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

No. F.DE.15 (1053)/PSB/2022/9609-9613 **Dated:** 28/11/22

Order

WHEREAS, **New Green Field School (School ID – 1925350), Marg-22, Saket, New Delhi-110017** (hereinafter referred to as "**the School**"), run by the New Green field Educational 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.

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 Delhi School Education Act, 1973 (hereinafter read as '***the Act***') with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as '***the Rules***').

AND WHEREAS, as per section 18(5) of the Act read with section 17(3), 24 (1) of the Act and Rule 180 (3) of the DSEA & R, 1973, responsibility has been conferred upon the Director (Education) to examine the audited financial, account and other records maintained by the school at least once in each financial year. The Section 18(5) and Section 24(1) of the Act and Rule 180 (3) 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.'*

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 hike 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, besides the above, the Hon'ble Supreme Court in the judgment dated 27.04.2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Directorate of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court to the Director of Education in the aforesaid matter titled Modern School Vs. Union of India and others in Para 27 and 28 in case of Private unaided Schools situated on the land allotted by DDA at concessional rates that:

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

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

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

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA/ land owing 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 enhancement of fee for the academic session 2022-23. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by school for the academic session 2022-23.

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

AND WHEREAS, in the process of examination of the fee hike proposal filed by the aforesaid school, necessary records and explanations were also called from the school through email dated 06.09.2022. The school was also provided an opportunity to be heard on 26.09.2022 to present its justifications/clarifications on the fee increase proposal. Based on the discussion with the school during a personal hearing, the school was further asked to submit the necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE.(269)/PSB/2021/4675-80 dated 12.11.2021 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by the team of Chartered Accountants and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestion for Improvements:

1. Clause 7.24 of Duggal Committee report states "*school should be prohibited from discharging any of the functions, which rightly fall in the domain of the society out of the fees and other charges collected from the students; or where the parents are made to bear, even in part, the financial burden for the creation of facilities including building, on a land which had been given to the society at concessional rates for carrying out a philanthropic activity. One only wonders what is then the contribution of the society that professes to run the school*".

Further, Clause No. 2 of the Public Notice dated 04.05.1997 sates "*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". Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.02005 issued by this Directorate states "Capital expenditure cannot constitute a component of the financial fee structure.*"

Additionally, 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*".

Further, 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.

Therefore, based on the above-mentioned provisions, the cost relating to land and construction of the school building should be borne by the society running the school and school funds, i.e., fees collected from the students should not be used for purchase of land and construction of the school building. In this connection, it is also important to mention that society was allotted an institutional land plot and that the cost of the land was very low compared to the price of commercial and even residential land in the nearby location. The land was allotted at a very low price because society came up with the offer to do noble work in the field of education and run the school in Delhi on a "no profit and no loss" basis. The society also undertook to execute this work from its resources or by arranging funds through donations, subscriptions, or any other legal possible manner. The DoE had recommended the allotment of land to society on noble grounds; otherwise, society would not have been able to have prime land at a very low price.

Accordingly, if the DoE finds any deviation or non-compliance in any condition of the land allotment letter, the society as well as the school are bound to comply and honour that immediately, as per the direction of the DoE. And society cannot always claim the protection of Article 19(1)(g), 21 & 30 of the Constitution of India for non-interference by the DoE. Because the main source (i.e., land) which was required to establish the school was supported by DoE by recommending to land owning agencies to allot the land to the society. After considering the recommendation of the DoE, a clause has been included in the land allotment letter of the school that the school shall not increase the fee without the prior sanction of the Director (Education) and shall follow all the provisions of the Delhi School Education Act/Rules, 1973 and other instructions issued by the department from time to time.

The DoE, in its Order No. F.DE.(269)/PSB/2021/4675-80 dated 12.11.2021 issued to the school post evaluation of fee hike proposal for academic session 2019–20, found that the school had incurred capital expenditure of INR 1,34,85,450 for the construction of building during the FY 2017-18 and 2018-19. The DoE noticed that the aforesaid expenditure was incurred by the school without complying with the provision of Rule 177 of DSER, 1973. Accordingly, the school was directed to recover a total of INR 1,34,85,450 from the society.

During personal hearing the school has explained that the aforesaid expense has been incurred to start the vocational courses *(as per new guidelines of state government)* and same has been incurred in compliance to the guidelines. The representation of the school cannot be accepted on the grounds that building is the responsibility of school and the same was not incurred in accordance with Rule 177 of DSER, 1973 given the fact the school were neither paying salary to the staff as per the recommendation of the 7th CPC nor invested any amount in plan assets for leave encashments. Accordingly, the school was directed to recover INR 1,34,85,450 from society which is still pending for recovery.

Therefore, the amount of INR 1,34,85,450 is still recoverable from the society, which has been included while deriving the fund position of the school with the direction to the school to recover this amount from society within 30 days from the date of the issue of this order. Non-compliance with the above direction shall be viewed seriously in accordance with the provision of Section 24(4) of the DSEA, 1973 while evaluating the fee hike proposal for the subsequent academic session.

2. As per the condition of Land allotment letter, the school shall not increase the rate of any fee without prior sanction of DoE and shall follow the provisions of Delhi Education Act/ Rules 1973 and other instruction issued from time to time. Accordingly, the DoE sought online proposals from the schools which was allotted land by land owning agencies having condition to obtain prior approval from the DoE vide order no. F.DE/15/ACT-I/WPC-5256/16/9352/-9359 dated 16.04.2016.

The DoE, in its Order No. F.DE.(269)/PSB/2021/4675-80 dated 12.11.2021 issued to the school post evaluation of fee hike proposal for academic session 2019–20, found that the school had increased the tuition fees, Annual charges and Development fund by 10% in FY 2018-19. Accordingly, the school was directed to adjust the excess fees received from the future receivable fees.

Review of audited financial statements for FY 2021-22, noted that INR 51,340 is yet to be refunded to the students on account of excess fees received. Accordingly, the same has been included in the fund position with the direction to adjust the same from future receivable fees.

3. Clause 14 of this Directorate's Order No.F.DE/15 (56)/Act/2009/778 dated 11.02.2009 states "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made from this fund, will be kept in a separately maintained Development fund Account.*"

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

Taking the cognisance from the above para, the school needs to create the 'Development Fund Utilisation Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortised in the proportion of the depreciation charged to revenue account. By following the aforesaid accounting treatment for development fund, development fund utilisation account and depreciation on assets purchased out of development fund as per para 99 of GN-21, the depreciation reserve fund would be mere an accounting head and school do not require creation of equivalent investments against the depreciation reserve.

From review of presentation of the audited financial statements of FY 2021-22, it has been noted that development funds balance of INR 3,38,88,141 appearing in the audited financial statements whereas liquid fund/invest against this are amounting to INR 1,86,80,793 as confirmed by auditors and the supporting evidence's available against the same.

Further, from review of the audited financial statement noted that the school upon purchase of assets out of the development funds, transfers an amount equivalent to the cost of the assets to General Funds instead of transferring it as deferred income which may be written off in proportion of deprecation charged on the assets. As the school has not been following correct accounting treatment with respect development fund utilization resulting incorrect reporting of General Reserve. Accordingly, the operation loss of INR 3.09 crores reported by the school in the audited financial statements is not correct and misleading to the reader of financial statements.

In view of the above, the development fund balance of INR 1,86,80,793 has been considered while deriving the fund position of the school with the direction to the school, to rectify its books of accounts as per para 99 and ensure correct balance of development funds are reported in audited financial statements.

4. As per Para 49 of Accounting Standard 15 'Employee Benefits' issued by The Institute of Chartered Accountants of India states *"Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses."*

Further, para 57 states *"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".* Also, para 7 of the Accounting Standard defines Plan Assets as under:

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

From review of the audited financial statements of FY 2021-22 and the documents/records submitted by the school post personal hearing, it has been noted that the school has reported a total liability of INR 7,70,24,412 towards retirement benefits in the audited financial statements based on the actuary valuation obtained by it.

Further, school has invested INR 5,90,58,404 with LIC and submitted the investment proof. As the investment with LIC qualifies as plan assets within the meaning of AS-15. Therefore, amount invested by the school has been considered while deriving the fund position of the school with the direction to the school to deposit the remaining amount in plan assets.

5. 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."*

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, upgradation and replacement of furniture, fixtures and equipment."*

The DoE in the Order No.15(138) PSB/2019/1852-1856 dated 22.02.2019 issued to the school, post evaluation of fee hike proposal for FY 2017-18, noted that the school incurred capital expenditure on purchase of car of INR 17,02,722 out of the development funds. The school incurred the above expenditure without complying with the provision of the Rule 177 of DSER, 1973 and clause 14 of the order dated 11.02.2009. Accordingly, the school was directed to recover INR 17,02,722 which is still pending for recovery.

Similar directions were given to the school while evaluating the fees hike proposal for academic session 2019-20, however the same has not been recovered from society. Therefore, it has been included while deriving the fund position of the school with the direction to the school to recover this amount within 30 days from the date of issue of this order. The school is further directed to ensure that the development fund is utilized only towards purchase, upgradation and replacement of furniture, fixture, and equipment. Any other capital expenditure should be done out of the savings computed in accordance with Rule 177 of DSER, 1973.

6. Rule 59 of the DSER, 1973 states “”members of the managing committee not entitled to any remuneration, honorarium or *allowance but may be permitted to draw allowances for attending meetings of the managing committee at a rate not exceeding the rate of daily allowance or travelling allowance admissible to the non-official members of the committees, boards, and the like in accordance with the orders issued by the Government of India from time to time:*

Provided that if the head of school or a teacher happens to be a member of the managing committee, he shall draw his remuneration in his capacity as the head of school or teacher, as the case may be. Provided further that the allowances paid to the members of the managing committee for attending meetings thereof shall not be a charge on the school fund”.

The Directorate in its Order No. F.DE.(269)/PSB/2021/4675-80 dated 12.11.2021 issued for FY 2019-20, noted that the school has paid INR 79,44,000 to the members of managing committee during the period from 2014-15 to 2018-19. The same was paid in contravention of the above-mentioned provisions of DESAR, 1973. Accordingly, school was directed to recover INR 79,44,000 which is still pending for recovery.

Therefore, the amount of INR 79,44,000 has been considered as fund available with the School while deriving the fund position with the direction to the school to recover this amount within 30 days from the date of issue of this order.

B. Other Suggestion for Improvements:

1. The Directorate in its Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016 "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."

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

From review of the financial statements for the FY 2021-22, it has been noted that the depreciation on fixed assets have been provided on written down value method at the rates prescribed in the Income Tax Rules, 1962 which is not in accordance with the provisions of the Guidance Notes issued by the Institute of Chartered Accountants of India. Therefore, the school is directed to apply the provisions outlined in the Guidance note mentioned above.

2. 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 Schools 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 the school revealed that the school has been recording all income and expenses are being recoded on accrual basis except the EWS grant receivable from the government. 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.

3. Rule 175 of DSER, 1973 State *"all income received by the School is required to be reflected in the accounts with regard to the School Fund or the Recognised Unaided School Fund, as the case may be, clearly exhibiting the income accruing under each head, i.e., fees, fines, income from building rent, interest, development fee, etc."*

Rule 172 of *DSEAR, 1973 Trust or society not to collect fees, etc. schools to grant receipts for fees, etc., collected by it*

1. No fee, contribution or other charge shall be collected from any student by the trust or society running any recognized school; whether aided or not.

2. Every fee, contribution or other charge collected from any student by a recognized school, whether aided or not, shall be collected in its own name and a proper receipt shall be granted by the school for every collection made by it.

From review of the audited financial statements for 2019-20, 2020-21 and 2021-22, noted that the society has been collecting transportation fees which is in contravention to rule 172 & 175 of DSEAR, 173 cited above. Accordingly, school is hereby directed to stop deviating the transport fees to the society and start collecting in a sperate bank account maintained by the school and submit the compliance within 60 days from the date of issue of this order.

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 are **INR 16,53,49,263** out of which expected expenditures of the school would be **INR 17,70,19,633** resulting in net deficit of **INR 1,16,70,370** for the FY 2022-23. The detailed calculation is provided below:

Particulars	Amount (INR)
Cash and Bank balances as on 31.03.2022 as per Audited Financial Statement of FY 2021-22	1,77,22,862
Investments as on 31.03.2022 as per Audited Financial Statement of FY 2021-22	11,10,40,868
Liquid fund as on 31.03.2022	**12,87,63,730**
Add: Recovery from Society for building construction **(Refer Financial Suggestion No. 1)**	1,34,85,450
Add: Recovery from society towards purchase of car **(Refer Financial Suggestion No. 5)**	17,02,722
Add: Amount recoverable from society as remuneration paid to members of Managing Committee **(Refer Financial Suggestion No. 6)**	79,44,000
Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note No. 1 Below)**	12,10,80,870
Add: Other income for FY 2021-22 as per audited Financial Statements **(Refer Note No. 1 Below)**	64,03,490
Add: Additional income of annual charges and development fund **(Refer Note No. 1 Below)**	35,29,797
Less: Arrears for FY 2020-21 received in 2021-22	1,84,94,487
Total available funds for FY 2022-23	**26,44,15,572**
Less: FDR in joint name with DOE	21,92,022
Less: FDR in joint name with Registrar Delhi High Court	1,73,15,985
Less: Student Security Deposit	17,67,765
Less: Excess Fess Refundable as per AFS 31.03.2022 **(Refer Financial Suggestion No. 2)**	51,340
Less: Development Fund as per Audited Financial Statements of FY 31.03.2022 **(Refer Financial Suggestion No. 3)**	1,86,80,793
Less: Investment made with LIC against provision made for retirement benefits **(Refer Financial Suggestion No. 4)**	5,90,58,404
Less Depreciation reserve fund as on 31.03.2022 **(Refer Note No. 2 Below)**	-
Estimated Available Funds for FY 2022-23	**16,53,49,263**
Less: Budgeted Expenditure for FY 2022-23 **(Refer Note No. 3 and 4 Below)**	**15,71,35,000**
Less: Arrears of 7th CPC minus amount allowed as per the previous year's order (INR 7,03,15,941 minus INR 5,04,31,308)	1,98,84,633
Estimated Deficit	**1,16,70,370**

Note 1: 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, has issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed the management of all the private schools not to collect any fee except the tuition fee, irrespective of the fact whether running on 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 the Single Bench of the Hon'ble High Court of Delhi and the interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of the Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners' private unaided recognised 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 a 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 of the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month's fee or refunded to the parents.

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

From review of the audited financial statements of FY 2021-22, it has been noted that the school has collected its annual charge and development fee after providing a discount of INR 35,29,797. Therefore, income collected by the school during the FY 2021-22 with respect to annual charges and development fees has been grossed up in order to make comparative income with the FY 2022-23. The school has reported this figure in its audited financial statements as well.

Further, while deriving the fund position of the school, the income and expenditure both towards transport, smart class, Science fees, computer fee, IT fee and activity have not been considered.

Note 2: As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided school. The first category of fees is comprised of "*registration fee and all one-time charges*" levied at the time of admission, such as admission charges and caution money. The second category of fee comprises the '*Tuition Fee*', which is to be fixed to cover the standard cost of the establishment and to cover the expenditure of revenue nature for the improvement of curricular facilities like libraries, laboratories, science, and computers up to class X and the examination fee. The third category of the fee should consist of '*Annual Charges*' to cover all expenditure not included in the second category, and the fourth category should consist of all '*Earmarked Levies*' for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fees, swimming pool charges, horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

The purpose of each fee head has already been defined, and the use of development fees or any other fee heads for investments against the depreciation reserve fund is not mentioned anywhere. Further, Clause 7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and Clause 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, upgrade, and replacement of furniture, fixtures, and equipment. The development fee, if required to be charged, shall be treated as a 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 the income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account*". Thus, the above direction provides for:

- Not to charge development fee for more than 15% of tuition fee.

- Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- Development fee will be treated as capital receipts.
- Depreciation reserve fund is to be maintained.

Thus, the creation of the depreciation reserve fund is a pre-condition for the charging of development fee, as per the above provisions and the decision of the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors., 2004(5) SCC 583. despite the fact that clause 7 of the preceding directive does not require the keeping of any investments in a depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' 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".*

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is merely an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note-21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of the depreciation reserve on the fund position of the school. Accordingly, the depreciation reserve fund as reported by the school in its audited financial statements for FY 2021-22 has not been considered while deriving the fund position of the school.

Note 3: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except the following.

Heads	Amount (INR)	Reasons
Salary Arrears	7,03,15,941	Considered separately

Note 4: While evaluating fee hike proposals, the department considers how much liquid funds would require the school for a particular session for smooth operation of the school without compromising on the quality of education. Thus, while deriving the fund position of the school, all legitimate expenditures of revenue as well as capital in accordance with the provisions of DESAR, 1973 and the pronouncement of court judgement have been considered. Therefore, the balance of other current assets and other current liabilities has not been considered. Because it is obvious that current assets, loans and advances, and current liabilities are cyclical in nature, and this has already been considered in the form of the school's budgeted income and expenditure in previous years. Thus, current assets, loans and advances, and current liabilities will always be reflected in the audited financial statements of the school at the end of each financial year.

ii. In view of the above examination, it is evident that the school does not has adequate funds for meeting all the operational expenditures for the FY 2022-23. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16 April 2010 states 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 the 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 suggestions that were identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instructions against which have been given in this order), that 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, it is noticed that the school has incurred INR 2,31,32,172 in contravention to the provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of this order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEAR, 1973 without providing any further opportunity of being heard.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. The school is hereby further directed that the additional income received on account of the increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of this order.

AND WHEREAS, it is relevant to mention that charging of any arrears on account of fees for several months from the parents is not advisable, not only because of the additional sudden burden falling 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 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 11% to be effective from 01 October 2022.

AND WHEREAS, recommendation of the team of chartered accountants along with relevant materials were put before the Director of Education for consideration, who, after considering all the material on the record, and after considering the provisions of Section 17 (3), 18(5), and 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. Hence, for smooth payment of salaries and other employees' benefits, the fee hike is required to the School.

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **New Green Field School (School ID – 1925350), Marg-22, Saket, New Delhi-110017** filled by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is accepted by the Director (Education) with the above conclusion and suggestions and the school is hereby allowed to increase the fee by 11% to be effective from 1 October, 2022. Further, the management of said School is hereby directed under section 24(3) of DSEAR 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.

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

To
The Manager/ HoS
New Green Field School (School ID – 1925350),
Marg-22, Saket, New Delhi-110017
No. F.DE.15 (1053)/PSB/2022/9609-9613 Dated: 28/11/22
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 (South) 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