Delhi Development Authority.

3. Review of the proposal for enhancement of fee for FY 2018-2019 submitted by the school indicated that the school did not include/disclose transport fee collected by it from students in its proposal for fee hike submitted for FY 2018-2019.

   The school must ensure that it discloses all heads of income in its proposal for enhancement of fee including earmarked levies. Also, the school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

And whereas, after going through the representations made during hearing held on 27 Nov 2019 at 10 AM as well as financial statements/budget of the school (other than that of the feeder school) available with the Directorate, it emerges that:

i. The school has failed to submit financial statements and other necessary information and data in respect of the feeder school for any of the required financial years (FY 2015-2016, FY 2016-2017, FY 2017-2018 and FY 2018-2019) even though multiple communications were sent regarding the same to the school. Accordingly, on account of incomplete financial information available with the Directorate, correct fund position of the school for FY 2018-2019 could not be determined.

ii. The audit opinions on its financial statements are incomplete in far as those relate to receipts and payments of the school as no opinion has been given by the auditor on same.

iii. The school did not charge depreciation in its income and expenditure account indicating non-compliance of the directions of the Directorate and Hon'ble Supreme Court, while it continued to charge development fee from students. Further, the audit opinion on the financial statements is incorrect, as the same is not qualified in view of requirements of Accounting Standard 10.

iv. Also, the school has failed to disclose all incomes and expenses in its Income and Expenditure account so as to ascertain a true and fair view of the incomes and expenses.

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, certain financial observations were identified and certain procedural findings were also noted (appropriate instructions against which have been given in this order), the incomplete financial statements of the school cannot be relied upon and the correct fund position of the school for FY 2018-2019 cannot be determined accurately. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, it has been noted that the School has paid INR 96,29,755 towards purchase of fixed asset, manager salary, which is not in accordance with clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973. Thus, the school is directed to recover INR 96,29,755 from the society. The receipt of the above amount along with the copy of the bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

AND WHEREAS, the recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting its financial implication for the academic session 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2018-19.

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

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for session 2018-2019 of **Mother's Global School (School ID-1002278), C Block, Preet Vihar, New Delhi** has been rejected by the Director of Education.

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

1. Not to increase any fee/charges during FY 2018-19. In case, the School has already charged increased fee during FY 2018-19, the School should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

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

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

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

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

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

To:
The Manager/ HoS
Mother's Global School
School ID-1002278,
C Block, Preet Vihar,
New Delhi-110092

No. F.DE.15(580)/PSB/2022/ 3423-3427 Dated: 24/05/22

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. DDE (East) to ensure the compliance of the above order by the School Management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file

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