

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

No. F.DE.15(778)/PSB/2022/4979-4983

Dated: 23/06/22

**ORDER**

WHEREAS, **Ravindra Public School (School ID-1411216), SD-QD Block, Pitampura, Delhi- 110034**, (hereinafter referred to as “**the School**”), run by the Sushila Devi Ramlal Memorial Society (hereinafter referred to as “**Society**”), is a private unaided School recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as “**DoE**”), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as “**DSEAR, 1973**”). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every School is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEA, 1973 to the DoE. Such full statement of fee is required to indicate estimated income of the School to be derived from the fees and estimated operational expenses to be incurred during the ensuing year towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the DSER, 1973.

AND WHEREAS, as per Section 18(5) read with Sections 17(3), 24 (1) and Rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial statements, books of accounts and other records maintained by the School at least once in each financial year. Sections 18(5) and 24(1) and Rule 180 (3) of DSEAR, 1973 have been reproduced as under:

Section 18(5): *‘the managing committee of every recognised private School shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed’*

Section 24(1): *‘every recognised School shall be inspected at least once in each financial year in such manner as may be prescribed’*

Rule 180 (3): *‘the account and other records maintained by an unaided private School shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.’*

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

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



*"27 (c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the Schools have been complied with...*

*28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the Schools.....*

*.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."*

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in the Writ Petition No. 4109/2013 in the matter of Justice for All vs. Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by private unaided recognized Schools to whom land has been allotted by the DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed to all the private unaided recognized Schools, running on the land allotted by the DDA/other land owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DoE, the School submitted its proposal for enhancement of fee for the academic session 2019-20. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

AND WHEREAS, in order to examine the proposals submitted by the Schools for fee increase for justifiability or not, the DoE has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the School carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2019-20, necessary records and explanations were also called from the School through email. Further, the School was also provided an opportunity to be heard on 21.11.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues. During the aforesaid hearing, compliances against Order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29 Mar 2019, issued for academic session 2017-18, was also discussed and submissions taken on record.

AND WHEREAS, the response of the School along with documents uploaded on the web portal for fee increase, and subsequent documents submitted by the School, were evaluated by the team of Chartered Accountants; the key observations noted are as under:

**A. Authenticity of Audited Financial Statements**

1. As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e. receipt and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31<sup>st</sup> July.





On account of number of complaints received by the Institute of Chartered Accountants of India (ICAI) regarding signatures of Chartered Accountants (CAs) are being forged by non-CAs and corresponding findings by ICAI that financial documents/certificates attested by third person misrepresenting themselves as Chartered Accountants (CA) are misleading the Authorities and Stakeholders, ICAI, at its 379<sup>th</sup> Council Meeting, made generation of Unique Document Identification Number (UDIN) mandatory for every signature of Full time Practising Chartered Accountants in phased manner for the following services:

- All Certificates with effect from 1 Feb 2019
- GST and Income Tax Audit with effect from 1 Apr 2019
- All Audit and Assurance Functions with effect from 1 Jul 2019

Therefore, generation of UDIN has been made mandatory for all audit and assurance functions like documents and reports certified/ issued by practising Chartered Accountants from 1 Jul 2019. The UDIN System has been developed by ICAI to facilitate its members for verification and certification of the documents and for securing documents and authenticity thereof by Regulators.

Further, ICAI issued an announcement on 4 June 2019 for the attention of its Members with the requirement of mentioning UDIN while signing the Audit Reports effective from 1 Jul 2019, which stated *"With a view to bring uniformity in the manner of signing audit reports by the members of ICAI, it has been decided to require the members of ICAI to also mention the UDIN immediately after the ICAI's membership number while signing audit reports. This requirement will be in addition to other requirements relating to the auditor's signature prescribed in the relevant law or regulation and the Standards on Auditing."*

The Council of the Institute of Chartered Accountants of India, in terms of the decision taken at the 296<sup>th</sup> meeting held in June 2010 decided to extend the requirement to mention the firm registration number to all reports issued pursuant to any attestation engagement, including certificates, issued by the members as proprietor of/ partner in the said firm on or after 1 Oct 2010.

Para 1 of Standard on Auditing (SA) 700 (Revised) – 'Forming an Opinion and Reporting on Financial Statements' notified by the Institute of Chartered Accountants of India states *"This Standard on Auditing (SA) deals with the auditor's responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor's report issued as a result of an audit of financial statements"*.

Also, para 45 of SA 700 states *"The auditor's report shall be signed. The report is signed by the auditor (i.e. the engagement partner) in his personal name. Where the firm is appointed as the auditor, the report is signed in the personal name of the auditor and in the name of the audit firm. The partner/proprietor signing the audit report also needs to mention the membership number assigned by the Institute of Chartered Accountants of India. They also include the registration number of the firm, wherever applicable, as allotted by ICAI, in the audit reports signed by them."*

Though the financial statements for FY 2016-2017 to FY 2018-2019 submitted by the school were signed by the Chartered Auditor with reference to its Auditor's Report of even date, the audit report of the Chartered Accountant citing his opinion on the financial statements were not enclosed along with any of the financial statements (3 years) submitted by the school. Thus, the school submitted incomplete financial statements. Further, it could not be verified if the Chartered Accountant generated UDIN in relation to the audit of the financial statements of the school for





FY 2018-2019, which were dated 3 Oct 2019, as mandated by ICAI. Also, the UDIN was not mentioned on the financial statements for FY 2018-2019 submitted by the school. Further, the auditor did not mention the Firm Registration Number (FRN) issued by the ICAI while signing the financial statements, which is a mandatory requirement in view of the announcement of ICAI and SA 700. Also, the school did not submit Notes to Accounts along with its financial statements. Therefore, authenticity of the audit and that of the financial statements submitted by the school could not be verified.

While the school has not complied with the statutory requirement of submission of audited final accounts and has submitted unauthentic final accounts, these financial statements have been taken on record by the Directorate and the same have been considered for evaluation of the fee increase proposal of the school for the academic session 2019-2020 assuming the same as unaudited/provisional financial statements.

The school is directed to confirm from the auditor whether UDIN was generated in respect of the audit opinion issued by the auditor on the financial statements of the school for FY 2018-2019. If it was generated, the same should be mentioned by the school in its compliance report. In case, UDIN was not generated by the auditor, the school is directed to seek explanation from the auditor for not complying with the requirements notified by ICAI and get the said audit report and financial statements verified from the Institute of Chartered Accountants of India for its authenticity and validity.

Further, the auditor had signed the audit report and financial accounts for FY 2018-2019 on 3 Oct 2019. Thus, the school did not comply with the requirement of submission of audited final accounts in accordance with the timeline prescribed in Rule 180(1).

Accordingly, the school is directed to ensure the financial statements as per the requirements of Rule 180(1) are appropriately prepared and submitted to the Directorate (including audit opinion issued by Chartered Accountant on the financial statements of the school and Notes to Account) within the prescribed timeline. The school is further directed to ensure that the audit opinions are issued on its complete set of final accounts i.e. Balance Sheet, Income and Expenditure Account and Receipt and Payment Account by practicing Chartered Accountant and the same must comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India including compliance with SA 700 and mention of UDIN and FRN.

2. On examination of the financial statements of FY 2018-2019 submitted by the school, it was noted that the financial statements were not appropriately authenticated by the representatives of the school, since only one signatory (Manager) signed the financial statements. Also, some of the schedules annexed to the financial statements were not even signed by the representative of the school. Thus, the authenticity of the financial statements and financial information included therein cannot be confirmed.

The school is directed to ensure that the entire set of financial statements (all pages including Schedules) must be signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents.





## B. Financial observations

1. Rule 177 of DSER, 1973 states *“(1) Income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances, and other benefits admissible to the employees of the school. Provided that savings, if any from the fees collected by such school may be utilised by its managing committee for meeting for meeting the capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:*

- *award of the scholarships to students,*
- *establishment of any other recognised school, or*
- *assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run.*

*(2) The savings referred to in sub-rule (1) 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 development nature,*
- (c) the expansion of the school building or for the expansion or construction of any building or establishment of hostel or 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.”*

On review of the financial statements for FY 2017-2018 and FY 2018-2019, it was noticed that though the school is not collecting development fee, it had utilized school funds (i.e. fee collected from students) for procurement of various capital items such as camera, furniture & fixtures, etc. amounting to INR 2,74,548 and INR 33,850 respectively without complying the requirements prescribed in Rule 177 of DSER, 1973 i.e. without deriving savings.

Based on the fact that the school did not implement the recommendations of 7<sup>th</sup> CPC till 1 Apr 2019, did not even record its complete liability towards retirement benefits (other than an amount of INR 3,79,000 recorded towards gratuity without any computation) of staff in its books of account and did not secure the funds against staff gratuity and leave encashment in investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurers, the school did not comply with the requirements of Rule 177 (1) i.e. *“Income derived by an unaided utilized 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”*.

Accordingly, the above-mentioned capital expenditure incurred during FY 2017-2018 and FY 2018-2019 totalling to INR 3,08,398 (INR 2,74,548 plus INR 33,850) out of school funds without ensuring savings as per rule 177 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the society within 30 days from the date of this order. Also, the school is directed not to incur capital expenses from school funds unless savings are derived in accordance with Rule 177.





### C. Other observations

1. Para 7.14 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Plan assets comprise:*

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

Section 10(1) of Delhi School Education Act, 1973 on 'Salaries of employees' states "*The scales of pay and allowances, medical facilities, pension, gratuity, provident fund and other prescribed benefits of the employees of a recognised private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority.*"

Directorate's Order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school has made provision for retirement benefits (gratuity and leave encashment) on the basis of management estimates instead of actuarial valuation.

On review of the financial statements for FY 2018-2019 submitted by the school, it was noted that the school has made provision towards gratuity) amounting INR 3,79,000 on the basis of management estimate. However, the school did not submit the basis for calculation of gratuity liability disclosed in the financial statements for FY 2018-2019. Further, it was noticed that the school has not made any investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurer to earmark and secure funds for statutory liabilities towards staff. However, the school in its compliance report with respect to Directorate's order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29 Mar 2019 submitted that the school will calculate gratuity and leave encashment on the basis of actuarial valuation from FY 2019-2020.

The school is directed to ensure that retirement benefits are provided for in its books of account on a rational basis and such computation must be submitted by the school along with its compliance report. Also, the school is directed to start depositing amount in investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurers in order to secure funds towards staff retirement benefits.

In absence of any computation and no amount being deposited in group gratuity scheme and group leave encashment scheme of LIC or other insurers, no amount has been considered towards staff retirement benefits while deriving the fund position of the school for FY 2019-2020 (enclosed in the later part of this order).

2. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

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

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



Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."

Sub-rule 3 of Rule 177 of DSER, 1973 states "Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2)." Further, Sub-rule 4 of the said rule states "The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered."

Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

Further, the aforementioned Guidance Note lays down the concept of fund based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column).

Directorate Order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 directed the school to follow fund-based accounting in respect of earmarked levies.

From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of transport fees and Digi classes/ SMS from students. However, the school is yet to maintain separate fund accounts for these earmarked levies and the school has generated surplus that has been utilised for meeting other expense. Details of calculation of deficit, based on breakup of expenditure provided by the school for FY 2018-2019 is given below:

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus (INR)
	A	B	C=A-B
Transport Fees <sup>^</sup>	30,34,200	30,20,000	14,200
Digi classes/ SMS charges	18,90,820	8,80,680	10,10,140

<sup>^</sup> The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

Directorate Order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school is collecting Digi classes/ SMS charges from all its students and directed the school to stop the collection of Digi



classes/ SMS. The school in its compliance report submitted that the school is not charging fee from all the students under the head Digi classes/ SMS. Those who are opting these facilities are liable to pay the charges. However, the school has not submitted any evidence to substantiate the same.

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 Digi classes/ SMS and details provided by the school in relation to expenses incurred against the same, 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, as applicable.

The school is again 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 must 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 school is directed to submit the reconciliation of Digi classes/ SMS charges reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2017-2018 and FY 2018-2019 with fee computed based on the fee structure of the school and details of number of students opted for Digi classes.

3. Incomes (fee collected from students) reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2018-2019 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. Basis the computation prepared, differences were noted in the fee collection reported by the school during FY 2018-2019 in its Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per details provided by the school.

Following difference was derived in Tuition fee based on the computation of FY 2018-2019:

Particulars	Income reported in Income & Expenditure Account (A)	Fee computed based on details of no. of students provided by the school (B)	Derived Difference (C)= (A-B)	Derived % Difference (D)=(C/B* 100)
Tuition fee	2,79,49,670	2,94,70,560	(15,20,890)	-5%
Digi classes/ SMS charges	18,90,820	19,40,400	(49,580)	-3%

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

Since the reconciliation is to be prepared and submitted by the school, no adjustment has been made in the fund position of the school (enclosed is the later part of the order).

4. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states "No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student in



any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.”

Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 states “No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.”

Further, Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 9 Sep 2010 stated “In case of those ex-students who have not been refunded the Caution Money/Security Deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty days. After the expiry of thirty days, the un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further, this income shall also be taken into account while projecting fee structure for ensuing Academic year.”

Directorate Order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school has not reflected the un-refunded caution money of ex-students as income in its financial statements after the expiry of 30 days of communication to them to collect their caution money together with interest. It further noted that the school is not refunding the caution money along with interest thereon. The school in its compliance report mentioned that the un-refunded caution money belonging to ex-students will be reflected as income from the financial year 2019-2020 onwards. Also, the school does not credit interest earned on caution money in caution money payable account.

Therefore, the school is again directed to communicate with ex-students to collect their caution money together with interest thereon and any unclaimed amount after 30 days of such communication should be treated as income by the school in its books of account. Further, the school is directed to ensure that interest on caution money is paid to the students along with the caution money refund at the time of leaving the school. Also, the school is directed to credit interest earned on caution money in caution money payable account.

Thus, on account of the same, entire balance reported in the financial statements for FY 2018-2019 of the schools has been considered while deriving the fund position of the school (enclosed in the later part of this order).

5. As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 “The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.”

Para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states “The financial statements should disclose, inter alia, the historical cost of fixed assets.”



Directorate Order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29 Mar 2019 issued to the school post evaluation of the fee increase proposal for FY 2017-2018 noted that the school did not charge depreciation as per the rates of depreciation specified in Appendix I of Guidance Note. From the financial statements of FY 2018-2019 submitted by the school, it was noted that the school is still not charging depreciation at rates as per the Guidance Note. The school in its compliance report submitted that the school will charge depreciation on the basis of rates specified in Appendix 1 to GN-21 from FY 2019-2020.

Basis the presentation made in the financial statements for FY 2018-2019 submitted by the school, it was further noted that the school is reporting fixed assets purchased at written down value on the face of the Balance Sheet, which is not in accordance with the disclosure requirements included in the guidance note cited above.

The school is instructed to adopt the depreciation rates as prescribed in Appendix I of the Guidance Note. The school is also directed to disclose all fixed assets at gross (historic) value on the face of Balance Sheet on the assets side and accumulated depreciation as depreciation reserve on the liability side of the Balance Sheet.

6. Review of the proposal for enhancement of fee for FY 2019-2020 submitted by the school indicated that the school did not include/disclose transport fee collected by it from students in its proposal for fee hike submitted for FY 2019-2020.

The school is directed to report all income/fee collected from students, including all earmarked levies, in its fee increase proposal. Also, the school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

**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 2019-2020 amounting to INR 4,55,45,545 out of which cash outflow in the year 2019-2020 is estimated to be INR 6,56,95,441. This results in net deficit of INR 2,01,49,896. The details are as follows:

Particulars	Amount in INR
Cash and Bank Balance as on 31 March 2019 (as per financial statements of FY 2018-2019)	30,01,405
Investments (Fixed Deposits) including accrued interest as on 31 March 2019 (as per financial statements of FY 2018-2019)	20,43,533
<b>Total Liquid Funds Available with the School as on 31 Mar 2019</b>	<b>50,44,939</b>
<u>Add:</u> Fees/Incomes for FY 2019-2020 (based on income reported in financial statements of FY 2018-2019) [Refer Note 1]	4,22,43,200
<u>Add:</u> Amount recoverable from Society on account of capital expenditure incurred during FY 2017-2018 and FY 2018-2019 without compliance of Rule 177 [Refer Financial Observation No. 1]	3,08,398
<b>Gross Estimated Available Funds for FY 2019-2020</b>	<b>4,75,96,537</b>
<u>Less:</u> FDRs jointly held with CBSE and DOE (as per the financial statements of FY 2018-2019)	9,68,702



Particulars	Amount in INR
Less: Caution Money Liability (as per the financial statements of FY 2018-2019)	10,82,289
<b>Net Estimated Available Funds for FY 2019-2020</b>	<b>4,55,45,545</b>
Less: Budgeted Expenses for FY 2019-2020 (as per budget submitted by the school along with its fee increase proposal) [Refer Note 2]	4,70,03,919
Less: Arrears of salary as per 7th CPC for the period Apr 2018 to Mar 2019 [Refer Note 3]	80,63,540
Less: Arrears of salary as per 7th CPC for the period Jan 2016 to Mar 2018 [Refer Note 3]	1,06,27,982
<b>Estimated Deficit</b>	<b>2,01,49,896</b>

**Notes:**

1. Fees and incomes based on those reported in audited financial statements of FY 2018-2019 have been considered with the assumption that the amount of income during FY 2018-2019 will at least accrue during FY 2019-2020 (except tuition fee which has been taken at 115% of the tuition fee collected in FY 2018-2019 on the basis of Directorate Order No. F.DE.15(250)/PSB/2019/1330-1334 dated 29 Mar 2019 which allowed the school to increase its tuition fee by 15% with effect from 1 Apr 2019).
2. Per the Budget Estimate for FY 2019-2020 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2019-2020 of INR 10,44,37,368 (including arrears of salary as per 7<sup>th</sup> CPC amounting to INR 4,98,31,408 that has been dealt with separately), which in some instances was found to be unreasonable/excessive. Based on the explanations and details provided by the school during personal hearing, most of the expenses heads as budgeted were considered. Further, during review of budgeted expenses, certain discrepancies were noted in expenses budgeted by the school, which were adjusted from the budgeted expenses of FY 2019-2020 as under:

Expense Heads	Actuals FY 2018-2019	Budget FY 2019-2020	Amount Disallowed	Remarks
Salaries & Wages including allowance Teaching Staff	2,60,78,067	3,79,15,712	40,14,225	School has proposed increase of 45% and 425% in salary cost of teaching staff and non-teaching staff respectively in FY 2019-2020 as compared to FY 2018-2019, which seems excessive. Considering the tentative impact of 7 <sup>th</sup> CPC, 30% increase over salary cost of FY 2018-2019 has been considered.
Salaries & Wages including allowance Non-Teaching Staff	8,00,400	42,00,000	31,59,480	
Medical Expenses	1,13,701	4,08,000	2,82,929	No reasonable justification/explanation provided by the school for such increase in expense as compared with
Sports Expenses	1,29,402	1,80,000	37,658	



Expense Heads	Actuals FY 2018-2019	Budget FY 2019-2020	Amount Disallowed	Remarks
Students and Staff Welfare	92,955	1,40,000	37,750	FY 2018-2019. Accordingly, budgeted expenses for FY 2019-2020 have been restricted to 110% of the expense incurred during FY 2018-2019.
Music Expenses	-	70,000	70,000	New expense head budgeted during FY 2019-2020 for which no justification or rationale was provided by the school. Thus, the same has not been considered.
<b>Total</b>	<b>2,72,14,525</b>	<b>4,29,13,712</b>	<b>76,02,042</b>	

3. The school did not provide adequate details for computation of salary arrears as per 7th CPC. The school budgeted 7th CPC arrears as INR 4,98,31,408 for the period Jan 2016 to Mar 2019, which seems excessive. In the absence of computation, an amount equivalent to 30% of the actual salary paid by the school during FY 2018-2019 i.e. INR 80,63,540 has been considered as the impact of 7th CPC for FY 2018-2019. While, an amount equivalent to 40% of the actual salary paid by the school during FY 2016-2017 i.e. INR 1,06,27,982 has been considered as the impact of 7th CPC for the period Jan 2016 to Mar 2018.
- ii. In view of the above examination, it is evident that the school does not have sufficient funds to carry on the operation of the school for the academic session 2019-20 on the existing fees structure. In this regard, the Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that:

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

AND WHEREAS, in the light of 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 that along with certain financial and other discrepancies, that the sufficient funds are not available with the school to carry out its operations for the academic session 2019-20 therefore, the fee increase proposal of the school may be accepted.

AND WHEREAS, it has been noted that the School has paid INR 3,08,398 towards incurring capital expenditure, which is not in accordance of Rule 177 of DSER, 1973. Thus, the School is directed to recover INR 3,08,398 from the Society. The receipt of the above amount along with the copy of the bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance of this Order. Non-compliance of this shall be taken up as per DSEA&R, 1973.



AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a widespread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6<sup>th</sup> CPC. Further, it has to be seen that after covid, which has affected the society at large, financial sudden burden to some extent may be avoided. 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 08% to be effective from 01 July 2022.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of sections 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 funds are not available with the School for meeting its financial implication for the academic session 2019-20. Therefore, Director (Education) has accepted the proposal submitted by the school to increase the fee for the academic session 2019-20.

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 for enhancement of fee for session 2019-2020 of **Ravindra Public School (School ID-1411216), SD-QD Block, Pitampura, Delhi- 110034** has been accepted by the Director of Education and the school is hereby allowed to increase fee by 08% with effect from 01 July 2022.

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

1. To increase the fee only by the prescribed percentage from the specified date.
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  
Ravindra Public School  
School ID-1411216  
SD-QD Block,  
Pitampura, Delhi- 110034

No. F.DE.15(778)/PSB/2022/4979-4983

Dated: 23/06/22

**Copy to:**

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



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