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

No. F.DE.15(138)/PSB/2019/ 1852-1856 Dated: 22/2/2019

ORDER

WHEREAS, this Directorate vide its order No. DE.15 (318)/PSB/2016/19786 dated 17 Oct 2017 of Directorate of Education, Govt. of NCT of Delhi, has issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private unaided recognized schools in Delhi' and required that private unaided schools, which are running on land allotted by DDA/other govt. agencies with the condition in their allotment letter to seek prior approval of Director (Education) before any fee increase, need to submit its online fee increase proposal for the academic session 2017-2018. Accordingly, vide circular no. 19849-19857 dated 23 Oct 2017 the fee increase proposals were invited from all aforesaid schools till 30 Nov 2017 and this date was further extended to 14 Dec 2017 vide Directorate's order No. DE.15 (318)/PSB/2016/20535 dated 20 Nov 2017 in compliance of directions of Hon'ble High Court of Delhi vide its order dated 14 Nov 2017 in CM No. 40939/2017 in WPC 10023/2017.

AND WHEREAS, attention is also invited towards order of Hon'ble High Court of Delhi dated 19 Jan 2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others where it has been directed by the Hon'ble Delhi High Court that the Director of Education has 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.

AND WHEREAS, The Hon'ble High Court while issuing the aforesaid direction has observed that the issue regarding the liability of Private unaided Schools situated on the land allotted by DDA at concessional rates has been conclusively decided by the Hon'ble Supreme Court in the judgment dated 27 Apr 2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others wherein Hon'ble Supreme Court in Para 27 and 28 has held as under:-

"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 Supreme Court in the above said Judgment also held that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of Delhi School Education Rules, 1973, Directorate of Education has the authority to regulate the fee and other charges to prevent commercialization of education.

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AND WHEREAS, in response to this directorate's circular dated 23 Oct 2017 referred to above **New Green Field Public School (School ID-1925350), 22 Marg, Saket, New Delhi** proposal for enhancement of fee for the academic session 2017-2018 in the prescribed format including the impact on account of implementation of recommendations of 7th CPC with effect from 1 Jan 2016.

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 this Directorate for fee regulation.

AND WHEREAS, necessary records and explanations were also called from the school through email. Further school was also provided an opportunity of being heard on 13 July 2018 at 11:00 AM 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.

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

A. Financial Discrepancies

1. As per the clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure..... capital expenditure/investments have to come from savings.*"

   From the audited financial statements of the school for FY 2016-2017, it was noted that the school had incurred an expenditure of INR 17,02,722 on purchase of two cars (Hyundai Verna costing INR 12,47,582 and Maruti Eco costing INR 4,55,140). Further, the above capital expenditures were incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973. Thus, the school incurred capital expenditure in non-compliance of the aforementioned order. Based on the information provided by school, it was noted that the school already had 3 cars (Toyota Corolla, Maruti Eco and Honda City) and the need to purchase additional vehicles could not be assessed.

   During personal hearing, school explained that Verna car was purchased for use by the principal of the school. It was further mentioned that the car is also used by the teachers of the school as and when required for official purposes. However, Maruti Eco was purchased for transportation of students. No funds other than general fund were available with the school for purchase of cars. Thus, the same were used for purchase of cars.

   Based on discussion with the school, the transport facilities of all schools under the management of the Society are centralised. Thus, the explanation provided by the school has not been considered including for Verna car purchased for Principal, against which no benefit is received by the students. Accordingly, this amount of INR 17,02,722 on purchase

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of cars is hereby added to the fund position of the school for FY 2017-2018 (enclosed in the later part of this order) considering the same as funds available with the school with the direction to the school to recover this amount from the society.

Further, the school is directed to follow Directorate's instructions in this regard and ensure that capital assets are purchased from savings derived under Rule 177 of DSER, 1973.

2. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society

   From the financial statements of the school for FY 2016-2017, it was noticed that the school had reported an inter unit receivable balance of INR 31,746,855 and an inter unit payable balance of INR 6,16,824 as on 31 March 2017, which is diversion of funds to the Society and other units/institutes under the management of Society. The school submitted copies of ledger accounts indicating amounts received from the Head office/Society and other units and payment to one inter-unit during FY 2017-2018.

   Accordingly, the net amount of INR 3,11,30,031 receivable from head office/Society and other units as on 31 Mar 2017 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school during FY 2017-2018.

   Further, the school submitted audited financial statements of the Transport Division for FY 2016-2017 and the same was taken on record. It was noted that the audited financial statements of the Transport Division for FY 2016-2017 reported a payable balance to the school of INR 63,97,128, which was different from the amount reflected as receivable from transport division in the audited financial statements of the school of INR 63,97,519. This indicates that the balance reported in either of the audited financial statements (of school or the transport division) is incorrect.

B. Other Discrepancies

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

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

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

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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 a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

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

From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of Transport Fees, Smart Class Fees, Activity Fees, Assignment Fees, Examination Fees and Maintenance Fees from students.

Based on the explanations provided by the school, it was noted that the school transfers the amount of transport fee collected from students to the "Transport Division" under the Society, which centrally manages the transportation facility of all three schools under the management of the Society that are within a radius of 9 kilometres and incurs expenditure in relation to the transportation service. As per the school, managing the transportation facility centrally has helped in optimization of the capital and operational cost. Further, the surplus derived from the operation of the transportation service is apportioned among the school in the proportion of the transport fee collections by the three schools. The school also submitted the audited financial statements of the transport division for FY 2016-2017 to substantiate the expenses incurred and surplus allocation among the schools. However, the school has not reported the collections of transport fee and expenditures in its audited financial statements, rather has reported only the surplus derived from the transport service apportioned by the 'Transport Division', which is an incorrect accounting practice and presentation in the financial statements. Also, the amount of surplus generated has been transferred to the Income and Expenditure Account instead of creating fund account for the same.

Further, the school has not maintained separate fund accounts for other earmarked levies collected by the school and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) which has been met from other fees/income, which was also mentioned in DOE's order No. F. DE-15/ACT-I/WPC-4109/PART/13/866 dated 8 August 2017. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-2017 is given below:

Earmarked Fee	Income (INR)^	Expenses (INR)	(Deficit)/ Surplus (INR)
Smart Class	23,54,400	6,21,965	17,32,435
Activity Fees	75,67,175	43,07,953	32,59,222
Assignment Fees	50,03,920	*-	50,03,920
Maintenance Fees	50,03,920	*-	50,03,920

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Earmarked Fee	Income (INR)^	Expenses (INR)	(Deficit)/ Surplus (INR)
Science Fees	5,72,110	10,52,406	(4,80,296)
Examination Fees	5,99,700	5,99,700	-

^ School had reported income together with the amount of concessions, which have been reduced from figures above to reflect net income accrued to the school.
* School did not provide details/breakup of expenses incurred against earmarked levy.

The school explained that tuition fee collected from students is not sufficient to meet the establishment cost and other fees/charges collected are not sufficient to meet other revenue expenses of the school. Thus, the surplus generated from earmarked levies has been applied towards meeting establishment cost and other revenue expenses of the school on account of which fund balance of earmarked levies could not be separated from the total funds maintained by the school. Accordingly, total fees (including earmarked fee) have been included in the budgeted income and budgeted expenses (included those for earmarked purposes) have been considered while deriving the fund position of the school (enclosed in the later part of this order).

The school is 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 has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school is directed to evaluate costs against each earmarked levy and propose the fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies have been calculated on no-profit no-loss basis.

2. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 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. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development fund Account.*" However, it was observed that the school had incurred expenditure on purchase of library books of INR 2,93,729 and repairs of INR 6,82,707 during FY 2016-2017 and reflected the same as utilisation of development fund in the audited financial statements for FY 2016-2017, which is not in accordance with the direction included in above order.

   Incorrect utilisation of development fund was also indicated in this directorate's order No. F. DE-15/ACT-I/WPC-4109/PART/13/866 dated 8 August 2017 issued post evaluation of the proposal for enhancement of fee for the academic year 2016-2017 submitted by the school.

   The school is directed to follow DOE instruction in this regard and ensure that development fund is utilised only towards purchase of furniture, fixture and equipment.

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Further, the school has not opened a separate bank account for deposit and utilisation of development fund. The school is directed to follow directions in this regard and maintain development fund in a separate bank account. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

3. Para 99 of Guidance Note on Accounting by Schools (2005) 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 debite ' 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 aforementioned Guidance Note states "*In respect of funds, schools should disclose the following in the schedules/notes to accounts: (a) In respect of each major fund, opening balance, additions during the period, deductions/utilisation during the period and balance at the end;*
(b) Assets, such as investments, and liabilities belonging to each fund separately;
(c) Restrictions, if any, on the utilisation of each fund balance;
(d) Restrictions, if any, on the utilisation of specific assets."

   Basis the presentation made in the audited financial statements for FY 2016-2017 submitted by the school, it was noted that the school transferred an amount equivalent to the purchase cost of the assets from development fund to capital fund, closing balance of which as on 31 Mar 2017 was equal to the written down value of all assets (purchased from both development fund and general reserve), which is not in accordance with the guidance note cited above. Capital fund ("Deferred income" as per guidance note) should be equivalent to the written down value of assets purchased from development fund and nc all assets.

   Also, the school has enclosed a consolidated fixed assets schedule giving details of all assets carried over by the school in its audited financial statement for FY 2016-2017 and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve and has not made the disclosures as required per the guidance note.

   This being a procedural finding, the school is instructed to make necessary rectification entries relating to capital fund/deferred income to comply with the accounting treatment indicated in the Guidance Note. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/ fund, which has to be annexed with the audited financial statements along with the requisite disclosures as per the guidance note.

4. Directorate, through its Order no. F. DE-15/ACT-I/WPC-4109/PART/13/866 dated 08 Aug 2017 issued to the school post evaluation of the proposal for fee enhancement for FY 2016-2017, directed the school to make earmarked equivalent investments against provision for

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Retirement Benefits with LIC (or any other agency) within 90 days of the receipt of the order, so as to protect the statutory liabilities and that the provisions for retirement benefits should be based on actuarial valuation.

While the school obtained an actuarial valuation regarding its liability towards gratuity and leave encashment as on 31 Mar 2018, the school did not comply with the directions regarding making investment with LIC (or any other agency), but earmarked fixed deposits with bank against the same.

Further, according to para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*Plan assets comprise:*
(a) assets held by a long-term employee benefit fund; and
(b) qualifying insurance policies."

The investment in the form of fixed deposits with bank maintained by the school in respect of the liability towards retirement benefits of the school does not qualify as 'Plan Assets' within the meaning of Accounting Standard 15 (AS-15).

Thus, the school should deposit the amount determined by the actuary in the investments that qualify as 'Plan Assets' within 30 days from the date of this order.

Accordingly, the entire liability towards retirement benefits as per actuarial valuation as on 31 Mar 2018 of INR 4,26,93,242 towards gratuity and INR 78,19,011 towards leave encashment have been considered while deriving the fund position of the school (enclosed in the later part of this order).

5. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary it should be taken once and at the nominal rate of INR 500 per student in any case and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.*"

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

The following were noted in DoE's order No. F. DE-15/ACT-I/WPC-4109/PART/13/866 dated 8 August 2017:

- The school has not refunded the caution money to all the students who have left the school in past and the un-refunded caution money is not treated as income instead it has been shown as liability as per the financial statement of school.
- The school has not paid interest while refunding the caution money to the student. Un –refunded caution money amounts to INR 3,30,530 as at March 2016. Such Amount has been treated as income.

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During the personal hearing, the school mentioned that it has decided to refund/ adjust the caution money collected from students in past during FY 2018-2019. Thus, based on the explanation provided by the school, the school should refund total caution money within FY 2018-2019. The amount to be refunded to students after adjusting the income to be recorded by the school towards unclaimed caution money, as declared by the school, has been considered while deriving the fund position of the school (enclosed in the later part 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 year 2017-2018 amounting to INR 15,48,06,019 out of which cash outflow in the year 2017-2018 is estimated to be INR 13,08,14,055. This results in net surplus of INR 2,39,91,964 . The details are as follows:

Particulars	**Amount (INR)**
Cash and Bank Balance as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	3,50,06,593
Investments (Fixed Deposits) as on 31 March 2017 (as per audited financial statements of FY 2016-2017)	3,37,16,992
Total Liquid Funds Available with the School as on 31 Mar 2017	**6,87,23,585**
Add: Estimated Fees and other incomes for FY 2017-2018 based on audited financial statements of the school for FY 2016-2017 [Refer Note 1]	11,70,35,763
Add: Recovery from society against purchase of car [Refer Financial Finding No. 1]	17,02,722
Add: Net amount to be recovered from society/inter-units [Refer Financial Finding No. 2]	3,11,30,031
Gross Estimated Available Funds for FY 2017-2018	**21,85,92,101**
Less: FDR jointly held (with Directorate of Education) as on 31 Mar 2017 (as per audited financial statements of FY 2016-2017)	16,83,743
Less: Development Fund [Refer Note 2]	99,20,488
Less: Depreciation Reserve Fund [Refer Note 3]	-
Less: Retirement Benefits - Gratuity [Refer Other Finding No. 4]	4,26,93,242
Less: Retirement Benefits - Leave Encashment [Refer Other Finding No. 4]	78,19,011
Less: Caution Money (Net of transfer to income in FY 2017-2018) [Refer Note 4]	16,69,598
Net Estimated Available Funds for FY 2017-2018	**15,48,06,019**
Less: Budgeted Expenses for FY 2017-2018 [Refer Note 5]	10,97,19,719
Less: Salary Arrears as per 7th CPC from Jan 2016 to Mar 2018 (as per audited financial statements of FY 2016-2017) [Refer Note 5]	2,10,94,336
Estimated Surplus as on 31 Mar 2018	**2,39,91,964**

Notes:

1. Fee and income as per audited financial statements of FY 2016-2017 has been considered with the assumption that the amount of income during FY 2016-2017 will at least accrue during FY

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2017-2018 with adjustment of INR 1,32,60,760 towards concessions reported as expense in the Income & Expenditure Account. Further, interest of INR 9,10,107 and INR 4,91,413 credited by the school to general fund and leave encashment fund respectively, which were reported directly in the Balance Sheet as at 31 Mar 2017 instead of routing through the Income and Expenditure Account have also been included in the budgeted income of FY 2017-2018, being income of the school.

2. The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16 Apr 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." Over a number of years, the school has accumulated development fund and has reflected the closing balance of INR 2,45,52,813 in its audited financial statements of FY 2016-2017. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school for meeting the financial implication of 7th CPC to be implemented by the school. However, development fund equivalent to amount collected in one year (FY 2016-2017) from students has been considered for deriving the fund position of the school, which is considered sufficient basis the spending pattern of the school in past.

3. On evaluation of depreciation reserve, it was noted that the school had charged depreciation on fixed assets and had transferred the same to depreciation reserve on liabilities side of the Balance Sheet of the school. Also, the school is charging development fund from students for purchase, up-gradation and replacement of furniture, fixture and equipment. Though development fund maintained by the school has been adjusted for deriving the fund position of the school as per Note 2 above, depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue accounts as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009) is more of an accounting head for 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 depreciation reserve on the fund position of the school. Accordingly, it is not considered in table above.

4. Unclaimed caution money of INR 2,33,598, as declared by the school to be treated as income during FY 2017-2018, has been adjusted from the liability towards caution money as on 31 Mar 2017 of INR 16,69,598 (as per audited financial statements of FY 2016-2017) and the net balance of INR 14,36,000 refundable to students has been considered for deriving the net estimated available funds with the school for FY 2017-2018. Also, refer other finding no. 5.

5. Per the Budgeted Receipt and Payment Account for FY 2017-2018 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2017-2018 as INR 14,21,64,055 (including arrears as per 7th CPC amounting to INR 2,10,94,336 that has been considered separately in table above), which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expense heads as budgeted were considered even though certain expenditures were increased substantially by the school as compared to FY 2016-2017. However, during review of budgeted expenses discrepancies were noted in some of the expense heads and new expense head was identified, which were adjusted from the budgeted expenses. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2017-2018:

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Particulars	FY 2016-2017	FY 2017-2018	Amount allowed	Amount Disallowed	Remarks
Gratuity Paid	-	62,00,000	-	62,00,000	Refer Other Finding No. 4
Provision for Gratuity	-	10,00,000	-	10,00,000	
Depreciation	40,01,945	38,00,000	-	38,00,000	Depreciation, being non-cash item having no impact on the fund position of the school has not been allowed.
Concession to others	2,79,750	3,50,000	-	3,50,000	Concessions given to students have been adjusted from the budgeted income for FY 2017-2018 (Refer Note 1 above). Thus, this amount has not been considered.
Total	**42,81,695**	**1,13,50,000**	**-**	**1,13,50,000**	

In view of the above examination, it is evident that the school has sufficient funds for meeting the budgeted expenditure for the financial year 2017-2018.

ii. The directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 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."* The school has sufficient funds to carry on the operation of the school for the academic session 2017-2018 on the basis of existing fees structure and after considering existing funds/reserves.

Whereas per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. However, the school has net receivable balance from head office and other units of INR 3,11,30,031. Thus, the school is directed to recover this amount from society/ inter-units.

And whereas per the clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure..... capital expenditure/investments have to come from savings.*". The school is directed to recover the amount of INR 17,02,722 incurred on purchase of car from the society.

And whereas per point no. 22 of Order No. F.DE./15 (56)/Act/2009/778 dated 11 Feb 2009, user charges should be collected at 'no profit and no loss' basis and should be used only for the purpose for which these are collected. The school is directed to maintain separate fund in respect of each earmarked levy charged from the students in accordance with the DSEA & R,

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1973 and orders, circulars, etc. issued thereunder. Surpluses/deficit under each earmarked levy collected from the students should be adjusted for determining the earmarked levy to be charged in the academic session 2018-2019.

And whereas per point no. 14 of Order No. F.DE./15(56)/ACT/2009/778 dated 11 Feb 2009, Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixture and equipment. Development Fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserve fund, equivalent to the deprecation charged in the revenue accounts and the collection under this head along with income generated from the investment made out of this fund, will be kept in a separately maintained development fund account. The school is directed to comply with the directions with regard to proper accounting and presentation of Development Fund in the School's financial statements and utilisation of development fund only towards purchase of furniture, fixtures and equipment.

And whereas Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

(a) assets held by a long-term employee benefit fund; and

(b) qualifying insurance policies.

The school has been directed to ensure compliance with Accounting Standard 15 by making investments against the liability determined by the actuary in the mode specified under the said Accounting Standard.

And whereas, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial irregularities that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings which were also noted (appropriate instructions against which have been given in this order), the funds available with the school for implementation of recommendations of 7th CPC and to carry out its operations for the academic session 2017-18 are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

And whereas recommendations of the team of Chartered Accountants along with relevant materials were put before Director of Education for consideration and who after considering all material on record has found that the school has sufficient funds for meeting the financial implications of 7th CPC salary and other expenses for the financial year 2017-2018. Therefore Director (Education) rejects the proposal submitted by the school for enhancement of fee for the academic session 2017-2018.

Accordingly it is hereby conveyed that the proposal of enhancement of fee for session 2017-2018 of **New Green Field Public School (School ID-1925350), 22 Marg, Saket, New Delhi**

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has been rejected by the Director of Education. Further, the management of said school is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

1. Not to increase any fee/charges during FY 2017-2018. In case, the school has already charged increased fee during FY 2017-2018, the school should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

2. To communicate with the parents through its website notice board and circular about rejection of fee increase proposal of the school by the Directorate of Education.

3. To rectify the financial and other irregularities/violations as listed above and submit the compliance report within 30 days from the date of this order to D.D.E.(PSB).

4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of Delhi in its Judgment of Modern School vs Union of India. Therefore school not to include capital expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA, 1973.

5. To utilise 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.

6. The Compliance Report detailing rectification of the above listed deficiencies/ violations must also be attached with the proposal for enhancement of fee of subsequent academic session, as may be submitted by the school. Compliance of all the directions mentioned above will be examined before evaluation of proposal for enhancement of fee for subsequent academic session.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act 1973 and Delhi School Education Rules 1973.

This order is issued with the prior approval of the Competent Authority.

(Yogesh Pratap)
Deputy Director of Education
(Private School Branch)
Directorate of Education
GNCT of Delhi

To:
The Manager/ HoS
New Green Field Public School
School ID-1925350,
22 Marg, Saket, New Delhi

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No. F.DE.15(138)/PSB/2019/ 1852-1856 Dated: 22/2/19 190 IM

Copy to:

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

(Yogesh Pratap)
Deputy Director of Education
(Private School Branch)
Directorate of Education
GNCT of Delhi