

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

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 866

Dated: 8/8/2017

ORDER

Whereas, the request of New Green Field School, Marg-22, Saket, New Delhi-110017 for increase in fee for the academic session 2016-17 was rejected by Director (Education) vide order No. F.DE.15/Act-1/WPC-4109/PART/13/73 dated 23.12.2016 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Deputy Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of New Green Field School against the fee hike rejection order of this Directorate and had decided to give an opportunity to the school to be heard in person.

And whereas, a committee was constituted to hear the case of the school in detail with a view to assist the Director of Education to dispose of the representation.

And whereas, in this connection, an opportunity of being heard was provided to the Manager/HoS of the said school on 11.05.2017 at 04.00PM at Conference Hall, Ludlow Castle School Sports Complex, Civil Lines, Delhi-110054.

And whereas, the submissions of the schools were heard by the above said committee on 11.05.2017 at 04.00pm and during the hearing, the issues raised in the representation of the school were discussed at length. The submissions made by the school are taken on record and analyzed in accordance with the provisions of Delhi School Education Act and Rules, 1973 and directions issued there-under.

Financial discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	Purchase of furniture & fixtures and equipment amounting to Rs.14,78,083 has been charged to Income & Expenditure account during the FY. 2015-16 instead of charging the same to development fund. This is not in line with the Generally Accepted Accounting Practices which shared that	We will charge the entire cost of new assets to Development Fund.	Accepted by School. The school is directed to follow DOE instructions in this regard.

	the capital assets cannot be charged to Income & Expenditure account. This is contravention of Clause 14 of Order No. F.DE./15 (56) /Act / 2009 / 778 dated 11/ 02/ 2009.		
2.	On the basis of provisional financial statements of FY 2015-16, the school has changed its policy in respect of charging transport fee and has transferred the entire transport fee of the school to head office/ society under which it is operated. Moreover, the school has booked the depreciation of Rs.6,87,958 on vehicles for FY 2015-16 whereas all other income and expenses in relation to transportation fee has been routed through the head office/ society. As per Clause 7 of the Public Notice dated 04.05.1997, society or trust running the school are prohibited from collection of any fee or any kind of charges from the students. Accordingly, the transfer of transport fee to society is not allowed as specified by the rules in this regards.	Transferring the transport fee and transport expenditure to a separate unit "Transport Division" is transfer to society/ head office of the school is only a gross misinterpretation of the facts. It was mentioned by the school during personal hearing that society is running 03 school and transport system is used for all the schools and income and expenditure is shared by all the three school in proportion to the number of students and that any profit/loss on transport head is transferred commensurate to all 03 schools. Thus there is in real terms no transfer of fund.	The school is not allowed to transfer any income of school to other units. The school is directed to present transport fees and transportation expenses properly in its books of accounts.
3	Vehicles having book value (WDV) of Rs. 45,86,389 as at March 31, 2015 have been transferred to the society by the school. The school cannot transfer any asset to the head office / society, this may be considered as a contravention of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999. Further as per Clause 7 of the Public Notice dated 04.05.1997, society or trust running the school are prohibited from collection any fee or any kind of charges from the students. Accordingly, the transfer of transport fee to society is not allowed as specified by the rules in this regards.	We confirm that no assets were transferred to the Society. The buses were transferred to Transport Division at book value.	The school is not allowed to transfer any assets to society or other units operating under society. Instructions issued by the DoE in this regard are to be complied with by the school.

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	Receipt & payment account has not been prepared by the school for FY 2013-14 and FY 2014-15 as required by Order no. F.DE-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16-04-2016.	It is admitted that the school has not prepared Receipt & Payment Account.	Accepted by school.
5	Differences between student wise detail and the amount recorded in the books of accounts during the three financial years. a. Rs.11,930 was short received taken as concession or not recoverable in the financial year 2013-14. b. Rs.11,900 was short received taken as concession or not recoverable in the financial year 2014-15. c. School is also charging tuition fees in excess as compared to the approved fees in the managing committee meeting.	Short recoveries do arise due to various reasons and the amount is negligible. (For Sr. No. a & b)  The observation is incorrect. We had charged the same fee as intimated to DDE u/s 17(3) of DSEA 1973.	Considered.
6	The school has not complied with the provisions of clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 in respect of caution money. The school has not refunded the caution money to all the students who have left the school in past and the un-refunded caution money is not treated as income instead it has been shown as liability as per the financial statement of school. Moreover, the school has not paid interest while refunding the caution money to the students. Un-refunded caution money amounts to Rs. 3,30,530 as at March 31, 2016. Such amount has been treated as income.	The school shall transfer the caution money standing to the credit of students who have passed out from the school in 2016 and earlier years to Misc. Income during FY 2016-17.	Accepted by school.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The development fund is not used as	We will charge the	Accepted by

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	per the direction given in Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. Purchase of new Furniture & Fixture and Equipment have been charged to income & expenditure account instead of development fund.	entire cost of new assets to Development Fund.	School.
2.	The following observations were reported in respect of the contracts entered by school:- a. Major contracts entered during the various years pertain to Housekeeping, Security and Smart Classes but no comparative bidding system was followed by the school management. b. Work of maintenance and repair were given to known and tried parties as the time available was very limited. c. The school has certified that purchases were made from the leading dealers.	In certain cases, common contracts for all branches of the school are signed because the prices are agreed with parties on consolidated basis. The signed copies were duly produced to the special auditors for checking. All our purchases are from leading dealers of repute in the area.	Accepted by school.
3	Verification of top 200 payments has revealed the following: a. Other major head of expenses pertains to repair & maintenance, for which it was observed that repair & maintenance expenses pertaining to furniture & fixtures and equipment have been charged to income & expenditure account instead of development fund, consequently general reserve (surplus as per Income & expenditure account) was reduced to that extent.	We will charge the entire cost to Development Fund.	Accepted by School.
4	As per Clause 2 of Order No. 1978 dated 16.04.2010, all Schools to explore and exhaust the possibility of utilizing the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a	The school has submitted that it has reserves of Rs. 2,65,37,313 and the school has to kept some funds for future	Instructions issued by the DoE in this regard are to be complied with by the school.

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<p>consequence of increase in the salary and allowances of the employees. It was reported that:-</p> <p>a. Amount of Rs.73,35,386 and Rs.1,84,57,081 (Total Rs. 2,57,92,467) are shown in the General Reserve &amp; Development fund account respectively in the books of the school as on 2015-16 against Rs.1,49,64,946 &amp; Rs. 1,27,18,197 ( Total Rs. 2,76,83,143) as arrived at during inspection.</p> <p>b. Consequently, against a total fund of Rs.2,76,83,143 and budgeted increase in expenditure of Rs.1,59,37,944 as on FY 2016-17, any increase in fees for the session 2016-17 appears to be unjustified.</p>	<p>exigencies.</p>	
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And whereas, after going through the representations dated 25.01.2017 and submissions made by the school during the hearing held on 11.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **46,39,349/-** as per the following details:-

<b>Particulars</b>	<b>Amount(Rs)</b>
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	1,42,11,216
Investment as on 31.03.16 as per audited Financial Statements	3,13,48,476
Total	4,55,59,692
Less: Depreciation Reserve Fund	2,87,51,363
Less: Provision for Gratuity*	82,18,784
Less: Provision for Leave Encashment*	85,87,242
Available Funds	2,303
Fees for 2015-16 as per financial statement (We have assumed that the amount received in 2015-16 will* at least accrue in 2016-17)	11,52,25,969
Other income for 2015-16 as per financial statement	4,15,379
Estimated availability of funds for 2016-17	11,56,43,651
Less: Budget expenses for the session 2016-17 as submitted by school management	12,02,83,000
<b>Net Deficit</b>	<b>-46,39,349</b>

The school is hereby directed to make earmarked equivalent investments against provision for Gratuity & Leave Encashment with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. And the provisions for gratuity and leave encashment should be based on actuarial valuation.

And whereas, in view of the above examination, it is evident that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17.

And whereas, the school proposal for fee increase for the session 2016-17 was earlier declined vide order dated 23.12.16, on the ground that the school had sufficient funds. During the hearing, the school has represented that the funds available are for specific purposes and retirement benefits which cannot be utilised for the payment of operational expenses.

And whereas, as per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no profit and no loss basis and should be used only for the purpose for which these are collected. Accordingly, the school is advised to maintain separate fund in respect of each earmarked levies charged from students in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under. If there are large surpluses under any earmarked levy collected from the students, the same shall be considered or adjusted for determining the earmarked levy to be charged in the next academic session.

And whereas, as per clause No. 14 of 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, fixture and equipment. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserved fund, equivalent to the deprecation 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.' Accordingly, school is advised to maintain separate development fund and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, these recommendations alongwith relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 25.01.2017 and subsequent submissions made thereafter in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, it has been decided by the Director (Education) to allow the school to hike the fee (under proposed heads) by 10% only.

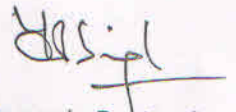
Accordingly, it is hereby conveyed that the representations for fee hike of New Green Field School, Marg-22, Saket, New Delhi-110017, has been accepted by the Director of Education and the school is hereby allowed to increase the fee (under proposed heads) by 10 % only.

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

1. Compliance of all the instructions as mentioned in the order dated 23.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. The fee should be utilised as per letter and spirit of Rule 177 of the DSEA & R, 1973 and the judgement of the Hon'ble Supreme Court in the case of Modern School Vs Union of India (2004).
3. In the light of Judgment of Modern School vs Union of India, the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore it is to be ensured not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA&R, 1973.

This issues with the prior approval of the Competent Authority.

Non compliance of the order shall be viewed seriously.



(Yogesh Pratap)  
Deputy Director of Education-1  
Private School Branch  
Directorate of Education

To

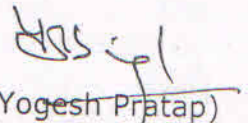
The Manager/HoS  
New Green Field School,  
Marg-22, Saket, New Delhi-110017

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 866

Dated: 8/8/2017

Copy to:-

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.



(Yogesh Pratap)  
Deputy Director of Education-1  
Private School Branch  
Directorate of Education