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

No. F.DE.15(602)/PSB/2022/3529-3533 **Dated: 25/05/22**

ORDER

WHEREAS, **Jagannath International School (School ID-1411190), F-1/4, Vishakha Enclave, Pitampura, New Delhi - 110034,** (hereinafter referred to as "**the School**"), run by the Mother Gyan 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 02.12.2019 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.

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. 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. 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 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 June 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 financial statements for FY 2018-2019 submitted by the school did not include the audit report of the auditor on the financial statements. Though the auditor included reference to the separate auditor's report of even date in the Balance Sheet and Income and Expenditure Account, the school failed to provide the audit report issued by the auditor in absence of which it could not be determined whether the Balance Sheet, Income and Expenditure Account and Receipt and Payment Account gives a true and fair view on the state of affairs of the school, surplus/deficit during the year and cashflows during the year respectively. Further, the auditor did not include any such reference in the Receipt and Payment Account and the same was only stamped and initialled by the Auditor.

Further, in absence of the audit report, it could not be validated if UDIN, as mandated by ICAI, was generated in respect of the audit of the financial statements of the school. Also, the financial statements submitted by the school did not cite UDIN.

Also, the financial statements of FY 2016-2017 to FY 2018-2019 were not appropriately authenticated by the representatives of the school, since the Manager and Chairman signed only the Balance Sheet, Income and Expenditure Account and Receipt and Payment Account and not the Schedules. Further, the school did not enclose 'Notes to Account' along with financial statements of the FY 2018-2019.

Accordingly, the school has not complied with the statutory requirement of submission of audited final accounts and has submitted unauthentic final accounts, which are not complete and not properly signed. Therefore, authenticity of the audit and that of the financial statements for FY 2018-2019 submitted by the school 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 2018-2019 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 announcements and 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 also directed to ensure that the entire set of financial statements (all pages, schedules including Notes to Account) must be appropriately signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents and by the Auditor.

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 observations

1. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

   The financial statements of the school for FY 2016-2017 reflected that the school has transferred INR 25,000 as an aid to the society. The school failed to recover the above said amount and also did not provide any explanation in respect of funds transferred to the society. Accordingly, this amount of INR 25,000 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 the order.

   Further, financial statements of FY 2017-2018 reflected advance given by the school to Jagannath International School, Puspanjali (Another school under same society) of INR 9,681. The school recovered this amount from Jagannath International school, Puspanjali during FY 2018-2019. Therefore the same is included in the fund position for the FY 2018-2019 (enclosed in the later part of this order) considering the same as funds available with the school. Also, the school is directed to ensure compliance with the requirements cited above and not to make any fund transfer to the Society.

2. 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, upgradation and replacement of furniture, fixtures and equipment.*" The Hon'ble Supreme Court of India, also through its judgement in the matter of Modern School, quoted "*the management of recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee.*"

   It was observed that the school is charging development fees more than 15% of total annual tuition fees collected from students. The school is charging development fee as follows:

Classes	Development fees charged by the school	Development fees calculated @ 15% of total annual tuition fees
Nur-II	5,000	3,780
III-V	5,100	3,960
VI-VIII	5,400	4,185

   During personal hearing, the school mentioned that development fees is being charged only at the time of admission and not every year and the calculation of the percentage should be from school's total tuition fees and not from individual student's tuition fees.

   Based on the amount of development fee collected from students presented in table above, the school has not complied with the directions of the Directorate in this regard and judgement of the Hon'ble Supreme Court of India. Accordingly, the contention of the school is incorrect and development fees should be charged as per the direction of order No. F.DE./15 (56)/ Act/ 2009/778 dated 11 Feb 2009. The school is directed to revise its fees structure immediately and ensure that it does not collect development fee in any year more than 15% of tuition fee collected during that year from any student. Compliance of the same will be verified at the time of evaluation of subsequent fee increase proposal of the school.

3. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

   - Registration Fee
   - Admission Fee
   - Caution Money
   - Tuition Fee
   - Annual Charges
   - Earmarked Levies
   - Development Fee

   Further, clause no. 9 of the aforementioned order states "*No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order ……*"

   The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

Clause 17 of order No. F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 issued by this Directorate states "*No admission Fee of more than two hundred rupees per student, at the time of admission shall be charged. Admission Fee shall not be charged again from any student who is once given admission as long as he remains on the rolls of the school.*"

On review of financial statements for FY 2016-2017 to FY 2018-2019 and fees structure submitted by the school, it was observed that the school is collecting one-time Activity fees from students at the time of admission. The school charges INR 4,975 from class Nur-II, INR 5,375 from class III-V and INR 6,175 from class VI-VIII as one-time activity fees at the time of admission. No private recognised school can collect fee other than those prescribed in aforementioned order dated 15 Dec 1999. Further, collecting one-time charge from students at the time of admission of students takes the form of admission fee, which can be collected only upto an amount of INR 200. Thus, collection of one-time fee from students at the time of admission indicates that the school is engaging in profiteering and commercialisation of education in contravention of the aforementioned clause.

The school is directed not to collect one-time Activity fees from students at the time of admission with immediate effect.

4. During the personal hearing, it was explained by the school that it has not increased any fee since FY 2016-2017. Incomes (fee collected from students) reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2018-2019 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. Basis the computation prepared, difference was noted in the fee collection reported by the school during FY 2018-2019 in its Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per details provided by the school. Following difference was derived in 'fees' based on the computation done:

Fees	**Income reported in Income & Expenditure Account (A)**	**Fee computed based on details of no. of students provided by the school (B)**	**Derived Difference (C)= (B-A)**	**Derived % Difference (D)=(C/B*100)**
Tuition Fee	9,69,900	9,97,200	27,300	3%
Development fees	41,500	55,000	13,500	25%
Annual Charges	1,38,800	1,88,700	49,900	26%

The above indicates that with Annual Charges and development charges collected by the school were much lower compared with the approved fee structure. However, no reasonable explanation/justification for the difference above could be provided by the school in relation to the noted difference.

Accordingly, the school should perform a detailed reconciliation of the amount collected from students and income to be recognised based on the fee structure and number of students enrolled by the school.

5. As per Section 10 of DSEA, 1973 – "*The scales and pay allowances, medical facilities, pension, gratuity, provident fund and other prescribed benefits of the employees of a recognised private school shall not be less than those of the employees of the corresponding status in school run by*

appropriate authority. Provided where the pay and allowances, medical facilities, pension, gratuity, provident fund and other prescribed benefits of the employees of any recognised private school are less than those of the employees of the corresponding status in schools run by the appropriate authority.

Provided further that the failure to comply with such direction shall be deemed to be noncompliance with the conditions for continuing recognition of an existing school and the provisions of section 4 shall apply accordingly. "

Further, para 7.14 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Plan assets comprise:*

- *assets held by a long-term employee benefit fund; and*
- *qualifying insurance policies.*"

From the financial statements of the school, it was noted that the school has not created any provision towards its liability in respect of gratuity and leave encashment in its books of account. Also, the school has not deposited any amount in investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurer.

The school is directed to determine its liability towards retirement benefits and provide for the same in the financial statements. Also, the school is directed to earmark the amount of liability derived by the school in group gratuity scheme and group leave encashment scheme of LIC or other insurer within 30 days from the date of this order to protect statutory liabilities towards school staff.

In absence of any provision for gratuity or leave encashment and investments, no amount has been considered towards staff retirement benefits while deriving the fund position of the school (enclosed in the later part of this order).

C. Other observations

1. 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 Transport fees, Co-curriculum fees, Computer/Smart Class fees and I Card Charges from students. However, the school has not maintained separate fund accounts for any of these earmarked levies separately and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) that has been met from other fees/income. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2017-2018 is given below:

Earmarked Fee	**Income (INR)**	**Expenses (INR)**	**Surplus/(Deficit) (INR)**
	A	**B**	**C=A-B**
Transport fees^	2,31,000	1,57,606	73,394
Co-curriculum fees	95,175	-*	95,175
Computer/Smart Class fees	1,58,625	-*	1,58,625
I Card Fees	4,500	5,000	(500)

^ The school has not apportioned salary of staff involved in transport service (driver, conductor, etc.) and 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.

* School did not provide details/breakup of income and expenses incurred against the earmarked levy.

From the financial statements of FY 2018-2019, it was noted that the school failed to disclose transport fees and I-Card charges collected from the students in the financial statements. Further, the school failed to provide any information in respect of transport fees and I-Card charges collected from the students.

During personal hearing the school mentioned the above mentioned charges are collected from students and paid directly to the vendors on account of which the same are not reflected in the financial statements.

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 school is charging Co curriculum fees, Computer/Smart Class fees and I Card Charges 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 Co curriculum fees, Computer/Smart Class fees and I Card Charges, 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. Further, the school is directed to disclose all the charges collected from the students in its financial statements.

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.

Additionally, the school is 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 has to 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. The school is also directed not to collect any earmarked levy compulsorily from students and the same should be optional and at the discretion of the students.

2. 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."*

   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 transferred an amount equivalent to the purchase cost of the assets from development fund to development fund utilised, school has charged depreciation on assets purchased from development fund to Income and expenditure account but failed to transfer an amount equivalent to depreciation charged as an income in the Income and expenditure account from the development fund utilised account, which is not in accordance with the guidance note cited above. Development fund Utilised ("Deferred income" as per guidance note) should be equivalent to the written down value of assets purchased from development fund and not the historic cost of assets procured from development fund.

Accordingly, the school is instructed to make necessary accounting entries relating to development fund utilised account to comply with the accounting treatment indicated in the Guidance Note and make the corresponding presentation in its financial statements.

3. 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 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.*"

   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.*"

   Basis the presentation made by the school in its financial statements for FY 2016-2017 to FY 2018-2019 submitted by the school, it was noted that while the school is reporting opening block of assets, additions, deletions, closing block of fixed assets, opening depreciation reserve, depreciation during the year, adjustment (if any), closing balance of depreciation reserve and net (WDV) opening and closing block of fixed assets in the fixed assets schedule annexed to the financial statements, it is reporting fixed assets at written down value on the face of the Balance Sheet, which is not in accordance with the disclosure requirements of the guidance note citied above. Further, the school is not charging depreciation at the rates specified in Appendix I to the Guidance Note.

   Accordingly, the school is directed to disclose all fixed asset at gross 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. Also, the school is instructed to adopt the depreciation rates as prescribed by the Guidance Note. The above being a presentation/ disclosure finding, no financial impact is warranted for deriving the fund position of the school.

4. 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.

   From the financial statements of FY 2016-2017 to FY 2018-2019, it was noted that the final accounts for the FY 2016-2017 were signed on 24 Oct 2017, FY 2017-2018 were signed on 22 Sep 2018 and FY 2018-2019 were signed on 29 Oct 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 that the financial statements as per the requirements of Rule 180(1) are appropriately prepared and submitted to the Directorate within the prescribed timelines.

5. 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 and taken on record, it was noted that the school was not refunding interest along with caution money to students. Further, it was noted that the school has not refunded caution money to students at the time of their exit since the caution money payable balance as on 31 Mar 2019 reflected in the financial statements for FY 2018-2019 of INR 32,500 was more than the number of students on roll multiplied by INR 500 (INR 500 X 39 students).

Therefore, the school is directed to refund caution money together with interest thereon to the students at the time of them leaving the school. Also, the school should send communications to ex-students for collecting their caution money and if there is any unclaimed amount after 30 days of such communication, the same should be treated as income by the school in its books of account after the expiry of 30 days.

Based on above, the amount of liability reflected by the school towards caution money in its Balance Sheet has been adjusted while deriving the fund position (enclosed in the later part of this order).

6. 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 2017-2018**	**FY 2018-2019**
Total No. of Students	44	48
No. of EWS Students	9	9
% of EWS students to total students	20.45%	18.75%

The school 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.

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 2018-2019 amounting to INR 16,92,778 out of which cash outflow in the year 2018-2019 is estimated to be INR 16,17,352. This results in net surplus of INR 75,426. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 Mar 2018 (as per audited financial statements of FY 2017-2018)	3,42,093
Total Liquid Funds Available with the School as on 31 Mar 2018	**3,42,093**
<u>Add</u>: Fees/Incomes for FY 2018-2019 (as per financial statements of FY 2018-2019) [Refer Note 1]	14,67,200
<u>Add</u>: Amount recoverable from Society towards amount transferred to it by the school [Refer Financial Observation No. 1]	25,000
<u>Add</u>: Advance recovered from another school under the same Society during FY 2018-2019 [Financial Observation No. 1]	9,681
Gross Estimated Available Funds for FY 2018-2019	**18,43,974**
<u>Less</u>: Staff Retirement Benefits [Refer Financial Observation No. 5]	-
<u>Less</u>: Development Fund balance as on 31 Mar 2019 (as per financial statements of FY 2018-2019)	1,26,196
<u>Less</u>: Caution Money as on 31 Mar 2018 (as per audited financial statements of FY 2017-2018)	25,000
Net Estimated Available Funds for FY 2018-2019	**1,692,778**
<u>Less</u>: Expenses for FY 2018-2019 (as per financial statements of FY 2018-2019) [Refer Note 1]	16,17,352
Estimated Surplus as on 31 Mar 2019	**75,426**

<u>Notes:</u>

1. The school submitted its financial statements for FY 2018-2019. Based on the financial statements for FY 2018-2019, all incomes and expenses (except depreciation, being a non-cash expense) have been considered.

ii. The school has sufficient funds to carry on the operation of the school for the academic session 2018-19 on the existing fee structure. In this regard, 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."

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 along with certain financial and other observations that the sufficient funds are available with the school to carry out its operations for the academic session 2018-19. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, it has been noted that the School has paid INR 34,681 towards payment to Society, advance to another School under same management, 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 34,681 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, 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 funds are available with the school for meeting financial implication 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 status 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 **Jagannath International School (School ID-1411190), F-1/4, Vishakha Enclave, Pitampura, New Delhi - 110034** 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)
Dy. Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To:
The Manager/ HoS
Jagannath International School
School ID-1411190
F-1/4, Vishakha Enclave, Pitampura
New Delhi -110034

No. F.DE.15(602)/PSB/2022/ Dated: 3529 - 3533 Dt: 25/05/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West-B) 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)
Dy. Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi