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

No. F.DE.15 (1657)/PSB/2023/ 9987 - 9991 Dated: 08/12/23

Order

WHEREAS, **Delhi International School, Sector-23, Dwarka, New Delhi-110077, School ID-1821210** (hereinafter referred to as **"the School"**),run by the **Nav Jagriti Niketan Education 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, 1973 (**hereinafter referred to as "DSEA, 1973"**) and the Delhi School Education Rules, 1973 (**hereinafter referred to as "DSER, 1973"**). The school is statutorily bound to comply with the provisions of the DSEA, 1973, DSER, 1973 and the 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 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 DSER, 1973.

AND WHEREAS, as per section 18(5) of the DSEA, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEA, 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) of the DSEA, 1973 and the rule 180 (3) of DSER, 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 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 Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023 for the academic session 2023-24, 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 **2023-24.**

AND WHEREAS, in pursuance to orders dated 01.03.2023 and 27.03.2023 of the DOE, the school submitted its proposal for fee increase for the academic session **2023-24**. Accordingly, the order dispenses the proposal for fee increase submitted by the school for the academic session **2023-24.**

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 2023-24, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 16.10.2023 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. During that hearing, the compliance of order no.F.DE.15(1269)/PSB/2023/2034-

2039 dated 02.03.2023 issued for the academic session 2022-23 was also discussed and the school submission 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. 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"*.

   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.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.02005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   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 vehicle, principal amount of loan and interest thereon.

   It is pertinent to mention here that the school has taken substantial loans and put unnecessary burden of interest on school funds and as on 31.03.2023 school has shown the overdraft facility of INR 6,76,13,215 in addition to term loan of INR 11,11,110. Even the purpose for taking the overdraft facility and the term loan are not disclosed in the financial statements. It is also noted that the staffs' interests are not protected or ensured by the school as 7th CPC arrears are not fully paid and even no amount is deposited in the plan assets for gratuity and leave encashment. It is generally observed that the salary expenses and other dues to the school staff is one of the major components of schools' expenditure. Considering the quantum of loan outstanding and dues towards staff and the fact that there are no investments for gratuity, leave encashment and for the salary reserve, it is not clear where the loan funds actually been applied over the years. Accordingly, no impact of bank overdraft facility has been considered in the calculation of fund availability.

Based on review of the audited financial statements for FY 2019-20 to 2022-23, it is noted that the school has paid interest of INR 73,68,776 on overdraft facility and has also repaid term loan of INR 64,06,490 and interest thereon amounting INR 11,99,267. The year-wise details are as follows:

S. No.	Financial Years	Principal	Interest	Total
1	2020-21	2,22,815	6,16,312	8,39,127
2	2021-22	45,52,624	3,72,566	49,25,190
3	2022-23	16,31,051	2,10,389	18,41,440
	Total	**64,06,490**	**11,99,267**	**76,05,757**

In view of the aforesaid provisions and the findings noted above, the school is required to submit detailed calculations depicting the utilization of overdraft facility availed since beginning. School is also required to recover amount of INR 1,49,74,533 (INR 73,68,776 plus INR 76,05,757) from the society within 30 days from the date of the order.

Further, it is also noted that the School has made additions in buses amounting INR 4,00,00,000 in FY 2022-23. The school has submitted copies of RCs for nine buses and all of these buses were more than five years old. The school has not explained the source of financing of these buses, what is utility of purchasing old buses, and if any payment is to be made against them and if yes, how.

Therefore, the school is directed to explain the source of financing of these buses, how much amount already paid, remaining unpaid amount and what will be fee or source for repayment for these buses. All these details must be submitted in the compliance report along with necessary records within 30 days from the date of issue of the order.

Additionally, school has incurred expenditure of INR 78,86,287 for Roof Top Solar in FY 2022-23 out of the development fund. The school already have Roof top solar in their fixed assets with an amount of INR 1,08,35,363 in the beginning of FY 2022-23 and addition to Roof top solar should be carried out only if the school is deriving any substantial benefit out of it.

The school is directed to submit the detailed explanation for incurring the additional expenditure on roof top solar amounting INR 78,86,287 along with necessary documents, expected benefits with value thereof in the compliance report within 30 days from the date of issue of the order.

2. Para 57 of Accounting Standard 15 (AS-15) 'Employee Benefits' issued by the Institute of Chartered Accountants of India states that *"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 recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."*

Further, Para 7.14 defines the Plan Assets as:

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

Para 60 of Guidance Note-21 on 'Accounting by Schools' (2005) issued by the Institute of Chartered Accountants of India states that *"A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service."*

An appropriate charge to the income and expenditure account for a year should be made through a provision for the accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons, say less than twenty, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in *"plan assets"* as per AS-15 issued by ICAI.

On review of the documents submitted by the school, it has been noted that the requirement of AS-15 is applicable to the school as it has employed more than 50 staff in a year. On review of audited financial statements for the FY 2022-23, it has been noted that the school has reported provision towards gratuity amounting to INR 1,04,85,054 and INR 6,42,481 towards leave encashment while in the actuarial valuation report dated 23.03.2023 the actuary has estimated the gratuity and leave encashment liability as amounting to INR 99,58,294 and INR 5,94,913 respectively at 31.03.2023. The school has submitted the copy of INR 55,00,000 with LIC which qualifies as 'Plan Assets' and thus, the same has been considered in the calculation of funds availability.

Therefore, the school is directed to deposit amount equivalent to the amounts determined by the actuary in their report in the plan assets within 30 days from the date of issue of the order.

3. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 states "Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with income generated from the investment made from this fund, will be kept in a separately maintained Development Fund Account."

- On review of audited financial statements for FY 2020-21 to 2022-23 it revealed that the school has not maintained separate bank account for development fee collection which is the contravention of aforesaid clause 14 of order dated 11.02.2009. In the absence of specific bank account for development fund, it cannot be ascertained the correct balance of development fund (unutilised) is available with the school and thus, while calculating the fund availability of the school no impact has been considered. The school is directed to open separate bank account for development fee in compliance of aforesaid order dated 11.02.2009 and the compliance shall be verified at the time of evaluation of fee proposal of the subsequent year.

4. The Hon'ble High Court of Delhi dated 19.01.2016 in WPC No. 4109/2013 in the matter of *Justice for All vs. GNCT of Delhi and others* indicated that every recognized private unaided school to whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of Directorate of Education. Accordingly, the Directorate vide order No. F.DE.15(40)/PSB/2019/2698-2707 dated 27.03.2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, to submit their proposals, if any, for approval from the Director of Education for the academic session 2018-19 and 2019-20. Moreover, as per the directions of the Supreme Court in ***Modern School vs. Union of India & ORs.*** (supra), a Circular dated April 16, 2010 has been issued which is as under:

   a) It is reiterated that annual fee-hike is not mandatory.

   b) School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.

   c) If any school has collected fee in excess of that determined as per the procedure prescribed here-above, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

   Based on the information submitted by the school on online portal for fee increase for the FY 2017-18 to FY 2022-23, it is noted that the school has collected increased Tuition Fee and annual charges from students of all classes (Nursery to XII) without prior approval of the Directorate of Education, which is in contravention of aforementioned orders/conditions. The school was directed to submit the copy of fee structure from FY 2017-18 onwards which it failed to furnish. Based on details available, the fee structure of the school may be tabulated as follows:

	Annual Fees					Tuition Fees				
Class	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
NUR - KG	12,000	12,600	12,600	12,600	25,692	5,031	5,484	5,484	5,484	5,484
1 to 5	9,300	11,232	11,232	11,232	23,208	3,580	4,488	4,488	4,488	4,488
6 to 8	9,300	11,232	11,232	11,232	23,208	3,799	4,762	4,762	4,762	4,762

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9 to 10	9,300	11,232	11,232	11,232	23,208	4,098	5,137	5,137	5,137	5,137
11 to 12	10,164	12,276	12,276	12,276	24,252	4,343	5,444	5,444	5,444	5,444

Based on the information submitted by the school on online portal, the excess fee collected by the school over the years is computed and it is estimated that the school has collected the amount of INR 2,97,87,646 (INR 35,90,152 in FY 2019-20, INR 32,59,245 in FY 2020-21, INR 32,59,245 in FY 2021-22 and INR 1,96,79,004 in FY 2022-23).

The school is directed to furnish the exact amount of excess fee collected from the students over the years till date without permission of the Directorate and refund the same to the concerned students or adjust the same against the future fee of the concerned students. Further, the school is directed to charge fee as approved or as allowed to increase the fee by the Director, Education. Compliance should be ensured within 30 days from the date of issue of the order and same shall be verified at the time of evaluation of fee proposal of the subsequent years.

5. 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 the order ……*"

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

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.

As per documents submitted by the school, it has been noted that the annual charges have been almost doubled by the school in FY 2022-23 without permission of the Directorate of Education and collecting excess fee from the students which is in contravention of aforementioned provisions. School is not allowed or even merge any heads of fee with heads of fee without permission of the Director, Education. The school is directed to submit the details of fee heads merged, if any, and the excess amount collected from the students as excess annual charges over the years.

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). However, it is noted that the school is not following the fund-based accounting while preparing their financial statements.

Therefore, the school is directed to practice fund-based accounting for preparation of accounts. Further, school is directed to submit the compliance report within 30 days from the date of issue of the order.

B. Other Suggestions for Improvement:

1. From review of documents submitted by the School with the proposal of fee hike for FY 2023-24, the following has been note with respect to the Fixed Asset Register (FAR) maintained by the school:

   - No tagging of the assets has been done in Fixed Assets Register (FAR) and location is not identified due to which assets could not be physically verified.

- Depreciation for the individual assets is not recorded in the FAR, only cost of the assets is available in the FAR and WDV of the assets is not available.
- Invoice number, manufacturer's serial number and location of the asset is not mentioned in the fixed assets register.

Therefore, the school is thereby directed to prepare a FAR, which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, assets at one place. The school is further directed to comply with the directions for preparing FAR with relevant details mentioned above according to the process for periodic physical verification of assets and documenting the results of physical verification of assets. The same shall be verified at the time of evaluation of the fee hike proposal for subsequent years. This being a procedural finding, no financial impact is warranted on the fund position of the school.

2. 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 the view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

From review of the financial statements of the school as submitted with the fee proposal, it has been noted that the School has not made any disclosure in its audited financial statements related to related parties disclosure. In the absence of such details, the purpose and genuineness of transactions entered between the related parties cannot be determined. Therefore, the School is hereby directed to include such details in audited financial statements of the subsequent year.

3. The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students belonging to weaker section. However, as per the information provided by the school for FY 2020-21 to FY 2022-23, it has been noted that the school was not complying with the abovementioned DOE's Order and condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. Therefore, DDE District may be requested to look into this matter and ensure compliance with the above requirements.

The details of total students and EWS students for the FY 2020-21 to 2022-23 are tabulated below:

Particulars	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**
EWS	107	132	186
Total Strength	1411	1304	1514
% Of EWS students to total strength	**7.58**	**10.12**	**12.29**

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.

4. As per Section 18(5) of the DSEA, 1973, the management committee of every recognized 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.

Further, Rule 180 of DSER, 1973 states " *(1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-I, (2) Every return or documents referred to in sub rule (]), shall be submitted to the Director by 3F' day of July of each year.(3) The account and other records maintained by an unaided private recognized school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by any officers authorised by the Comptroller and Auditor General of India"*

And Section 24 (2) of DSA. 1973 states *"The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him".* Whereas Appendix-II to Rule 180 specify that "final accounts i.e., receipts, and payments account, income and expenditure account and balance sheet of the preceding year should be duly audited by Chartered Accountant.

It has been noticed that Financial Documents/ Certificates Attested by third person misrepresenting themselves as CA Members are misleading the Authorities and the Stakeholders. ICAI is also receiving number of complaints of signatures of CAs being forged by non CAs.

To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e., Unique Document Identification Number which is being implemented in Phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Counsel in the 39th meeting of ICAI held on 17.12.2018 and 18.12.2018 made mandatory for all practicing member to obtain 18-digit UDIN before issuing any audits reports/certification etc. in the following manner:

- All Certification done by Practicing Casw.e.f.01.02.2019.
- All GST& Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

However, on examination of the financial statements submitted by the school for evaluation of fee increase proposal for FY 2021-22 and FY 2022-23, it has been observed that although the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council and Audit report not in a format as per SA-700 issued by ICAI. This being the procedural finding therefore, the school management are instructed to ensure this compliance from the Auditor of the school.

Further, it has been noted that the receipt and payment account of the school was prepared on accrual basis. Thus, the receipt and payment accounts submitted by the school is not correctly reflected actual cash inflow and outflow for the period. Therefore, the school is hereby directed to prepare its receipt and payment accounts based on the actual cash movement. Also, school has not presented the previous years' amounts in the Receipts and Payment account and the schedules of the Balance sheet and Income and Expenditure Account. Thus, the school is directed to ensure that Receipts and Payment Account is prepared in proper format and previous years' amounts must be presented.

The school is further directed to ensure that the audit opinions are issued on its future final accounts by practicing Chartered Accountant to comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India including compliance with SA 700 by generating UDIN for the same.

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

i. The total funds available with the school for FY 2023-24 amounting to INR **13,10,35,904** out of which estimated expenditures (i.e., outflow) for the FY 2023-24 is to be INR **13,92,91,381.** This results in net deficit amounting to INR **82,55,477** for the FY 2023-24 after making all payments. The details are as follows:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.23 as per Audited Financial Statements	5,22,894
Investments as on 31.03.23 as per Audited Financial Statements	85,78,056
Less: Bank overdraft as on 31.03.23 as per Audited Financial Statements **(Refer Financial suggestion for improvement no. 1)**	-
Liquid Funds as on 31.03.2023	**91,00,950**
Add: Recovery from society for repayment and interest paid on secured loan and Overdraft facility **(Refer Financial suggestion for improvement no. 1)**	1,49,74,533
Add: Fees for FY 2022-23 as per Audited Financial Statements **(Refer Note 1 below)**	11,21,88,074
Add: Other Income for FY 2022-23 as per Audited Financial Statements **(Refer Note 1 below)**	5,85,519
Total Available Funds for FY 2023-24	**13,68,49,076**
Less: FDR in the joint name of Manager, School, CBSE and Dy. Director of Education as on 31.03.2023 **(Refer Note 2 below)**	3,13,172
Less: Development fund **(Refer Financial suggestion for improvement no. 3)**	-
Less: Depreciation Reserve Fund **(Refer Note 3 below)**	-
Less: Amount of Gratuity **(Refer Financial suggestion for improvement no. 2)**	55,00,000
Net Available Funds for FY 2023-24 (A)	**13,10,35,904**
Less: Budgeted expenses for the session 2023-24 **(Refer Note 1 below)**	12,75,57,508
Less: Salary Arrears of 7th CPC as provided in the Audited Financial Statements for FY 2022-23	1,17,33,873

Particulars	Amount (in INR)
Total Estimated Expenditure for FY 2023-24 (B)	**13,92,91,381**
Net Deficit (A-B)	**82,55,477**

Note 1: All the fee and other income as per financial statements for the FY 2022-23 has been considered with the assumption that the amount received in FY 2022-23 will at least accrue during FY 2023-24.

Note 2: The details of fixed deposit held by the school as per the audited financial statements of FY is provided below:

Particulars	Amount (in INR)	Remarks
FDR in the joint name of DoE and the Manager, School and FDR in the joint name of Secretary, CBSE and the Manager, School	3,13,172	Considered.
Total	**3,13,172**	

Note 2: As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided school. The first category of fee comprised *of "Registration fee and all one Time Charges'* levied at the time of admissions such as admission and caution money. The second category of fee comprises *'Tuition Fee'* which is to be fixed to cover the standard cost of the establishment and to cover the expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science, and computer fee up to class X and examination fee. The third category of the fee should consist of *'Annual Charges'* to cover all expenditure not included in the second category and the fourth category consist of all *'Earmarked Levies'* for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing 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.

The purpose of each head of the fee has been defined and it is nowhere defined the usage of development fee of any other head of fee for investments against depreciation reserve fund.

Further, Clause7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the order no F.DE./15(56)/Act/2009/778 dated 11.02.2009, *"development fee, not exceeding J5% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixture and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund will be kept in a separately maintained Development Fund Account."* Thus, the above direction provides for:

- Not to charge development fee for more than 15% of tuition fee.

- Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- Development fee will be treated as capital receipts.
- Depreciation reserve fund is to be maintained.

Thus, the creation of the depreciation reserve fund is a pre-condition for charging of development fee, as per above provisions and the decision of Hon'ble Supreme court in the case of Modem School Vs Union of India & INR: 2004(5) SCC 583. Even the Clause 7 of the above direction does not require to maintain any investments against depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' 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."*

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is mere of an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note -21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, the depreciation reserve fund as reported by the school in the financial statements for the FY 2022-23 has not been considered while deriving the fund position of the school.

Note 3: All budgeted expenditure of the school as per the school submission has been considered amounting INR 16,65,15,700 except the following:

Head of Expenditure	2023-24 (in INR)	Amount disallowed (in INR)	Remarks
Car/bike insurance	2,15,700	2,15,700	Restricted to 110% of expenditure incurred in FY 2022-23.
Printing & stationary	9,56,000	91,387	
Lab expenses	14,62,700	14,62,700	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Refreshment Expenses	41,50,700	41,50,700	
Transport Expenses	1,65,65,900	1,65,65,900	
Pupil Expenses	77,10,700	77,10,700	
Subsidy to EWS students	36,78,000	36,78,000	
Capital Expenditure	1,09,75,000	50,83,105	Restricted to development fee expected to be received in FY 2022-23
Total	**4,57,14,700**	**3,89,58,192**	

ii. In view of the above examination, it is evident that the school does not have adequate funds for meeting all the operational expenditure for the academic session 2023-24. 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 utilizing 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 utilized 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 2023-24 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 not available with the school to carry out its operations for the academic session 2023-24.

AND WHEREAS, while evaluating the fee hike proposal, department considers that how much liquid funds would require the school for a particular session considering the budgeted expenditures for smooth operation without compromising with the quality of education. Thus, while deriving the fund position of the school all legitimate expenditures revenue as well as capital in accordance with the provisions DESAR, 1973 and pronouncement of Courts judgment have been considered. Therefore, balance of the other current assets other and current liabilities has not been considered. Because it is clear that the current assets, loans and advances and current liabilities are cyclic in nature and the same have already been considered in the form of budgeted income and expenditure of the school in the earlier years. Thus, current assets, loans and advances and current liabilities will always reflect in the financial statements at the end of the financial year.

AND WHEREAS, it is noticed that the school has utilized INR 1,49,74,533 in contravention of the provisions of DSEA&R, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from the society. 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 within30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of the DSEA, 1973 and the DSER, 1973 without providing any further opportunity of being heard.

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 not available with the school for meeting financial implication for the academic session 2023-24. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee **by 8% to be effective from 01.10.2023.**

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. Further, school is hereby directed that the additional income received on account of increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of the order.

AND WHEREAS, the act of the school of charging unwarranted free 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 thus, school should ensure to charge fee only under the prescribed heads and utilized the fees collected for the defined purposes in accordance with the provisions of the DSEA, 1973 and the DSER, 1973.

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 **Delhi International School, Sector-23, Dwarka, New Delhi-110077, School ID-1821210** filed by the school in response to the order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023for the academic session 2023-24, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee **by 8% for session 2023-24 to be effective from 01.04.2023.**

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

1. To increase the fee only by the prescribed percentage from the specified date i.e., 01.04.2023.

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

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.

06/12/23

(BIMLA KUMARI)
Dy. Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/HoS
Delhi International School (School ID-1821210)
Sector-23, Dwarka, New Delhi-110077,
No. F.DE.15 (165)/PSB/2023/ 9987-9991

Dated : 08/12/23

Copy to:
1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (South 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.

06/12/23

(BIMLA KUMARI)
Dy. Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

GOVT. OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECTT: DELHI – 110054

NO. DE.15(1657)/PSB/2023/ 10379–10382 Dated: - 29/12/23

CORRIGENDUM

Attention is invited to order F.DE.15(1657)/PSB/2023/ 9987-9991 dated 08.12.2023 in r/o Fee Hike Proposal of Delhi International School, Sector-23, Dwarka, New Delhi-110077 (School ID 1821210).

The date has been typed inadvertently as 01.10.2023 instead of 01.04.2023 at last para of page 14 in aforesaid order.

Now therefore, the date mentioned at last para of page 14 of the aforesaid order may be read as 01.04.2023 instead of 01.10.2023 and the rest of the contents of the order shall remain unchanged.

To

HoS/Manager
Delhi International School,
Sector-23, Dwarka, New Delhi-110077
(School Id- 1821210)

29/12/23
(BIMLA KUMARI)
DY. DIRECTOR OF EDUCATION
PRIVATE SCHOOL BRANCH

Copy to :

1. PS to Director (Education), Directorate of Education, GNCT of Delhi.
2. DDE (South West-B).
3. In-charge (I.T. Cell) with the request to upload on the website of this Directorate.
4. Guard File

29/12/23
(BIMLA KUMARI)
DY. DIRECTOR OF EDUCATION
PRIVATE SCHOOL BRANCH