

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

No. F.DE.15 (629)/PSB/2022/ 3870-3874

Dated: 31/05/22

**ORDER**

WHEREAS, **Remal Public Senior Secondary School, (School ID-1413238), Block A-2, Sector – 3, Rohini, Delhi-110085** (hereinafter referred to as “**the School**”), run by the **Remal Public School 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 **Remal Public Senior Secondary School, (School ID-1413238), Block A-2, Sector – 3, Rohini, Delhi-110085**, 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 2018-19, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 24.02.2020 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.DE-15(230)/PSB/2019/1250-1254 dated 29.03.2019 issued for academic session 2017-18 were also discussed and school submission were taken on record.

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

**A. Financial Observations**

1. 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.*”

The audited financial statements of FY 2017-18 revealed that school spent INR. 20,56,200 for purchase of bus out of the school funds by taking loan from bank. The above expenditure incurred by the school was not in accordance with the Rules 177 of DSER, 1973. The outstanding of the loan is INR. 12,39,920 as on 31.03.2019 and the amount spent by the school on repayment of loan for purchase of bus from school funds amounting to INR. 10,42,482 (Purchase cost of Bus of INR. 20,56,200 plus Interest on term loan of INR. 2,26,202 minus outstanding balance of Loan of INR. 12,39,920) is recoverable from the society.

Accordingly, the amount spent by the school from school funds amounting to INR. 10,42,482 is hereby 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 issue of this order.

The school is also directed not to utilize school funds neither for repayment of loan nor payment of interest thereon and make appropriate accounting entries to rectify the General Fund.

2. Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states *"An enterprise should determine the present value of defined 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."*

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

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

From review of the records submitted by the school, it was noted that the School has obtained the actuarial valuation report for its retirement benefit valued as on 31.03.2019. As per actuarial valuation report, liability for gratuity & leave encashment amounting to INR. 1,66,11,927 and INR. 22,22,183 as on 31.03.2019

On the review of audited financial statements for FY 2018-19, it is observed that neither provisions nor liability for gratuity & leave encashment have been recognized by the school in its financial statements. Also, school has not invested the amount in plan assets as defined in AS-15

Thus, school is hereby directed to report correct provisions of retirement benefits in its audited financial statements and invest an amount equivalent to liability determined by the actuary in plan assets as per the requirement of AS-15 issued by ICAI within 30 days from the date of issue of this order.

3. As per 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*

*and income generated from the investment made out of this fund, will be kept in a separately maintained Development fund Account.”*

The audited financial statement of FY 2018-19 revealed the closing balance of development fund is INR. 93,23,178 and the closing balance of cash/bank and investment is INR. 17,86,451, resulting the difference of INR. 75,36,727 between development fund balance and corresponding liquid assets (available in the form of cash/bank and investment).

As per clause 14 of the order dated 11.02.2009 the school is required to maintain separate bank account for the amount collected and investment made out of this fund so that at the end of the accounting year the unutilised balance of development and corresponding amount in the form of cash/bank and investment could be matched.

In view of above observation, no adjustment for development fund balance appearing in the audited financial statements has been made while deriving fund position of school.

#### **B. Other Observations**

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 states *“The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.”*

Further clause 21 of the aforesaid order states *“No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and ‘overheads’ and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.”*

Rule 176 - ‘Collections for specific purposes to be spent for that purpose’ of the DSER, 1973 states *“Income derived from collections for specific purposes shall be spent only for such purpose.”*

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11.02.2009 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.”*

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 .....*”

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 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).

From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of transport fees, smart class fee and computer & science fees, 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 that has been utilised for meeting other expenses of the school, which was also mentioned in Directorate's order no. F.DE-15(230)/PSB/2019/1250-1254 dated 29.03.2019. Details of calculation of surplus, based on breakup of expenditure provided by the school for FY 2015-16, 2016-17 & 2017-18 is given below:

(Amount in INR.)

Particulars	Transport Fee	Smart Class Fee	Computer and science fee
<b>For the year 2015-16</b>			
Fee Collected during the year (A)	26,17,975	13,36,838	2,19,703
Expenses during the year (B)	22,96,918	838766	1,60,497
<b>Difference for the year (A-B)</b>	<b>3,21,057</b>	<b>4,98,072</b>	<b>59,206</b>
<b>For the year 2016-17</b>			
Fee Collected during the year (A)	24,67,720	12,40,995	2,39,392
Expenses during the year (B)	26,94,283	10,73,522	1,11,548
<b>Difference for the year (A-B)</b>	<b>(2,26,563)</b>	<b>1,67,473</b>	<b>1,27,844</b>
<b>For the year 2017-18</b>			
Fee Collected during the year (A)	25,25,575	12,53,755	1,86,870
Expenses during the year (B)	35,12,472	12,53,755	-
<b>Difference for the year (A-B)</b>	<b>(9,86,897)</b>	<b>-</b>	<b>1,86,870</b>
<b>Total</b>	<b>(8,92,403)</b>	<b>6,65,545</b>	<b>3,73,920</b>

Based on the above-mentioned provisions, 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).

Further, the school is hereby 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, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year.

Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

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.

2. The school has prepared a Fixed Assets Register (FAR) that only captures asset name, date and amount. The school should also include details such as supplier name, invoice number, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

The school is directed to update the FAR with relevant details mentioned above. And also follow a consisted accounting policy as per GN-21 of ICAI. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the 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 funds available for the year 2018-19 amounting to INR. **4,36,51,419** out of which cash outflow in the year 2018-19 is INR. **3,98,99,986**. This results in net surplus of INR. **37,51,433**. The details are as follows:

Particulars	Amount (INR.)
Cash and Bank balances as on 31.03.18 as per Audited Financial Statements	31,50,339
Investments in FDRs as on 31.03.18 as per Audited Financial Statements	14,76,272
<b>Liquid funds as on 31.03.18</b>	<b>46,26,611</b>
Add: Recovery of principal & interest payment on loan for purchase of vehicles (Refer Financial Observation No. 1)	10,42,482
Add: Fees for FY 2018-19 as per Audited Financial Statements	3,76,83,693
Add: Other income for FY 2018-19 as per audited Financial Statements	2,98,633
<b>Total Available funds for FY 2018-19</b>	<b>4,36,51,419</b>
Less: Development Fund Balance as on 31.03.2019 (Refer Financial Observation No.3)	-
<b>Net Available Funds for FY 2018-19</b>	<b>4,36,51,419</b>

Less: Audited expenses for the session 2018-19 (Refer Note 1 Below)	3,98,99,986
Less: Arrears of salary on implementation of 7th CPC (Refer Note 2 Below)	-
<b>Net Cash Surplus/ (Deficit)</b>	<b>37,51,433</b>

**Note 1:** Amount written off expense amounting to INR. 81,366 being non-cash expense, it would not result in cash outflow. Hence, it is not considered while deriving the fund position of the school.

**Note 2:** As per previous order no. F.DE-15(230)/PSB/2019/1250-1254 dated 29.03.2019, currently the school is paying the salary as per VI pay commission. As per minutes of meeting of management committee, the school has not implemented 7<sup>th</sup> CPC in FY 2018-19 and as per previous order no. F.DE-15(230)/PSB/2019/1250-1254 dated 29.03.2019, the school was directed to implement the recommendations of 7<sup>th</sup> CPC. Further the school has not provided any details of salary arrears of 7<sup>th</sup> CPC for FY 2018-19.

Hence salary arrears of 7<sup>th</sup> CPC has not been considered while deriving the fund position of the school.

- ii. The School has sufficient funds to carry on the operation of the School for the academic session 2018-19 at 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 repayment of principal amount of loan taken for purchase of vehicle and interest on loan amounting to INR. 10,42,482. 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 the academic session 2018-19 **Remal Public Senior Secondary School, (School ID-1413238), Block A-2, Sector – 3, Rohini, Delhi-110085** 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  
Remal Public Senior Secondary School,  
(School ID-1413238), Block A-2, Sector – 3,  
Rohini, Delhi-110085  
No. F.DE.15 (629)/PSB/2022/ 3870-3874**

Dated: 31/05/22



**Copy to:**

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West B) 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**