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

No. F.DE.15 (1572)/PSB/2023/ 8263-8267 **Dated:** 25/09/23

Order

WHEREAS, **Angels Public School, Vasundhara Enclave, Delhi–110096 (School Id: 1002359)** (hereinafter referred to as **"the School"**), run by the **Shahdara Angels Society** (hereinafter referred to as the "**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, the manager of every recognized school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above 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.'*

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA,1973 and returns and documents submitted under section 18(5) of DSEA,1973 read with rule 180(1) of DSER,1973.

AND WHEREAS, besides the above, the Director (Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

AND WHEREAS, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.

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

"27....
(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...
28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the 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 writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/4440-4412 dated 08.06.2022, directing all the private unaided recognized schools, running on the land allotted by 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 academic session 2022-23.

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for increase of fee for the academic session 2022-23. Accordingly, the order dispenses the proposal for increase of fee submitted by the school for the academic session 2022-23.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE 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.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 19th May 2023 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. In the aforesaid personal hearing, compliance of Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

1. The Hon'ble High Court of Delhi in its Judgment dated 30.10.1998 in case of Delhi Abibhavak Mahasangh concluded held that "Tuition Fee cannot be fixed to recover capital expenditure to be incurred on the properties of the Society". Also, clause (vii) of order No. F.DE/15/Act/2k/243/KKK/883-1982 dated 10.02.2005 issued by this Directorate states "Capital Expenditure cannot constitute a component of financial fee structure".

   Rule 177 of DSER, 1973 states that "*income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run.*

   The above-mentioned savings shall be arrived at after providing for the following, namely:
   a) Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;
   b) The needed expansion of the school or any expenditure of a developmental nature;
   c) The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;
   d) Co-curricular activities of the students;
   e) Reasonable reserve fund, not being less than ten percent, of such savings.

   The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20, directed to recover INR 13,00,000 from the society towards the utilisation of school funds on procurement of bus in FY 2017-18.

   On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has paid interest on bus loan of INR 58,982 and the same has been added to the fund availability position of the school with the direction to the school to recover this amount from the society. Further, the school in its reply dated 16.05.2023 has mentioned that the school has recovered INR 3,00,000 from the society vide cheque no. 175972 during FY 2022-23.

   Accordingly, the school is again directed to recover INR 10,58,982 (INR 13,00,000 + INR 58,982 - INR 3,00,000) from the society within 30 days from the date of issue of the order and the same has been included in the calculation of funds available with the school.

2. Section 13 (l) of the Right to Education Act, 2009 states that "no school or person shall, while admitting a child collect any capitation fee and subject the child or his or her parents or guardian to any screening procedure".

Section 13 (2) of the Right to Education Act, 2009 states that "Any school or person, if in contravention of the provisions of sub-section (1):

a. receives capitation fee, shall be punishable with fine which may be extended to ten times the capitation fee charged.
b. Subjects a child to screening procedures shall be punishable with a fine which may extend to twenty-five thousand rupees for the first contravention and fifty thousand rupees for each subsequent contravention.

And section 2(b) of the Right to Education Act, 2009 states "capitation fee" means any kind of donation or contribution or payment other than the fee notified by the school. Further, the Supreme Court in its Judgement dated 02 May 2016 in the matter of Modern Dental College and Research Centre Vs. State of Madhya Pradesh [Medical Council of India] held that education is a noble profession and emphasized that:

"Every demand of capitation fee by educational institutions is unethical & illegal. It emphasized that commercialization and exploitation are not permissible in the education sector and institutions must run on a 'no-profit-no-loss' basis".

The Hon'ble Supreme Court categorically held that "though education is now treated as an 'occupation' and, thus, has become a fundamental right guaranteed under Article 19(1) (g) of the Constitution, at the Same time shackles are put in so far as this particular occupation is concerned, which is termed as noble. Therefore. profiteering and commercialization are not permitted, and no capitation fee can be charged. The admission of students has to be on merit and not at the whims and fancies of the educational institutions,"

Further, the Hon'ble High Court in LPA 196/2004 in the matter of 'Rakesh Goyal Vs. Montfort school and Section 13(1) of RTE Act, 2009' states "no school or person shall, while admitting a child, collect any Capitation fee/Donation from the parents. Any school or person who contravenes this provision and receives a capitation fee, shall be punishable with a fine which may extend to ten times the capitation fee charged".

Further, The Directorate of Education, vide Order No. DE.15/Act/Duggal.com/203/99/ 23033-23980 dated 15.12.1999 and Order No. F.DE./15(56)/Act/2009/778 dated 11.02. 2009, indicated the following type of fee that a recognised private unaided school can collect from the students/ parents:

a. Registration Fee: Registration fee of INR 25 per student prior to admission, shall be charged.
b. Admission Fee: No admission fee of more than INR 200/- per student, at the time of the admission shall be charged. The 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. Further, Clause 4 of the public notice dated 04.05.1997 states "admission fee can be charged only al the nominal rate but not exceeding INR 200 in any case. It should not be made a regular practice. Once a student is admitted in the school, he should not be asked to pay admission fee again at middle or secondary or senior secondary stage".
c. Caution Money: No Caution Money/ Security Deposit of more than INR 500 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 he/she requests for a refund. Thus, it is not an income of the school, but a deposit/ liability which is to be refunded at the time of students leaving the school.

d. Tuition Fee: It is required to be determined so as to cover the standard cost of the establishment including provisions for DA, bonus etc. and all terminal benefits, as also the expenditure of revenue nature concerning curricular activities. No fee shall be charged in excess of the amount so determined.
e. Annual Charges: Annual charges are expected to cover all revenue expenditure not included in tuition fee and overhead and expenditure on playgrounds, sports equipment, cultural and other co-curricular activities as distinct from curricular activities of the school.
f. Earmarked Levies: Earmarked levies are required to be charged from the user students only. Earmarked levies for the services rendered are to be charged on no profit no loss basis in respect of facilities provided to the user students involving additional expenditure in the provision of the same.
g. Development Fee: It is to be treated as capital receipts and utilized towards purchase, upgradation and replacement of furniture, fixture and equipment.

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.

Further, as per Section 27 of the DSEA, 1973, the Manager of the school is responsible to look after the operation of the school smoothly and to ensure compliance with the provisions of the DSEAR, 1973 including the compliance of the High Court/Supreme Court and orders/circulars issued by the Directorate of Education from time to time in this regard. As the manager and principal have been bestowed with the power to ensure proper functioning of the school, including the admission process transparent, are jointly as well as in their personal capacity be responsible for levy and collection of capitation fee and any another unauthorized fee collected by the school.

The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20 noted that the school was charging 'Development Charges' of INR 10,400 from the students at the time of admission and the school was directed not to collect Development charges as mentioned above with immediate effect and recover this amount from the manager/ principal of the school and refund/ adjust the same against the subsequent instalment of fee payable by the students. Failure to recover the same would lead to penalty of 10 times and school is directed to ensure the compliance within 30 days from the date of issue the order.

The school in its compliance report has mentioned that the school has not collected development fee during FY 2019-20 to 2021-22. In order to verify the school's claim, the school is hereby directed to submit fee receipts of those students who have taken admission in the school during FY 2019-20 to 2021-22 within 30 days from the date of issue of the order. The compliance of the above shall be verified at the time of evaluation of fee increase proposal of subsequent year.

3. As per Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses." Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

    a. Assets held by a long-term employee benefit fund; and
    b. Qualifying insurance policies

    Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "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."

    The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20, directed the school to get the actuarial valuation of its liability for retirement benefit and report the same in its audited financial statement and to invest equivalent to amount determined by the actuary in a scheme that qualify as 'Plan Asset' within the meaning of AS-15.

    On review of the audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has not made provision for gratuity and leave encashment in its audited financial statements. Although the school was directed to obtain actuarial valuation report for its gratuity and leave encashment liability, which the school has failed to comply with. Further, the school has not invested any amount in plan assets to earmark funds towards statutory liability of retirement benefits.

    Therefore, the school is again directed to obtain actuarial valuation report and make provision for gratuity and leave encashment in its books of accounts as per the actuarial valuation report. Also, the school is directed to deposit the amount in the plan assets with LIC (or other agency) as determined in actuary valuation report for gratuity and leave encashment and ensure that the amount deposited in plan assets is equivalent to the provision for gratuity and leave encashment.

4. Section 18(4) of DSEA 1973 state *"income derived by Unaided Recognized School by way of fees should be utilized only for educational purposes as prescribed under Rules 176 and 177 of the DSER. 1973"*. Also clause (vii) of Order No. F.DE./15/Act/2k/243/KKK/883-1982 dated 10.02.2005 issued by this Directorate states *"Capital Expenditure cannot constitute a component of financial fee structure"*.

    Rule 177 of DSER, 1973 states "*Income derived by an unaided recognized school by way of fees shall be utilized in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that, savings, if any, from the fees collected by such school may be utilized by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognized school, or assisting any other school or educational institution, not being a college, under the management of the same* *society or trust by which the first mentioned school is run. Further, the aforesaid savings shall be arrived at after providing for the following, namely:*

a) *Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school.*
b) *The needed expansion of the school or any expenditure of a developmental nature.*
c) *The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation.*
d) *Co-curricular activities of the students.*
e) *Reasonable reserve fund, not being less than ten percent, of such savings".*

Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 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.*"

Moreover, the school fee should, in first instance, be utilized for meeting pay, allowances and other benefits admissible to the employees of the school and not for capital expenditure of car, principal amount of loan and interest thereon.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has utilized school funds for purchase of car. The school has incurred INR 12,13,948 during FY 2019-20 to purchase Ertiga Car. Also, during FY 2021-22, the school has purchased Maruti Swift Dzire of INR 9,74,413 and Tata Harrier Car of INR 22,30,055. However, the school has taken loan from HDFC Bank of INR 13,00,000 and bought Tata Harrier car. The utilization of school funds for purchase of cars cannot be considered as for educational purpose. Further, instead of utilizing the school funds for staff benefits, including salary arrears, gratuity and leave encashment the funds were utilized for purchasing several cars and it is not in compliance of Rule 177 of DSER, 1973. Also, during FY 2021-22, the school paid INR 64,356 towards principal amount and INR 23,406 towards interest on the loan.

Accordingly, the school is directed to recover INR 32,06,178 (INR 12,13,948 + INR 9,74,413 + INR 22,30,055 + INR 64,356 + INR 23,406 – INR 13,00,000) from the society within 30 days from the date of issue of the order and the same has been added to the fund availability position of the school.

B. Other Suggestions for Improvement

1. 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.*"

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *Earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts*

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, earmarked levies collected from students are a form of restricted funds, which, according to the 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).

The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20, directed the school to maintain fund based accounting in respect of earmarked levies and not to charge smart class fees with immediate effect.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school charges earmarked levies in the form of Transport Fee, Smart Class Fee, Science Fee and Examination Fee from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies, which has been utilized for meeting other expenses of the school or has been incurring losses (deficit), which has been met from other fees/income. Below table shows the position of surplus/ deficit for fee collected in the name of earmarked levies:

Particulars	**Transport Fees**	**Smart Class Fees**	**Science Fees**	**Examination Fees***
For the year 2019-20				
Fee Collected during the year (A)	21,34,900	16,89,000	3,49,500	14,20,500
Expenses during the year (B)	5,91,508	3,86,756	77,073	-
Difference for the year (A-B)	**15,43,392**	**13,02,244**	**2,72,427**	**14,20,500**
For the year 2020-21				
Fee Collected during the year (A)	6,900	15,02,150	68,100	2,10,350
Expenses during the year (B)	2,67,359	58,403	69,147	-
Difference for the year (A-B)	**-2,60,459**	**14,43,747**	**-1,047**	-
For the year 2021-22				
Fee Collected during the year (A)	71,530	7,95,050	1,27,990	4,79,550
Expenses during the year (B)	2,18,445	2,28,580	32,407	-
Difference for the year (A-B)	**-1,46,915**	**5,66,470**	**95,583**	**4,79,550**

*The expenditure incurred in respect of Examination Fee cannot be ascertained from the Income & Expenditure account.

The 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 in its fee structure of FY 2022-23 has mentioned that the school has discontinued the collection of smart class fee and examination fee from all the students, instead the school is collecting only smart class fee from class XI and XII.

Based on above provisions, the school is directed to follow fund-based accounting and evaluate costs incurred against each earmarked levy and propose the revised structure for earmarked levies during the subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilised or adjusted against earmarked fees collected from the users in the subsequent year.

2. As per para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, *"The financial statements should disclose, inter alia, the historical cost of fixed assets".*

The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20 directed the school to report historical cost of fixed assets and disclose accumulated depreciation reserve on the liabilities side of the Balance sheet.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the fixed assets are shown at written down value and the fixed asset schedule enclosed with the audited financial statements of the school did not disclose opening gross block of the asset, closing gross block of the asset, opening balance of depreciation reserve and closing balance of depreciation reserve.

The school is again directed to comply with the requirements of Guidance Note on Accounting by Schools issued by the ICAI and prepare and report fixed asset and depreciation reserve fund in the audited financial statements.

3. The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20 directed the school to prepare and submit Fixed Asset Register (FAR) with relevant details for verification. An ideal Fixed asset register should capture asset name, date, quantity, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

However, the school has not submitted FAR and has mentioned in its compliance report that "The Fixed Assets Register shall be prepared from FY 2022-23 onwards as per norms in prescribed format and shall be submitted after audit of the accounts of the school. This contention of the school has been taken on record. The compliance of the above shall be viewed at the time of evaluation of fee increase proposal of subsequent period.

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.

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:

1. All Certificates with effect from 1 Feb 2019
2. GST and Income Tax Audit with effect from 1 Apr 2019
3. 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.*"

Standard on Auditing (SA) 700 (Revised) - 'Forming an Opinion and Reporting on Financial Statements' notified by the Institute of Chartered Accountants of India include formats for issuing audit opinions on the financial statements by practicing Chattered Accountants.

Also, para 47 of SA 700 states "The auditor's report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements, including evidence that:

i. All the statements that comprise the financial statements, including the related notes, have been prepared; and
ii. Those with the recognized authority have asserted that they have taken responsibility for those financial statements."

The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20, instructed the school to ensure the compliance of mentioning UDIN by the Chartered Accountant on the audited financial statements and that the audit opinions issued by the Chartered Accountant comply with the requirements enunciated by ICAI.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the UDIN has been duly mentioned by the auditor of the school from FY 2019-20 onwards. This has been considered and taken on record. Further, the school has not attached the audit report alongwith the audited financial statements. It seems that the audit report has not been prepared as per the requirements mentioned in SA 700 issued by ICAI. Accordingly, the school is directed to ensure that the Chartered Accountant prepare and submit the audit report in compliance with the requirements enunciated by ICAI. The compliance of the above shall be viewed at the time of evaluation of fee increase proposal of subsequent year.

5. As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016 "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."

   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."

   The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20 directed the school to charge depreciation on assets in accordance with Guidance Note 21 issued by ICAI.

   On review of audited Financial Statements for the FY 2019-20 to 2021-22, it is noted that the school has charged depreciation on fixed assets on written down value method at the rates prescribed in the Income Tax Rules, 1962. Therefore, the school is again directed to provide depreciation on assets in accordance with the Guidance Note 21 issued by ICAI.

6. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on 'Accounting by Schools', issued by the ICAI, there is a requirement that keeping in view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

   The Directorate in its Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20 directed the school to disclose the related party transactions in its audited financial statements.

   The school in its reply dated 16.05.2023 has submitted that the related party transactions are disclosed in Form 10B during filing of ITR of the society. This contention of the school is not correct. The school should disclose related party transactions in its notes to accounts forming part of financial statements. Therefore, the school is directed to disclose the related party transactions in compliance of Guidance Note 21 issued by ICAI.

7. It was noted that the school was not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 and condition mentioned at S. No. 18 in the land allotment letter which provides for 25% reservation to children belonging to EWS category.

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Students	1571	1556	1400
EWS Students	154	167	182
% of EWS students	10%	11%	13%

As per table above, it can be noted that the school has not been complying with the directions of the Directorate and conditions of land allotment letter. Therefore, the concerned DDE (District) is requested to look into this matter and ensure compliance with the above directions.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

i. The total funds available for the FY 2022-23 amounting to **INR 4,66,68,975** out of which cash outflow in the FY 2022-23 is estimated to be **INR 4,45,73,914.** This results in surplus of **INR 20,95,061** for FY 2022-23 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	9,24,407
Investments as on 31.03.22 as per Audited Financial Statements	9,08,550
Liquid Funds as on 31.03.2022	**18,32,957**
Add: Recovery from the society for purchase of Bus in non-compliance with Rule 177 of DSER 1973 [Refer Financial Suggestion No. 1]	10,58,982
Add: Recovery from the society for purchase of cars in non-compliance with Rule 177 of DSER 1973 [Refer Financial Suggestion No. 4]	32,06,178
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	3,63,99,896
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	47,766
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	10,17,990
Add: Additional Fees due to increase in fee @14% from 01.07.2022 (Refer Note 5 Below)	38,13,756
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 Below)	-
Total Available Funds for FY 2022-23	**4,73,77,525**
Less: Fixed Deposit in the joint name of Dy Director Education and Manager of the school (Refer Note 1 Below)	4,08,550
Less: Amount recovered from the society during FY 2022-23	3,00,000
Net Available Funds for FY 2022-23 (A)	**4,66,68,975**
Less: Budgeted expenses for the session 2022-23 (Refer Note 6 and 7 Below)	**4,45,73,914**
Total Estimated Expenditure for FY 2022-23 (B)	**4,45,73,914**
Net Surplus (A-B)	**20,95,061**

Note 1: The detail of fixed deposit held by the school as per the audited financial statements for the FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
FDR in the joint name of Dy. Director Education and Manager of the school	4,08,550	Deducted while calculating available funds of the school.
Total	**4,08,550**	

Note 2: All the fee and other income as per audited financial statements for the FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

Note 3: The school has submitted in its reply that no arrears of annual charges were collected by the school for FY 2020-21.

Note 4: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

(i) *"to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of* ***unutilized facilities*** *by the students during the relevant period of academic year 2020-21".* And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

(ii) The amount so payable by the concerned students be paid in six equal monthly installments w.e.f. 10.06.2021.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 100% of the tuition fees and 25% of the annual charges in FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 have been grossed up for FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee	3,22,49,526	3,22,49,526	As per details provided by the school, Annual Charges collected in FY 2021-22 at the rate of 25% and thus, difference amount of INR 10,17,990 has been considered.
Annual Charges	30,53,970	40,71,960	
Total	**3,53,03,496**	**3,63,21,486**	

Note 5: The school was allowed to increase fee 14% vide Order No. F.DE.15/(613)/ PSB/2022/3635-3639 dated 26.05.2022 issued for FY 2019-20 from 1st July, 2022. School has submitted that it has increased the fee @14% from 1st July 2022. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @14% for 9 months)
Tuition fees	3,22,49,526	-	3,22,49,526	3,56,35,726
Annual Charges	30,53,970	10,17,990	40,71,960	44,99,516
Total	**3,53,03,496**	**10,17,990**	**3,63,21,486**	**4,01,35,242**
Impact of fee increase				**38,13,756**

Note 6: All budgeted expenditure proposed by the school amounting to INR 5,34,94,500 has been considered while deriving the fund position of the school except the following:

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Salary - Teaching and Non-teaching staff	4,00,50,000	56,70,586	Restricted to 130% of expenditure incurred in FY 2021-22.
Depreciation	11,50,000	11,50,000	Depreciation being non-cash expenditure, has not been considered in the calculation of funds availability position of the school.
Smart Class Expenses	3,00,000	3,00,000	Neither Income nor expense has been considered on the assumption that earmarked
Science Lab Expenses	2,00,000	2,00,000	

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Transport expenses	16,00,000	16,00,000	levies are collected on no profit no loss basis
Total	**4,33,00,000**	**89,20,586**	

Note 7: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

Further, Directorate of Education has adopted the Central Civil Serviced (Revised Pay) Rules, 2016 vide Circular No 30-3(17)/(12)/VII pay Comm./2016/11006-11016 dated 19.08.2016 and No. 30-3 (17)/(12)/VII pay Comm./Coord./2016/12659-12689 dated 14.10.2016 for employees of Government Schools.

Further, in exercise of the powers conferred under clause (xviii) of Rule 50 of the Delhi School Education Rules, 1973, vide Competent Authority order No DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the managing committees of all Private unaided Recognized Schools have already been directed to implement central Civil Services (Revised Pay) Rule, 2016 in respect of the regular employees of the corresponding status with effect from 01.01.2016 (for the purpose of pay fixation and arrears). Further, guidelines/detailed instructions for implementation of 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

As per school's reply dated 16.05.2023, it is submitted that no arrears were given towards 7th CPC. Also, the school has not proposed salary arrears in the budget for FY 2022-23 nor provided for liability in the audited financial statements. Further, as per school's reply during hearing, the school has implemented 7th CPC recommendations w.e.f. 01.07.2022.

ii. In view of the above examination, it is evident that the school have adequate funds to carry on its operation for the academic session 2022-23 on the existing fee structure. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that,

"All Schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of the provisions of DSEA, 1973,DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are available with the school to carry out its operations for the academic session 2022-23.

AND WHEREAS, the fee proposal of the school along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that sufficient funds are available with the school for meeting financial implication for the academic session 2022-23.

AND WHEREAS, it is noticed that the school has incurred INR 42,65,160 in contravention of Rule 177 and other provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 1973 without providing any further opportunity of being heard.

AND WHEREAS, the act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **Angels Public School, Vasundhara Enclave, Delhi–110096 (School Id: 1002359)** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is rejected by the Director (Education) with the above conclusion and suggestions.

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

1. Not to increase any fee/charges during FY 2022-23. In case, the school has already charged increased fee during FY 2022-23, 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 the order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

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

(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Angels Public School,
Vasundhara Enclave,
Delhi–110096 (School Id: 1002359)

No. F.DE.15 (1572)/PSB/2023 / 8263-8267 Dated: 25/09/23

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 (East) 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.

(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi