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

No. F.DE.15 (1230)/PSB/2022/ 1398 - 1402 **Dated:** 10/02/23

Order

WHEREAS, **Greenfields Public School (School ID- 1105208), Dilshad Garden, GTB Enclave, New Delhi- 110093** (hereinafter referred to as " **the School**"), run by the **Greenfields Public School Society (Regd)** (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, the manager of every recognized school is required to file a full statement of fees every year for the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such a statement is required to indicate the estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177 (1) of the DSEAR, 1973.

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 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 recognized private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): 'every recognized 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 authorized by the Director in this behalf and also by officers authorized by the Comptroller and Auditor-General of India'.

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA, 1973 and returns and documents submitted under section 18(5) of DSEA, 1973 read with rule 180 (1) of DSER, 1973.

AND WHEREAS, besides the above, the Director (Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools which have been allotted land by the DDA/ other land-owning agencies with the condition in their allotment to seek prior approval from Director (Education) before any increase in fee.

AND WHEREAS, 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 fees and other charges, with the objective of preventing profiteering and commercialization of education.

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

"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/ other land-owning agencies.

AND WHEREAS, accordingly, the DoE vide Order No. F.DE-15(40)/PSB/2019/4440-4412 dated 08.06.2022, directed all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies at concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the academic session 2022-23.

AND WHEREAS, in pursuance to Order dated 08.06.2022 of the DoE, the School submitted its proposal for increase of fee for the academic session 2022-23. Accordingly, this Order dispenses the proposal for increase of fee submitted by school for the academic session 2022-23.

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.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 13th December 2022 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. During that hearing, the compliance of order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 issued for the academic session 2017-18 was also discussed and the school submission were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee increase, and subsequent documents submitted by the school as a result of the personal hearing were evaluated by the team of Chartered Accountants. After evaluation of fee proposal of the school and its subsequent clarifications and submissions, following key suggestions for improvement were noted:

A. **Financial Suggestion for Improvements**

1. 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.*"

Rule 177 of DSER, 1973 states *"Income derived by an unaided recognized school by way of fees shall be utilized in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that, savings, if any, from the fees collected by such school may be utilized by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognized school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. The aforesaid savings shall be arrived at after providing for the following, namely:*

a) *Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school.*
b) *The needed expansion of the school or any expenditure of a developmental nature.*
c) *The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation.*
d) *Co-curricular activities of the students.*
e) *Reasonable reserve fund, not being less than ten percent, of such savings.*

Accordingly, based on the aforementioned rule, public notice and 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 shall not to be utilised for the same.

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.*"

(a) The school incurred INR 66,33,735 for additions made to the building in FY 2016-17 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 issued for the academic session 2017-18. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

On review of the audited financial statements for the FY 2021-22, it has been noted that the school has continued incurred expenditure on construction of building out of school funds and has capitalized building amounting to INR 10,39,745 without complying with the requirement of Rule 177 of DSER,1973.

(b) The school incurred INR 45,55,028 for purchase of cars in FY 2015-16 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 for the academic session 2017-18. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

On review of audited financial statements for the FY 2019-20 to FY 2021-22, it has been noted that the school has purchased two more cars (Second Hand Innova car amounting to INR 17,00,000 and BMW amounting to INR 40,50,613) by taking the loans and used school funds for repayment of the loan with interest without complying with the requirement of Rule 177 of DSER,1973. The details of school funds utilised by the school for repayment of loan and interest thereon has been provided below:

Particulars	Date of Purchase	Principal	Interest	Down Payment	Total
Second - Hand Car Innova	09.04.2021	3,09,111	1,10,768	4,50,000	8,69,879
BMW Car	30.07.2018	17,75,233	11,82,895	13,01,799	42,59,927
Total		**20,84,344**	**12,93,663**	**17,51,799**	**51,29,806**

Therefore, the amount utilised by the school towards additions to the building, purchase of cars and repayment of loan taken for purchase of cars amounting to INR 1,73,58,314 (INR 66,33,735 + INR 10,39,745 + INR 45,55,028 + INR 51,29,806) in contravention of clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER,1973 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order. Further, the school is also directed to make adjustment in general reserve with respect to interest on loan.

Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

2. As per Clause 8 of order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12. 1999, Clause 23 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 and Section 18(4) of DSEA, 1973 read along with Rule 176 and 177 of Delhi School Education Rules, 1973, "Fees/funds collected from the parents/students shall be utilised strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973. No amount whatsoever shall be transferred from Private Recognized Unaided School Fund to the society or the trust or any other institution."

   The school transferred funds amounting to INR 10,00,058 to Regional Provident Fund Commissioner, Delhi on behalf of Greenfield Public School Provident Fund Trust out of which INR 9,98,604 was outstanding to be received as on 31st March 2017. The amount of INR 9,98,604 was directed to recover from the society vide Directorate's Order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 for the academic session 2017-18. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

   During the personal hearing, the school stated that Directorate's Order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 issued for the academic session 2017-18 is filled for petition in Delhi High Court dated 02.07.2019 and further, the school has not submitted any contention or documents in respect of above - mentioned recovery.

   Therefore, the amount utilised by the school towards transfer of funds on behalf of trust of INR 9,98,604 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

3. The school incurred excessive expenditure amounting to INR 1,34,74,749 in respect of medical facilities and also made payment to M/s Litchi Knowledge Center Private Limited in respect of healthcare services from FY 2013-14 to FY 2017-18 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 issued for the academic session 2017-18 on the basis of following points:
   - There was no formal process of bidding and obtaining quotations from prospective parties for major contracts.

- The school had incurred expenditure towards healthcare services more than 5 times between FY 2013-14 to FY 2015-16.
- As per school's financial statements there was liability outstanding towards M/s Litchi Knowledge Center Private Limited amounting to INR 17,04,156 but no such receivables were reflected in vendor's financial statements.

However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

During the personal hearing, the school stated that Directorate's Order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 issued for the academic session 2017-18 is filled for petition in Delhi High Court dated 02.07.2019 and further, the school has not submitted any contention or documents in respect of above - mentioned recovery.

Therefore, the amount utilised by the school towards medical/ healthcare services of INR 1,34,74,749 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

4. On review of receipt and payment account for the FY 2014-15 and FY 2015-16, it had been noted that the school had made payment of depreciation (being a non-cash expense) amounting to INR 75,10,845 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 for the academic session 2017-18. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

   Therefore, the amount utilised by the school towards payment of depreciation amounting to INR 75,10,845 for the FY 2015-15 and 2015-16 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

5. Section 2 (m) of DSEA, 1973 states that "Manager" in relation to a school, means the person, by whatever name called who is entrusted, either on the date on which this Act comes into force, or as the case may be, under a scheme of management made under section 5, with the management of the affairs of that school.

   On review of the documents submitted by the school, it has been noted that the school is paying salary to the Manager (Dr. Manik Barsaley) during the FY 2019-20 to FY 2021-22 amounting to INR 84,70,439 (FY 2019-20 - INR 38,41,658, FY 2020-21 – INR 38,66,606 and FY 2021-22 – INR 7,62,175).

   Therefore, INR 84,70,439 paid as salary to the manager has been added to the fund position of the school with the direction not to pay any remuneration/honorarium/ allowance to the Manager. The school is directed to recover above-mentioned amount from the Manager or the society.

6. Para 57 of Accounting Standard 15 (AS-15) 'Employee Benefits' issued by the Institute of Chartered Accountants of India states that "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*" Further, Para 7.14 defines the Plan Assets as:

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

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

On review of the audited financial statements for the FY 2021-22, it has been noted that the school made provision for gratuity amounting to INR 6,30,50,599 and leave encashment amounting to INR 2,04,16,578 which is equivalent to the actuarial liability determined by the actuary in the report dated 24.06.2022. During personal hearing, the school explained that it has not invested any amount in Plan Asset towards provisions for gratuity as well as leave encashment which is a non-compliance of the provisions of AS- 15.

The similar observation was also noted in the order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 for the academic session 2017-18 wherein the school was directed to deposit 10% of the liability towards retirement benefits of FY 2017-18 in the plan assets as per AS-15. However, the school has not complied with the above direction till yet.

Since, the school has not invested any amount of its liability in plan asset within the meaning of AS-15 as directed. Hence, no amount towards retirement benefits has been considered while calculating the fund position of the school and the school is once again directed to comply with the direction to the school to invest the equivalent amount in plan asset in accordance with AS-15 and submit the compliance report within 30 days from the date of issue of this order.

In case the school fails to comply with the above directions, the school shall not be allowed further instalments and the amount so allowed to the school shall be recovered from the society/ school management along with interest while evaluating the fee increase proposal for the subsequent year.

7. Clause 3 of the public notice dated 04.05.1997 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 11.02.2009 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.*"

   While evaluating the fee increase proposal for the academic session 2022-23, the following has been noted with respect the caution money:

   - School has been collecting caution money from the students for the FY 2019-20 to FY 2020-21.

   - School had not refunded interest on caution money along with refund of caution money.

   The school is directed to ensure compliance with the above requirements especially ensuring that caution money is refunded along with interest to the students. Therefore, the amount refundable amounting to INR 21,73,000 as on 31.03.2022 as per the audited financial statements has been considered while deriving the fund position of the school.

8. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 states "Development fee, not exceeding 15% of the total annual tuition fee may be charged for

supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with income generated from the investment made from this fund, will be kept in a separately maintained Development Fund Account."

Para 99 of Guidance Note-21 Accounting by Schools issued by the Institute of Chartered Accountants of India states "Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."

Further, Para 102 of the Guidance Note-21 also states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

i. In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end;
ii. Assets, such as investments, and liabilities belonging to each fund separately;
iii. Restrictions, if any, on the utilization of each fund balance;
iv. Restrictions, if any, on the utilisation of specific assets."
v. Also, as per para 67(ii) of the Guidance Note-21 "The financial statements should disclose, inter alia, the historical cost of fixed assets."

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 the proportion of the depreciation charged to income and expenditure account. If the school follows the accounting treatment specified by para 99 of the guidance note, the depreciation reserve fund would be mere an accounting head and school is not required to invest equivalent for that. However, on review of the audited financial statements of FY 2021-22 revealed that the school is not following para 99 of the GN 21 cited above as the school has not created the deferred income account upon purchase of assets out of the development fund and also has not transferred any amount from deferred income account to the credit of income and expenditure account equivalent to the depreciation charged on those assets.

Further, on review of the audited financial statements for the FY 2021-22 revealed that the school has not maintained separate bank account for development fee collection, which is in contravention of aforesaid clause 14 of order dated 11.02.2009.

Accordingly, school is again directed to open separate bank account for development fee collection and maintain equivalent bank balance and also follow para 99 of GN-21 for correct presentation of its financial statements and make necessary rectification entries in its books of accounts. The compliance of the same will be reviewed in the subsequent fee increase proposal.

B. Other Suggestions for Improvement

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."

Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."

Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 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 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states "Earmarked levies shall be charged from the user student only."

Rule 176 states "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."

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 at 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-21 '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 Guidance Note-21 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 and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

From the information provided by the school post personal hearing, it has been noted that school charges earmarked levies in the form of Transport Fee and Computer/Expert Class Fees from the students but has not maintained fund-based accounting. The surplus/deficit generated by the school from these earmarked levies in the last three financial years are as under:

Particulars	**Transportation Fees**	**Computer/ Expert Class Fees***
For the year 2019-20		
Fee Collected during the year (A)	2,95,31,380	88,89,095
Expenses during the year (B)	2,98,93,358	1,07,61,335
Difference for the year (A-B)	**(3,61,978)**	**(18,72,240)**
For the year 2020-21**		
Fee Collected during the year (A)	-	-
Expenses during the year (B)	3,96,891	-
Difference for the year (A-B)	**(3,96,891)**	-
For the year 2021-22**		
Fee Collected during the year (A)	-	-
Expenses during the year (B)	9,88,242	-
Difference for the year (A-B)	**(9,88,242)**	-
Total (Surplus)	**(17,47,111)**	**(18,72,240)**

*Computer/ Expert Class Fees (Collected from all students)
** Proper details of income and expenses are no provided by the school in respect of Computer/Expert Class Fees and Transport Fees

In view of the above the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students at the school, a separate charge cannot be levied towards these services by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of Computer/Expert Class Fees from all the students loses its character of earmarked levy. Thus, the school is directed not to charge Computer/Expert Class Fees as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

The school is also 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 in the subsequent proposal of fee increase by 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 Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students belonging to weaker section. However, as per the information provided by the school for the FY 2019-20 to FY 2021-22, it has been noted that the school was not complying with the abovementioned DOE's Order and condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. Therefore, DDE District may be requested to look into this matter and ensure compliance with the above requirements. The details of total students and EWS students for the FY 2019-20 to 2021-22 are tabulated below:

Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**
EWS	917	924	937
Total Strength	5289	4733	5120
% Of EWS students to total strength	**17%**	**20%**	**18%**

3. 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 specified 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).

Further, Para 58(i) of the abovementioned Guidance Note states that "A school should charge depreciation according to the written down value method at the rates recommended in Appendix I to the Guidance Note- 21."

On review of audited Financial Statements for the FY 2019-20 to FY 2021-22, it has been noted that the school has charged depreciation on fixed assets as per written down value method at the rates prescribed in the Income Tax Rules, 1962.Further, the school did not prepare the financial statements as per the format prescribed in the order dated 16.04.2016 since the school failed to mention previous year's figures in Balance Sheet, Income and Expenditure Account and Receipt and Payment Account.

Therefore, school is directed to provide depreciation on assets and to prepare financial statements in accordance with the guidance note cited above.

4. Clause 24 of DoE Order dated 11.02.2009 states "*Every recognized unaided school covered by the Act, shall maintain accounts on the principles applicable to a non-business organization/ not-for-profit organization as per Generally Accepted Accounting Principles (GAAP). Such schools shall prepare their financial statement consisting of a Balance Sheet, P&L Account and Receipt & Payment account every year.*"

   Further, Appendix-III (Part-I-General instructions and accounting principles) of Guidance Note-21 states:

   1. *"the financial statement of the School should be prepared on accrual basis.*
   2. *a statement of all significant accounting policies adopted in the preparation and presentation of the balance sheet and income and expenditure account should be included in the School's Balance sheet…………..*
   3. *accounting policies should be applied consistently from one financial year to the next. Any change in the accounting policies which has a material effect in the current period, or which is reasonably expected to have a material effect in later periods should be disclosed….".*

   Review of the audited financial statements of FY 2019-20 to FY 2021-22 revealed that the school has been recording income and expenses on cash basis. Thus, the school is not following Generally Accepted Accounting Principles (GAAP). Therefore, the school is hereby directed, to maintain its books of account in accordance with GAAP from subsequent financial years and made necessary adjustment in its books of accounts accordingly. The compliance with this direction shall be verified while evaluating the fee increase proposal of the subsequent year.

5. As per Section 18(5) of the DSEA, 1973, the management 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.

   Further, Rule 180 of DSER, 1973 states " (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31st day of July of each year.(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 any officers authorised by the Comptroller and Auditor General of India"

   And Section 24 (2) of DSA. 1973 states "The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him".

   Whereas Appendix-II to Rule 180 specify that "final accounts i.e., receipts, and payment account, income and expenditure and balance sheet of the preceding year should be duly audited by Chartered Accountant.

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

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

Accordingly, the Council in the 379th meeting of ICAI held on 17.12.2018 and 18 .12. 2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

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

On review of the audited financial statements for the FY 2019-20 and FY 2020-21 submitted by the school, revealed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. This being the procedural observation therefore, the school management are directed to ensure this compliance from the Auditor 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 FY 2022-23 is INR **25,43,44,772** out of which the expected expenditures of the school would be INR **27,29,78,845** resulting in net deficit of INR **1,86,34,073** for the FY 2022-23. The detailed calculation is as under:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	86,46,768
Investments as on 31.03.22 as per Audited Financial Statements **(Refer Note 1 Below)**	27,26,343
Liquid Funds as on 31.03.2022	**1,13,73,111**
Add: Amount recoverable from society on account of additions made to the building, purchase of cars and repayment of loan taken for purchase of cars **(Refer Financial Suggestion No. 1)**	1,73,58,314
Add: Amount recoverable from society for amount transferred to Green Field Public School EPF Trust **(Refer Financial Suggestion No. 2)**	9,98,604
Add: Amount recoverable from society for amount paid to Litchi Knowledge Centre **(Refer Financial Suggestion No. 3)**	1,34,74,749
Add: Amount recoverable from society in respect of payment of depreciation in receipt and payment account **(Refer Financial Suggestion No. 4)**	75,10,845
Add: Amount recoverable from the society in respect of salary paid to Manager **(Refer Financial Suggestion No. 5)**	84,70,439
Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note 2 & 3 Below)**	19,88,17,098
Add: Other income for FY 2021-22 as per Audited Financial Statements **(Refer Note 3 Below)**	12,40,955
Total Available Funds for FY 2022-23	**25,92,44,115**
Less: Gratuity and Leave Encashment Fund with LIC as on 31.03.2022 **(Refer Financial Suggestion No. 6)**	-
Less: Caution Money as on 31.03.2022 **(Refer Financial Suggestion No. 7)**	21,73,000
Less: FDR in the name of Manager & CBSE as on 31.03.2022 **(Refer Note 1 Below)**	12,69,752
Less: Development Fund as on 31.03.2022 **(Refer Financial Suggestion No. 8)**	-

Less: FDR in the name of Manger and DoE **(Refer Note 1 Below)**	14,56,591
Net Available Funds for FY 2022-23 - (A)	**25,43,44,772**
Less: Budgeted expenses for the session 2022-23 **(Refer Note 4 Below)**	19,44,64,208
Less: Salary arrears of 7th CPC **(Refer Note 5 Below)**	7,85,14,637
Total Estimated Expenditure for FY 2022-23 - (B)	**27,29,78,845**
Net Deficit (A-B)	**1,86,34,073**

Note 1: The detail of fixed deposit held by the school as per the audited financial statements for the FY 2021-22 is provided below:

Particulars	**Amount (in INR)**	**Remarks**
FDR with CBSE	12,69,752	These figures have been considered while calculating the fund position of the school
FDR with DoE	14,56,591	
Total	**27,26,343**	

Note 2: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

(i) *"to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of **unutilized facilities** by the students during the relevant period of academic year 2020-21"*. And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

(ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

On review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 100% of the tuition fees and annual charges in its audited financial statements of FY 2021-22 however, the school fails to provide reconciliation statement for development fees. Therefore, in the absence of relevant information, the development fees collected by the school during FY 2019-20 has been considered. The detailed calculation has been provided below:

Particulars	**Income as per AFS for FY 2021-22**	**Income Considered while deriving the fund position for the FY 2022-23**	**Remarks**
Tuition Fee	15,62,05,758	15,62,05,758	

Particulars	Income as per AFS for FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Annual Fee	1,68,14,645	1,68,14,645	Tuition Fees and Annual Charges has been considered as per fee reconciliation for FY 2021-22 submitted by the school.
Development Fee	3,83,89,876	2,57,96,695	The school has not provided any reconciliation of development fee hence, development fee received in FY 2019-20 has been considered while calculating the fund position of the school on the assumption that the same will be received in FY 2021-22 also.
Total	**21,14,10,279**	**19,88,17,098**	

Note 3: All the other income as per audited financial statements of FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23 including transport income amounting to INR 2,93,64,800 budgeted in FY 2022-23.

Note 4: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

Heads	Budgeted Expenditure in FY 2022-23	Amount Disallowed	Remarks
Salary – Teaching and Non- Teaching Staff	21,95,82,178	5,98,53,970	The salary expenses has been restricted to 120% of expense incurred in FY 2021-22
Smart Class Expenses	79,29,600	79,29,600	The school has proposed new earmarked levies in the Budget 2022-23. Hence, neither income nor expenses has been considered while calculating the fund position of the school.
ARC Expenses	40,30,224	40,30,224	
Transport Expenses in respect of vehicles owned by the school	4,00,000	4,00,000	Neither Income nor expense has been considered while calculating the fund position of the school on the assumption that earmarked levies are

Heads	Budgeted Expenditure in FY 2022-23	Amount Disallowed	Remarks
			collected on no profit no loss basis
Transport Expenses in respect of vehicles not owned by the school	2,90,66,000	2,90,66,000	
Total	**26,10,08,002**	**10,12,79794**	

Note 5: As per the submission made by the school, it has been noted that the school has not implemented 7th CPC yet. The school has submitted 7th CPC salary arrears for the period January 2016 to December 2022. Further, in the Directorate order no. F.DE.15(93)/PSB/2019/1488-1492 dated 07.02.2019 for the academic session 2017-18, the school was allowed 7th CPC salary arrears upto March 2017 amounting to INR 1,99,11,642.

However, the school has not applied for fee increase proposal in the last two academic sessions i.e 2018-19 and 2019-20. From that it seems that the school had sufficient funds to incur their expenses. Hence, the 7th CPC salary arrears has not considered for the period April 2017 to March 2020.

Moreover, on review of the documents submitted by the school, 7th CPC salary arrears for the period April 2020 to March 2022 for existing employees amounting to INR 7,85,14637. Hence, the same has been considered while calculating the fund position of the school.

ii. In view of the above examination, it is evident that the school does not have surplus fund to meet its budgeted expenditure for the academic session 2022-23 at the existing fee structure. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16.04.2010 states:

"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 along with certain financial and other suggestions that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school may be accepted.

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 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 funds are not available with the school for meeting financial implication for the academic session 2022-23.

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 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 6th CPC. 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 10% to be effective from 01 Oct 2022.

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

Accordingly, it is hereby conveyed that the proposal for fee increase for the academic session 2022-23 of **Greenfields Public School (School ID- 1105208), Dilshad Garden, GTB Enclave, New Delhi- 110093** is hereby accepted by the Director (Education) and the school is allowed to increase its fee by 10% to be effective from 01 Oct 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 is issued with the prior approval of the Competent Authority

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Greenfields Public School
School ID- 1105208,
Dilshad Garden, GTB Enclave,
New Delhi- 110093

No. F.DE.15 (1230)/PSB/2022/ 1398-1402

Dated: 10/02/23

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 East) 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.

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi