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

No. F.DE.15(272)/PSB/2021/ 4782-87 Dated: 24/11/21

ORDER

WHEREAS, every school is required to file a statement of fees every year before the ensuing academic session under section 17(3) of the Delhi School Education Act, 1973 (hereinafter read as '***the Act***') with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as '***the Rules***'). Such estimate will also provision for donation, gratuity, reserve fund and other items under rule 177(2) and savings thereafter, if any, in terms of the proviso to the rule 177(1).

AND WHEREAS, as per section 18(5) of the Act read with section 17(3), 24 (1) of the Act and Rule 180 (3) of the DSEA & R, 1973 responsibility has been conferred upon to the Director (Education) to examine the audited financial, account and other records maintained by the school at least once in each financial year. The section 18(5) and Section 24(1) of the Act and Rule 180 (3) 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 Hon'ble Supreme Court in the judgment dated 27 Apr 2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Director of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court to the Director of Education in the aforesaid matter titled Modern School Vs. Union of India and others in Para 27 and 28 in case of Private unaided Schools situated on the land allotted by DDA at concessional rates that:

"27….

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

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

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

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19 Jan 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 Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27 Mar 2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, are directed to submit the their proposals, if any, for prior sanction of DoE for increase in fee for the session 2018-2019 and 2019-2020.

AND WHEREAS in response to this directorate's circular dated 27 Mar 2019 referred to above, **KIIT World Public School (ID-1411220), Pitampura, Saraswati Vihar, New Delhi** submitted its proposal for enhancement of fee for the academic session 2019-2020 in the prescribed format.

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 who has 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 **KIIT World Public School (ID-1411220), Pitampura, Saraswati Vihar, New Delhi** for the academic session 2019-2020, necessary records and explanations were called from the school through email. Further, school was also provided an opportunity of being heard on 17 Dec 2019 at 11.25 AM 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.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase and all subsequent documents submitted by the school were thoroughly evaluated by the team of Chartered Accountants and after evaluation of fee proposal of the school key findings noted are as under:

A. Authenticity of Audited Financial Statements

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

   On account of number of complaints received by the Institute of Chartered Accountants of India (ICAI) regarding signatures of Chartered Accountants (CAs) are being forged by non-CAs and corresponding findings by ICAI that financial documents/certificates attested by third person misrepresenting themselves as Chartered Accountants (CA) are misleading the Authorities and Stakeholders, ICAI, at its 379th Council Meeting, made generation of Unique Document Identification Number (UDIN) mandatory for every signature of Full time Practising Chartered Accountants in phased manner for the following services:

   - All Certificates with effect from 1 Feb 2019
   - GST and Income Tax Audit with effect from 1 Apr 2019
   - All Audit and Assurance Functions with effect from 1 Jul 2019

   Therefore, generation of UDIN has been made mandatory for all audit and assurance functions like documents and reports certified/ issued by practising Chartered Accountants from 1 Jul 2019. The UDIN System has been developed by ICAI to facilitate its members for verification and certification of the documents and for securing documents and authenticity thereof by Regulators.

   Further, ICAI issued an announcement on 4 Jun 2019 for the attention of its Members with the requirement of mentioning UDIN while signing the Audit Reports effective from 1 Jul 2019, which stated "*With a view to bring uniformity in the manner of signing audit reports by the members of ICAI, it has been decided to require the members of ICAI to also mention the UDIN immediately after the ICAI's membership number while signing audit reports. This requirement will be in addition to other requirements relating to the auditor's signature prescribed in the relevant law or regulation and the Standards on Auditing.*"

   The Council of the Institute of Chartered Accountants of India, in terms of the decision taken at the 296th meeting held in June 2010 decided to extend the requirement to mention the firm registration number to all reports issued pursuant to any attestation engagement, including certificates, issued by the members as proprietor of/ partner in the said firm on or after 1 Oct 2010.

   Para 1 of Standard on Auditing (SA) 700 (Revised) on 'Forming an Opinion and Reporting on Financial Statements' issued by the Institute of Chartered Accountants of India states "*This Standard on Auditing (SA) deals with the auditor's responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor's report issued as a result of an audit of financial statements.*"

Also, para 45 of SA 700 states "*The auditor's report shall be signed. The report is signed by the auditor (i.e. the engagement partner) in his personal name. Where the firm is appointed as the auditor, the report is signed in the personal name of the auditor and in the name of the audit firm. The partner/proprietor signing the audit report also needs to mention the membership number assigned by the Institute of Chartered Accountants of India. They also include the registration number of the firm, wherever applicable, as allotted by ICAI, in the audit reports signed by them.*"

On review of financial statements for FY 2018-2019 submitted by the school, it was noted that the school did not submit the Audit Report, Receipt and Payment Account, and Notes to Accounts. Further, it was noticed that the auditor certified the Balance Sheet and Income and Expenditure Account without mentioning the firm registration number and his membership number. Also, the Balance Sheet and Income and Expenditure Account for FY 2018-2019, which were stamped and initialled by the Chartered Accountant did not cite UDIN, as mandated by ICAI. Therefore, authenticity of the audit and that of the financial statements and financial information included therein could not be verified.

While the school has not complied with the statutory requirement of submission of audited final accounts and has submitted unauthentic final accounts, these financial statements for FY 2018-2019 have been taken on record by the Directorate and the same have been considered for evaluation of the fee increase proposal of the school for the academic session 2019-2020 assuming the same as unaudited/provisional financial statements.

The school is directed to submit authentic financial statements to the Directorate, which must be complete (including Audit Report, Receipt and Payment Account and Notes to Accounts) and comply with applicable Standards issued by the Institute of Chartered Accountants of India. Further, the school is directed to confirm from the auditor whether UDIN was generated in respect of the audit opinion issued by the auditor on the financial statements of the school for FY 2018-2019. If it was generated, the same should be mentioned by the school in its compliance report. In case, UDIN was not generated by the auditor, the school is directed to seek explanation from the auditor for not complying with the requirements notified by ICAI and get the said audit report and financial statements verified from the Institute of Chartered Accountants of India for its authenticity and validity.

The school is further directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India.

B. Financial Discrepancies

1. As per direction no. 2 included in the Public Notice dated 4 May 1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30 Oct 1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee*

cannot be fixed to recover capital expenditure to be incurred on the properties of the society." Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Accordingly, based on the aforementioned public notice and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same except in compliance with Rule 177 of DSER, 1973.

From the audited financial statements of the school for FY 2016-2017 revealed that the school had incurred expenditure on construction of school building out of school funds. The amount spent by the school on building by utilising school funds of INR 56,89,283 in the aforementioned financial year without complying with the requirements of Rule 177 is liable to be recovered from the Society.

Based on the fact that the school did not implement the recommendations of 7th CPC till July 2018, did not even get its liability towards retirement benefits (gratuity and leave encashment) of staff valued from an actuary till date and did not earmark funds in investments (plan assets such as group gratuity scheme and group leave encashment scheme of LIC or other insurer) for securing funds towards its liability for staff retirement benefits, the school did not comply with the requirements of Rule 177 (1) i.e. "*Income derived by an unaided utilized 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*", yet the school incurred expenditure of developmental nature on the school building.

Rule 177 of DSER, 1973 clearly lays down the conditions (i.e. payment of salaries and benefits [including retirement benefits] admissible to staff as per applicable pay commission) after compliance of which the school can incur expenditure on the needed expansion of the school or any expenditure of a development nature or expansion of the school building or for the expansion or construction of building. Accordingly, the burden of additions to building could not be shifted on the students and has to be borne by the Society on account of non-compliance with provisions of DSEA&R, 1973. Therefore, the school should clear-off the building fund appearing in the Balance Sheet.

Therefore, the amount of INR 56,89,283 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order. Further, the school is directed to ensure compliance of requirements of Rule 177 before incurring any expenditure of developmental nature on the school building.

2. 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.*"

Based on review of financial statements for FY 2018-2019 submitted by the school, it was noted that though the school has provided for the liability against retirement benefit (gratuity) in the financial statements which are not backed up by an actuarial valuation report, it was further noted that the school had neither obtained actuarial valuation for its liability towards leave encashment nor had recorded the provision for same in its books of account. However, the school has not made any investment in 'plan-assets' such as group gratuity scheme and group leave encashment scheme of LIC/ other insurers till date to secure the statutory liability towards staff retirement benefits.

While the school has not implemented the recommendations of 7th CPC till date and the school has not yet created investments equivalent to its liability towards staff retirement benefits in previous years, 50% of the amount recorded in the financial statements as on 31 Mar 2019 towards gratuity of INR 22,24,831 (50% of INR 44,49,662) has been considered while deriving the fund position of the school (enclosed in the later part of this order) for FY 2019-2020 with the direction to deposit this amount in investments that qualify as plan assets (such as group gratuity scheme and group leave encashment scheme of LIC/ other insurers) as per Accounting Standard 15 within 30 days from the date of this order to protect statutory liabilities towards staff.

Accordingly, since 50% of the liability towards staff gratuity has been adjusted, the additional amounts budgeted by the school towards gratuity have not been considered as part of the Budgeted Expenses for FY 2019-2020 while deriving the fund position of the school (enclosed in the later part of this order).

The school is further directed to obtain actuarial valuation reports for both gratuity and leave encashment, create provisions equivalent to the amount of liability determined by actuary towards gratuity and leave encashment in its books of account and make earmarked equivalent investments against provision for gratuity and leave encashment with LIC (or any other agency) so as to protect against its the statutory liabilities towards staff.

3. 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, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

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).

From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of Smart Class fees (ICT) from students. However, the school is yet to maintain separate fund accounts for this earmarked levy and the school has been incurring losses (deficit) that has been met from other fees/income. Based on financial statements for FY 2018-2019, the following were the incomes and expenses against earmarked levy:

Earmarked Fee	**Income (INR)**	**Expenses (INR)**	**Surplus/(Deficit) (INR)**
	A	**B**	**C=A-B**
Smart Class fees	24,34,050	31,13,755	(6,79,705)

Further, based on aforementioned, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as collection of capitation fee in other manner and form. The school is charging Smart Class fees (ICT) compulsory from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user based fees. Thus, based on the nature of the Smart Class fees (ICT) and details of expenses provided by the school, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges, as applicable, collected from the students.

For the purpose of evaluation of the fee hike proposal for FY 2019-2020, the above-mentioned fee has been included from the income for FY 2019-2020 while deriving the fund position of the school (enclosed in the later part of this order) with the direction not to charge such fee as earmarked fee with immediate effect.

C. Other Discrepancies

1. 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."*

   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.*"

   From the audited financial statements for FY 2016-2017 and FY 2018-2019 of the school, the following were noted:

   - During FY 2016-2017, the school had purchased various assets amounting to INR 50,96,326 from development fund; however, the school did not adjust the amount of purchase of assets from development fund by way of transfer to Development Fund Utilised account. Also, the school adjusted INR 27,16,517 (depreciation on assets purchased from development fund during FY 2016-2017) from the development fund balance. Further, the school adjusted INR 36,57,301 (depreciation on assets purchased from development fund during FY 2017-2018) from development fund balance. Thus, the school had done improper accounting and reporting.

- During FY 2016-2017, the school had transferred assets from general fund to development fund. While the amount of fixed assets transferred from general fund to development fund were reflected as INR 1,02,71,774, the fixed assets reported under development fund as transfer from general fund amounted to INR 1,47,10,077. The school was unable to provide reasonable explanation in respect of differences in both the figures. Further, the school did not make any adjustment in development fund account towards the same.
- During FY 2017-2018, school made various adjustments from the general fund pertaining to FY 2011-2012 and FY 2015-2016 without any explanation. The school is required to provide the reasons including underlying transactions and the financial impact, if any on the school funds for the transfers reflected from/to general fund.
- However, during FY 2017-2018, the school created development fund utilised account and transferred gross total of the assets as on 31 Mar 2018 to that account instead of the written down value of assets.
- During FY 2018-2019, the school rectified the wrong treatment of depreciation in the development fund account by adding back the amount of accumulated depreciation as on 1 Apr 2018 to the development fund account. Though the school has adjusted the depreciation charged on the development fund assets from the development fund utilised account, but it has failed to treat the same as income in the income and expenditure account as specified in Para 99 above. Further, school has transferred INR 1,41,57,872 from development fund account to development fund loan account. The purpose of such transfer has not been explained by the school.
- Based on the presentation made in the financial statements of the school for FY 2017-2018 and FY 2018-2019 submitted by the school, it was noted that while the school transferred an amount equivalent to the purchase cost of the fixed assets purchased from development fund to "Development Fund Utilised" account. However, the school did not transfer an amount equivalent to the depreciation on assets from the "Development Fund Utilised" to the Income and Expenditure Account as income, which is required as per the accounting treatment indicated in the guidance note cited above. Thus, the school has not done the accounting and reporting of development fund in accordance with the requirements of Para 99 of Guidance Note 21

The school is directed to rectify the discrepancies and provide the reasons for various adjustments made in the development fund and general fund account indicated above. The school is also directed to follow the accounting and disclosure requirements prescribed in Guidance Note 21.

2. As per Order No. F.DE-15/ACT-I/WPC-4109/PART/13/7905-7913 dated 16 Apr 2016, "*The Director hereby specify that the format of the return and documents to be submitted by schools under rule 180 read with Appendix -II of 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 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*"

   Further, para 58(i) of the Guidance Note states "A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."

   Basis the presentation made in the financial statements for FY 2016-2017 to FY 2018-2019 submitted by the school, it was noted that the school is reporting fixed assets (other than those purchase from development fund) at written down value, which is not in accordance with the disclosure requirements included in the guidance note citied above.

   Further, from the financial statements of FY 2016-2017 to FY 2018-2019, it was noted that the school did not charge depreciation at the rates specified in Appendix I to the Guidance Note.

   The school is directed to adopt the depreciation rates as prescribed by the Guidance Note. The school is also directed to disclose all fixed assets at gross (historic) value on the face of Balance Sheet on the assets side and accumulated depreciation as depreciation reserve on the liability side of the Balance Sheet. Further, the fixed assets schedule annexed to the financial statements must reflect the opening gross block of fixed assets, additions, deletions, closing gross block of fixed assets, opening depreciation reserve, depreciation for the year, adjustments in depreciation (if any), closing depreciation reserve along with opening and closing net block of fixed assets.

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 year 2019-2020 amounting to INR 11,64,09,978 out of which cash outflow in the year 2019-2020 is estimated to be INR 7,23,59,854. This results in net surplus of INR 4,40,50,124. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	1,02,50,403
Investments (Fixed Deposits) as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	5,59,68,947
Total Liquid Funds Available with the School as on 31 Mar 2019	**6,62,19,350**

Particulars	Amount (INR)
Add: Fees/Incomes for FY 2019-2020 (based on income reported in financial statements of FY 2018-2019) [Refer Note 1]	6,18,43,993
Add: Amount recoverable from Society towards construction of building [Refer Financial Discrepancy No. 1]	56,89,283
Gross Estimated Available Funds for FY 2019-2020	**13,37,52,626**
Less: Staff retirement benefits - Gratuity [Refer Financial Discrepancy No. 2]	22,24,831
Less: Development Fund Balance as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	1,51,07,027
Less: Balance of ATL fund (as per financial statements of FY 2018-2019)	10,790
Less: Depreciation Reserve [Refer Note 2]	-
Less: Salary Reserve [Refer Note 3]	-
Net Estimated Available Funds for FY 2019-2020	**11,64,09,978**
Less: Budgeted Expenses for FY 2019-2020 [Refer Note 4]	7,23,59,854
Estimated Surplus as on 31 Mar 2020	**4,40,50,124**

Notes:

1. Fee and income based on income reported in financial statements of FY 2018-2019 (except unclaimed amount written off, being non-cash income) have been considered with the assumption the amount of income during FY 2018-2019 will at least accrue during FY 2019-2020.
2. The school has charged depreciation on fixed assets and has transferred the same to depreciation reserve on liabilities side of the Balance Sheet or adjusted from the value of the fixed assets. While development fund has been adjusted for deriving the fund position of the school as per the balance reported in the financial statements for FY 2018-2019, depreciation reserve is more of an accounting head for appropriate 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, it is not considered in table above.
3. Though the school reflected salary reserve of INR 1,13,41,764 in its Balance Sheet as on 31 Mar 2019, but the school has failed to create Fixed Deposit in the joint name of the school and Deputy Director of Education toward salary reserve. Accordingly, the same has not been considered in table above.
4. Per the Budget for FY 2019-2020 submitted by the school along with proposal for fee increase, the school had estimated expenditure/payments of INR 9,16,18,780 during FY 2019-2020, which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expenses heads as budgeted were considered. Further, during review of budgeted expenses, other discrepancies were noted in some of the expense heads, which were adjusted from the budgeted expenses. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2019-2020.

Expense Heads	Actuals FY 2018-2019	Budget FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
4 Months' Salary Provision 7CPC	-	34,45,071	-	34,45,071	Refer Note 3
Additional Provision for Gratuity 7th CPC	44,49,662	24,40,169	-	24,40,169	Refer Financial Discrepancy No. 2
Accounting Charges	16,99,200	23,79,000	18,69,120	5,09,880	Reasonable explanation/ justification not provided by the school for such increase in expenses as compared with those incurred in FY 2018-2019. Thus, budgeted expenditure restricted to 110% of that incurred during FY 2018-2019.
Sports & Games Exp	25,48,800	35,68,000	28,03,680	7,64,320	
Science Digital Lab	7,78,800	10,90,000	8,56,680	2,33,320	
ERP Software Service Exp	3,30,240	10,90,000	3,63,264	7,26,736	
Depreciation	79,85,689	87,84,000	-	87,84,000	Depreciation, being a non-cash expense does not have any impact on the fund position of the school. Thus, the same has not been considered.
Capital Expenditure	4,33,835	97,00,000	73,44,570	23,55,430	Capital expenditure to the extent development fee collected during FY 2018-2019 has been considered as the development fund balance has been separately adjusted above.
Total	**1,82,26,226**	**3,24,96,240**	**1,32,37,314**	**1,92,58,926**	

In view of the above examination, it is evident that the school has adequate funds for meeting all the budgeted expenses for the financial year 2019-2020.

ii. The directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 2010 states "*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.*" The school has sufficient funds to carry on the operation of the school for the academic session 2019-2020 on the basis of existing fees structure and after considering existing funds/reserves.

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 irregularities were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings were also noted (appropriate instructions against which have been given in this order), the funds available with the school to carry out its operations for the academic session 2019-2020 and payment of salaries as per the recommendations of 7th CPC are sufficient. Accordingly, the fee increase proposal of the school may be 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 relevant materials were put before Director of Education for consideration and who after considering all material on record has found that the school has sufficient funds for payment of salaries as per the recommendations of 7th CPC and meeting the expenses for the financial year 2019-2020. Since the school has accumulated surplus funds, increasing fee from students would result in profiteering and commercialisation of education. Therefore, Director (Education) rejects the proposal submitted by the school for enhancement of fee for the academic session 2019-2020.

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for session 2019-2020 of **KIIT World Public School (ID-1411220), Pitampura, Saraswati 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 2019-2020. In case, the school has already charged increased fee during FY 2019-2020, the school should make necessary adjustments from future fee/refund the amount of excess fee collected as per the convenience of the parents.

2. To communicate with 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 ensure that salaries and benefits are paid to the staff in accordance with section 10(1) of DSEA, 1973 and Directorate's order dated 25 Aug 2017.

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 India in its Judgment of Modern School vs Union of India

and Others. Therefore, school must not include capital expenditure as a component of fee structure (to be submitted by the school under section 17(3) of DSEA, 1973).

5. To utilise 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. To rectify the financial and other irregularities/violations as listed above and submit the compliance report within 30 days from the date of this order to D.D.E.(PSB).
7. The Compliance Report detailing rectification of the above listed deficiencies/ violations must also be attached with the proposal for enhancement of fee of subsequent academic session, as may be submitted by the school. Compliance of all the directions mentioned above will be examined before evaluation of proposal for enhancement of fee for subsequent academic session.

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
KIIT World Public School
School ID-1411220,
Pitampura, New Delhi-110034

No. F.DE.15(272)/PSB/2021/ 4782-87 Dated: 24/11/21

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West-B) ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file

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