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

No. F.DE.15 (499)/PSB/2022/ 2884-2889 **Dated:** 12/05/22

ORDER

WHEREAS, **Rukmini Devi Public School (School ID-1411219), Pitampura, Delhi-110088** (hereinafter referred to as "**the School**"), run by the **Seth Pokhar Mal Educational 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, 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.'*

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 para's 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/2019/2698-2707 dated 27.03.2019, 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 session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DOE, the **Rukmini Devi Public School (School ID-1411219), Pitampura, Delhi-110088,** submitted the proposal for fee increase for the academic session **2018-19**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2018-19.**

AND WHEREAS, to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2018-2019, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 07.11.2019 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 the aforesaid hearing compliances against order no. F DE15 (313) PSB/2019/1635-1639 dated 24.04.2019 issued for academic session 2017-18 were also discussed and school submissions were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school the key observations and status of compliance against order no. F DE15 (313) PSB/2019/1635-1639 dated 24.04.2019 issued for academic session 2017-18 are as under:

A. Financial Observations

1. As per direction no. 2 included in the Public Notice dated 04.05.1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or*

donations from the other associations because the immovable property of the school becomes the sole property of the society". Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 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 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Accordingly, based on the aforementioned public notice and Hon'ble High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

However, on review of audited financial statements of the feeder school, Rukmini Devi Public School (Junior Wing of CD Block) for FY 2016-2017 it has been noted that the school has incurred expenditure on construction of building of junior wing out of the school funds and has capitalised building for INR. 62,69,871 (INR.51,60,312 for building plus INR. 11,09,559 for lift), which is not in accordance with the provisions mentioned above. Further, the capital expenditure has been incurred on the building without complying the requirements prescribed in Rule 177 of DSER, 1973. Accordingly, the amount of INR. 62,69,871 is hereby added to the fund position of the school considering the same as funds available with the school and with the direction to recover this amount from the Society within 30 days from the date of order.
Above observation was also noted in order no. FDE15(313) PSB/2019/1635-1639 dated 24.04.2019 issued for academic session 2017-18 and school was directed to recover the aforesaid amount but the school has submitted that the aforesaid capital expenditure on building is in accordance with provisions of Rule 177 of DSER, 1973 and thus, school is not required to recover this amount from the society. As per Rule 177 of DSER, 1973, fee shall, on first instance, be used for payment of benefits admissible to staff as salaries and allowances and retirement benefits, etc. The school has however failed to show us the compliance of Rule 177 of DSER, 1973. It should also be noted that the school is yet to implement the recommendations of 7th CPC for payment of salaries. Thus, the submission of school in this regard cannot be accepted.

2. As per Rule 176 of DSER, 1973 "Income derived from collections for specific purposes shall be spent only for such purpose." Further, 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."
Further, as per Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate "*Capital expenditure cannot constitute a component of the financial fee structure.*"

On review of audited financial statements FY 2014-15 to 2017-18 of the school, it has been noted that the school has taken loan for purchase of vehicles (bus for transport service) and repaying the same in instalments. The capital expenditure has been incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973. On perusal of the income and expenses incurred against the transport fee, it has been noted that there is no incidental surplus out of transport fee and thus, the principal amount of loan and interest thereon have been paid out of other school funds which is non-compliance of Rule 176 and 177 of DSER, 1973. The payment of principal amount of loan amounting INR. 37,22,781 and interest paid on the loan amounting INR. 10,49,282, from FY 2014-15 to 2017-18 are being treated as funds available with the school.

Accordingly, the amount of principal and interest thereon paid against vehicle loans from FY 2014-15 to 2017-18 amounting INR.47,72,063 has been added to the fund position of the school considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

Similar direction was also given to the school in order no. FDE15 (313) PSB/2019/1635-1639 dated 24.04.2019 issued for academic session 2017-18 wherein school was directed to recover INR. 10,47,192 from the society. However, school has submitted that capital expenditure on development and expansion of the school is permitted to be incurred out of fee, and buses being a part of the development and expansion of the school, the payment for interest on loan taken for purchase of such buses, could very well have been repaid from the fees received by the school. The school has however failed to show us the compliance of Rule 177 of DSER, 1973, thus the submission of the school is not in accordance with the provisions of Rule 176 and 177 of DSER, 1973 and other directions issued by the directorate in this regard from time to time. Accordingly, the school is directed to recover INR. 47,72,063 from society within 30 days from the date of this order.

B. Other Observations

1. On review of audited Financial Statements for the FY 2018-19, it has been noted that school has incurred expenditure for renovation of play field amounting to INR. 41,24,364. Based on analysis of ledger of 'Sports Complex (Renovation/ Up gradation)' and other supporting bills submitted by the school, it appears that the school has constructed Basketball court and Badminton Court in the school. And the substantial expenditure incurred on the same treated as revenue expenditure. Accordingly, school should have capitalised these expenditures instead of treating them as revenue expenditure and therefore, school is directed to change the classification of these expenditures from revenue expenditure to capital expenditure. The compliance of the same will be verified at the time of evaluation of next fee increase proposal of the school.

2. As per Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*" Further clause 21 of the aforesaid order provides that "*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.*" And as per Clause 22 of the aforesaid Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 "*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.*"

As per Rule 176 of DSER, 1973 "*Income derived from collections for specific purposes shall be spent only for such purpose.*" And 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 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).

On review of audited financial statements of the school for FY 2017-18 and 2018-19 it has been noted that the school has charged or collected earmarked levies in the form of Transport Fees, Computer Fees, Science Fees and Diary & Syllabus fee from students. However, the school has not maintained separate fund account for the earmarked levies and the school has been generating surplus and utilise the same for meeting other expenses or incurring loss (deficit), which are met from other fees/income. The details of income and expenditure, based on available records, are as follows:

(Amount in INR.)

Particulars	**Science Fees**	**Transport Charges^**	**Computer Fees**	**Smart Class Fee**	**Diary & Syllabus**
For the year 2016-17					
Fee Collected during the year (A)	9,25,200	86,18,000	3,13,200	-*	-*
Expenses during the year (B)	8,75,103	87,13,957	3,40,418	-*	-*
Difference for the year (A-B)	**50,097**	**(95,957)**	**(27,218)**	-	-
For the year 2017-18					
Fee Collected during the year (A)	9,19,200	83,16,000	3,21,300	-	9,79,750
Expenses during the year (B)	1,43,434	77,59,556	8,84,721	-	8,35,730
Difference for the year (A-B)	**7,75,766**	**5,56,444**	**(5,63,421)**	-	**1,44,020**
For the year 2018-19					
Fee Collected during the year (A)	8,99,400	83,48,000	2,96,100	4,25,000	10,13,875
Expenses during the year (B)	2,13,489	75,85,007	3,28,315	-	10,05,456
Difference for the	**6,85,911**	**7,62,993**	**(32,215)**	**4,25,000**	**8,419**

Particulars	Science Fees	Transport Charges^	Computer Fees	Smart Class Fee	Diary & Syllabus
year (A-B)					
Surplus/ (Deficit)	15,11,774	12,23,480	(6,22,854)	4,25,000	1,52,439

*Details of income and expenses are not made available by the school.

^It is not clarified by school, whether the expenses of salaries for staff engaged for transport facility is included in transport expenses or in included in salary expenditure.

In accordance with aforementioned orders, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The school is charging Diary & Syllabus fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user based fees. Thus, based on the nature of the Diary & Syllabus fee, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee or annual charges collected from the students. The school explained that tuition fee or annual charges collected from students are not sufficient to meet revenue expenses of the school. Thus, the surplus generated from earmarked levies has been applied towards meeting revenue expenses of the school on account of which fund balance of earmarked levies could not be separated from the total funds maintained by the school. Accordingly, total fees (including earmarked fee) have been included in the budgeted income and budgeted expenses (included those for earmarked purposes) while deriving the fund position of the school.

Similar observation was also noted in order no. FDE15(313) PSB/2019/1635-1639 dated 24.04.2019 issued for academic session 2017-18 and school was directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school is directed to evaluate costs against earmarked levy and propose the fee structure for earmarked levy during subsequent proposal for enhancement of fee ensuring that the proposed levy has been calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies. School is yet to comply with aforesaid directions.

Thus, the school is again directed comply with the aforesaid directions and the same shall be verified at the time of evaluation of fee proposal of the school for next financial year.

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.

3. As per Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, the private unaided school can collect following fee from the students/ parents:

- Registration fee

- Admission fee
- Caution Money
- Tuition fee
- Annual Charges
- Earmarked Levies
- Development fee

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

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

On review of documents submitted by the school and as accepted by School during personal hearing, it has been noted that the fee structure of the school includes pupil fund, which has been collected from all the students. Similar observation was also noted in order no. FDE/15(313) PSB/2019/1635-1639 dated 24.04.2019 issued for academic session 2017-18. In its response school has submitted that the School is authorized to collect Pupil Fund in accordance with the provision of Rule 149 & 171 of DSER, 1973. Since the levy of Pupil Fund is permitted under DSEA & R, 1973 there is no question of the same not being charged from the students.

It is to be noted that as per DSER, 1973, collection of Pupil Fund is allowed only in case of recognised aided schools. This has further been discussed in the order dated 15.12.1999 and the decision of the Hon'ble Supreme Court in the matter of Modern School vs Union of India & Others. Thus, school is directed to stop the collection of pupil fund from students immediately.

4. As per Para 67 (ii) of Guidance Note on Accounting by Schools issued by The Institute of Chartered Accountant of India "the financial statement should disclose, inter alia, the historical cost of assets".

On review of the Financial Statements for the FY 2018-19, it has been noted that school has maintained two types of fixed assets schedule i.e. Assets purchased out of the Development Fund and Assets purchase out of General Fund. Further, school has reported its fixed assets on written down value on assets side of financial statement, which is contravention of Para 67(ii) of the Guidance Note. Therefore, school is directed to present the fixed assets on historical cost basis in the financial statements.

Further, Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 "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 and income generated from the investment made out of this fund, will be kept in a separately maintained Development fund Account." Moreover, any amount credited to depreciation reserve is an appropriation out of general reserve or development fund or any other reserve fund and it should be treated as a free reserve because depreciation reserve fund is mere an accounting head for appropriation accounting treatment of depreciation in the books of account of the school in accordance with the Para 99 of Guidance Note-21 issued by ICAI and do not require creation of equivalent investments against the depreciation reserve.

On review of the Financial Statements for the FY 2018-19, it has been noted that school has incurred expenditure for purchase of Library Book for INR. 1,11,405 and computer software for INR. 14,868. Accordingly, the aforesaid expenditures incurred by the school on purchase of Library Book and computer software are in contravention of Clause 14 of Directorate's order No. F.DE. /15 (56) /Act/2009/778 dated 11.02.2009 because development fund can only be utilised for purchase, up-gradation and replacement of Furniture, Fixture and equipment. Therefore, school is directed to utilize the development fund for purchase, up-gradation and replacement of Furniture, Fixture and Equipment.

Moreover, as per Para 99 of Guidance note on "Accounting by school" issued by the Institute of Chartered Accountants of India (ICAI), relating to restricted fund, "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". Taking the cognisance from the above para, the school needs to create the 'Development Fund Utilisation Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortised in proportion to depreciation charged in revenue account. By following the aforesaid accounting treatment for development fund, development fund utilisation account and depreciation on assets purchased out of development fund as per para 99 of GN-21, the depreciation reserve fund is a mere accounting head and school do not require creation of equivalent investments against the depreciation reserve. However, it has been noted that school has not followed para 99 of aforesaid Guidance Note.

Further, on review of audited Financial Statements for the FY 2018-19, following observations have been noted:

(a) School has created Salary arrears payable amounting INR.1,32,57,835 out of depreciation reserve fund but since depreciation reserve fund is a notional account therefore, the creation of salary arrears payable out of depreciation reserve fund is incorrect accounting treatment as the same is not in accordance with aforesaid para 99 of guidance note. School is directed to rectify the depreciation reserve fund account by passing appropriate accounting entries.

(b) School has transferred the balance amount of depreciation reserve fund amounting INR.1,72,60,397 to general reserve fund and reduced the depreciation reserve fund to nil. As per clause 14 of aforesaid order dated 11.02.2009 school is required to create and maintain depreciation reserve fund if it continues to charge development fund. Moreover, in respect of fixed assets purchased out of development fund it is noted that the depreciation reserve fund has been credited twice by charging depreciation in the Income and Expenditure Account and through general reserve fund account. School need to rectify its accounting presentation for depreciation reserve fund as the aforementioned accounting practice is not in accordance with clause 14 of order dated 11.02.2009 and para 99 of Guidance Note 21 Accounting by Schools issued by the Institute of Chartered Accountants of India. Accordingly, school is directed to make necessary adjustment entry to rectify the Depreciation reserve fund, salary arrears payable account and general reserve fund and the same will be verified at the time of evaluation of next fee increase proposal of the school.

(c) It is also noted that during FY 2018-19, school has disposed off fixed assets purchased out of development fund and impact of the same has been taken on net basis (original cost of assets minus accumulated depreciation) amounting INR.13,97,927 (Gross value INR. 88,45,473 – Accumulated depreciation of INR. 74,47,546) from 'DF Capital Reserve Fund'. This accounting treatment is not in accordance with the generally accepted accounting principles. School is required to consider the impact of gross value of these fixed assets in the 'DF Capital Reserve Fund' and the impact of accumulated depreciation on fixed assets disposed in Depreciation reserve fund account. School is directed to make necessary adjustment entry to rectify the Depreciation reserve fund, DF Capital Reserve Fund and development fund account and the same will be verified at the time of evaluation of next fee increase proposal of the school.

(d) It has been noted that during the FY 2018-19, in the schedule of 'Fixed assets purchased out of development fund' school has capitalised fixed assets for INR.1,83,56,844. On review of schedule of development fund, it has been noted that the school has purchased fixed assets out of development fund for INR. 1,25,46,811 and remaining fixed assets for INR. 58,10,033 have been purchased out of depreciation reserve fund. As per para 99 of Guidance Note 21 depreciation reserve fund is the notional account only and thus, there is no fund is actually available for utilisation like purchase of fixed assets. Accordingly, the treatment followed by the school is incorrect and not in accordance with para 99 of GN 21.

(e) As per Para 22 of Accounting Standard 1- Disclosure of Accounting Policies, *any change in an accounting policies which has a material effect should be disclosed. The amount by which any item in the financial statements is affected by such change should also be disclosed to the extent ascertainable*. Moreover, as per Para 63 of Accounting Standard 10, the depreciation method applied to an asset should be reviewed at least at each financial year end and, if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, the method should be changed to reflect the changed patter. Such a change should be accounted for as a change in an accounting estimate in accordance with AS 5. Moreover, as per order No F. DE-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, every unaided recognised private school shall submit return and documents as per rule 180 read with appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the ICAI in Guidance Note on accounting by School. Guidance Note also prescribes for following the accounting standards issued by the Institute of Chartered Accountants of India. In FY 2018-19, school has changed the rate of depreciation for fixed assets purchased other than development fund and has followed the rates of depreciation prescribed in the guidance note (as per school submission). It appears that the school has taken the impact of change in general reserve and DF Assets Capital Reserve. Since these fixed assets were not purchased out of development fund therefore no adjustment can be made in DF Assets Capital Reserve. Also, school has not made appropriate presentation of these adjustments in accordance with provision of Accounting Standard 1 and 10. Therefore, school is required to make necessary adjustment in the books of accounts and the same will be verified at the time of evaluation of next fee increase proposal of the school.

In view of aforesaid observations and also, that development fund was misutilised by the school for library books and software, the balance of development fund shown in the financial statements for FY 2017-18 and 2018-19 cannot be considered as correct. Therefore, while deriving the fund position of the school no impact has been considered.

5. According to the Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, in exercise of the powers confirmed by Clause (xviii) of Rule 50 and Rule 180 of the Delhi School Education Rules, 1973, 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 Accountant of India, established under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note on Accounting by the Schools (2005). On review of documents submitted by the School, it has been noted that the format of Receipt and Payment for the FYs 2017-18 and 2018-19 is not in accordance with the Appendix-II.
Therefore, school is directed to prepare the Receipt and Payment Accounts in accordance with the Appendix-II of the Directorate of Education order dated 16.04.2016.

6. According to clause 9 of Order No 1978 dated 16.04.2010, school shall not introduce any new head of account or collect any fee thereof other than those permitted by the Directorate.

On review of audited Financial Statements for the FY 2018-19, it has been noted that school has introduced a new head of earmarked levies namely Smart Class/IT Charges without obtaining the approval from the Directorate t. School has collected INR. 4,25,000 during the year. On the basis of aforementioned, school is directed to stop collecting the earmarked levies namely Smart Class/ IT Charges immediately. Therefore, School is directed not to increase any fee or introduce any new head of fee without prior approval of the Directorate.

7. As per Form 2 of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain the liquidity in the form of investment for 3 months' salary and this amount should be invested in joint name of Dy. Director (Education) and manager of the school.

On the basis of aforementioned provision and as per review of Financial Statement for the Financial Year 2018-19, School has maintained the liquidity in the form of investment but not in the joint name of Dy. Director (Education) and manager of the school.

Therefore, school is directed to make a reserve in the Joint Name of Dy. Director (Education) and Manager of School.

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 available funds for the year 2018-19 amounting to INR. **19,84,02,247** out of which cash outflow in the year 2018-19 is estimated to be INR. **17,51,94,143**. This results in surplus amounting to INR. **2,32,08,104**. The details are as follows:

Particulars	Amount in INR.
Cash and Bank balances as on 31.03.18 **(As per audited financial statements for FY 2017-18)**	41,97,406
Investments as on 31.03.18 **(As per audited financial statements for FY 2017-18)**	4,31,08,676
Liquid Fund as on 31.03.2018	**4,73,06,082**
Add: Recovery of Addition to Building from the Society **(Refer Financial Observations No. 1)**	62,69,871
Add: Recovery from Society towards Interest and Principal towards Vehicle Loan **(Refer Financial Observations No. 2)**	47,72,063
Add: Fees for FY 2018-19 as per Audited Financial Statements	15,00,71,762
Add: Other income for FY 2018-19 as per Audited Financial Statements **(Refer Note 1 below)**	43,51,709
Total Available funds for FY 2018-19	**21,23,46,487**
Less: FDR in the Joint Name of Dy. Director **(as per school's submission)**	3,69,240
Less: Gratuity deposited with LIC **(as per audited financial statements for FY 2017-18)**	1,10,00,000
Less: Leave encashment deposited with LIC **(as per audited financial statements for FY 2017-18)**	30,00,000
Less: Development Fund as on 31.03.2018 **(as per the Financial Statements for the FY 2017-18)**	-
Less: Contingency Reserve Fund	-
Net Available funds for FY 2018-19	**19,84,02,247**
Less: Actual expenses as per the Audited Financial Statement for the Financial Year 2018-19 **(Revenue Expenditure + Capital Expenditure - Depreciation)**	**16,11,33,822**
Less: Salary Arrears Payable	**1,40,60,321**
Estimated Surplus for FY 2018-19	**2,32,08,104**

Note 1: Other income for FY 2018-19 has been adjusted with amount credited to Income and Expenditure Account from 'DF Assets Capital Reserve Account' amounting INR.93,24,254 as the same being non-cash transaction.

Note 2: For calculation of fund availability, all expenses as per the audited financial statement of Financial Year 2018-19 has been considered.

ii. The School has sufficient funds to carry on the operation of the School for the academic session 2018-19 on the existing fees 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 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 above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial and other observations in the school, and that sufficient funds are available with the school to carry out its operations for the academic session 2018-19, accordingly the fee increase proposal of the school may be rejected.

AND WHEREAS, the school funds have been used for purpose of building amounting INR. 62,69,871 and for repayment of principal amount of loan taken for purchase of vehicle and interest on loan amounting to INR. 47,72,063. These payments were made in contravention of provisions of Rule 177 of DSER, 1973 and other aforesaid rules. Accordingly, school is directed to recover the aforesaid amounts from the society within 30 days from the date of this order and shall submit the copy of receipt along bank statement showing receipt of the amount at the time of evaluation of next fee proposal of the school.

AND WHEREAS, recommendation of the team of Chartered Accountants 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 the school has sufficient funds for meeting financial implication for the academic session 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2018-19.

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

Accordingly, it is hereby conveyed that the proposal of fee increase for academic session 2018-19 of **Rukmini Devi Public School (School ID-1411219), Pitampura, Delhi-110088** is rejected by the Director (Education).

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

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2018-19 and if the fee is already increased and charged for the academic session 2018-19, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

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

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

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

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

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

To:

The Manager/ HoS
Rukmini Devi Public School (School ID-1411219),
Pitampura, Delhi-
No. F.DE.15 (499)/PSB/2022/ 2884- 2889

Dated: 12/05/22

Copy to:

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

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