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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 (78)/PSB/2024/ 1701- 1706 **Dated:** 12/04/24

Order

WHEREAS, **New Green Field School (School ID — 1925266)**, Alakhnanda, New Delhi-110019, (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 running on the land allotted by the Government on the recommendation of the DoE. Therefore, the School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate 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 to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every 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'.*

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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. '*

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

.....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/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide Order No. DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the academic session 2023-24.

AND WHEREAS, in pursuance to Order No. DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 of the DOE, the school submitted its proposal for fee increase for the academic session

2023-24. Accordingly, this order dispenses the proposal for fee increase submitted by the school for the academic session **2023-24.**

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. **Suri & Sudhir, Chartered Accountants** have 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, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2023-24, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 04th March, 2024 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(1246)/PSB/2023/1505-1509 dated 14.02.2023 issued for the academic session 2012-23 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 thoroughly by the team of Chartered Accountants. After evaluation of fee increase proposal of the school and its subsequent clarifications and submissions, following key suggestions for improvement were noted:

A. Financial Suggestions for Improvement

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 states "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 10.02.2005 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

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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. No. F.DE.15 (1186)/PSB/2023/1067-1072 dated 02.02.2023 issued to the school post evaluation of the fee hike proposal for academic session 2022-23 and in its Order No. F.DE.15 (193)/PSB/2021/3386-90 dated 09.09.2021 issued to the school post evaluation of the fee hike proposal for academic session 2019-20, and in its order no. DE.15(52) PSB/2019/767-72 dated 21.01.2019 of the fee hike proposal for academic session 2017-18, noted that the school had purchased a building costing INR 4,57,03,931 in the FY 2014-15 near to the existing school's building for running nursery and prep classes. It was also noted that the above-mentioned building was purchased without complying with Rule 177 of the DSER, 1973. Accordingly, the school was directed to recover the aforesaid amount of INR 4,57,03,931 from society, which is still pending for recovery.
A review of the documents submitted by the school revealed that the school has not yet implemented the recommendation of the 7th CPC and has not fully invested an amount in plan assets for the discharge of retirement benefits payable to the employees. Therefore, it appears that the school has deliberately exhausted school funds in the hope of getting the fee hike from the department. Therefore, the amount of INR 4,57,03,931 utilized by the school for purchase of school building without complying with the above-mentioned provisions is stand recoverable from the society and therefore, has been considered in calculation of funds position of the school and the school may hereby be directed to recover this amount from society within 30 days from the date of issue of this order.

Furthermore, the school has expended INR 17,50,000 during the fiscal year 2022-2023 for the acquisition of a vehicle, which constitutes a violation of Rule 177 of the DSER, 1973. Therefore, the amount of INR 17,50,000 utilized by the school for purchase of car without complying with the above-mentioned provisions is stand recoverable from the society and therefore, has been considered in calculation of funds position of the school and the school may hereby be directed to recover this amount from society within 30 days from the date of issue of this order.

2. "Clause 8 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states "no amount whatsoever shall be transferred from the recognised unaided school fund of a school to the society or the trust or any other institution."

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The DoE, in its Order No. No. F.DE.15 (1186)/PSB/2023/1067-1072 dated 02.02.2023 issued to the school post evaluation of the fee hike proposal for academic session 2022-23, noted that the audited financial statements for FY 2021-22 shows that INR 16,41,454 is recoverable from society on account of TDS on interest on deposits and the audited financial statements for FY 2022-23 shows that INR 13,22,217 is recoverable from society on account of TDS on interest on deposits and amounts receivable from NGFS Saket and INR 3,00,000 and an amount of INR 8,11,508 is payable to NGFS Transport. Therefore, the net amount of INR 8,10,709 has been considered in the calculation of available funds and the school may hereby be directed to recover this amount from society within 30 days from the date of issue of this order."

3. 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. Further, following clause of Rule 59 states that:

   (j) no employee of an aided school (other than the head of school) shall be appointed as the manager, the head of school may be appointed the manager of a school, whether aided or unaided.

   (k) appointment of the manager; the terms and conditions of his appointment; removal of the manager; filling up of casual vacancy in the office of the manager, duties, and responsibilities of the manager.

   (l) bills (including bills relating to the salaries and allowances of the teachers and non- teaching staff) shall be jointly signed by the manager and the head of the school; but where the head of the school is also the manager, such bills shall be signed jointly by the head of the school and another member of the managing committee specially authorized by that committee in this behalf.

   (m) that the administration and academic work of the school shall be attended to by the head of school, and except where the head of school is the manager, the manager shall not interfere with the day-to-day administration and academic work of the school.

   (n) manager shall not be at the same time the manager of any other school and a person shall not be at the same time the chairman of the managing committee and the manage.

Thus, based on the above-mentioned provisions, the school is not allowed to make any payment to the member of the managing committee. However, the DoE, in its Order No. No. F.DE.15 (1186)/PSB/2023/1067-1072 dated 02.02.2023 issued to the school post evaluation of the fee hike proposal for academic session 2022-23 and in its Order No. F.DE.15(193)/PSB/ 2021/3386-90 dated 09.09.2021 issued to the school post evaluation of the fee hike proposal for FY 2019-20, noted that the school had appointed a director and had paid INR 31,17,000 as remuneration to him or her from FY 2014--15 to FY 2018-19. Accordingly, the school was directed to recover INR 31,17,000 from society which is still pending for recovery. Therefore, this amount has been included while calculation the fund position of the school and the school may hereby be directed to recover this amount within 30 days from the date of issue of this order. The annual payment made to the director is provided below.

Financial Year	Amount
2014-15	3,96,000
2015-16	5,73,000
2016-17	5,88,000
2017-18*	7,80,000
2018-19*	7,80,000
Total	31,17,000

* The remuneration paid to director has not been provided. Therefore, remuneration for FY 2017-18 and 2018-19 has been computed based on the per month remuneration appearing in the salary statement submitted by the school i.e., INR 65,000 PM

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 a review of the audited financial statements of FY 2022-23 and the documents and records submitted by the school post-personal hearing, it has been noted that the school has reported a

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total liability for retirement benefits of INR 4,47,12,074 (INR 3,48,71,317 towards gratuity plus INR 98,40,757 towards leave encashment) based on the actuarial valuation report obtained by it.

The school also provided proof that it had investment with LIC for INR 3,93,87,673 (INR 3,07,85,441 towards gratuity payments and INR 86,02,232 towards Leave Encashment Liability). The investment with LIC qualifies as plan assets within the meaning of AS-15. Thus, the amount invested by the school has been considered when determining the school's fund position and the school may hereby be directed to deposit the remaining balance in plan assets.

5. The school has collected increased fee of INR 61,620 without obtaining the prior approval from the Directorate of Education.

The Increased fee of INR 61,620 has been considered while deriving the fund position of the school with the direction to the school either to refund or adjust this amount against future dues of the students.

Fee Head	Class	Fee Structure			No of Fee-Paying Students		Unauthorized Fee Charged	
		22-23	21-22	20-21	22-23	21-22	22-23	21-22
Tuition Fee	Nursery	4,380	4,380	3,990	78	80	30,420	31,200
	Total							61,620

In the absence of data preceding the fiscal year 2020-2021, the base year has been established as FY 2020-2021 for reference and analysis purposes.

B. Other Suggestions for improvement

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 may hereby be 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

   "the financial statement of the Schools should be prepared on accrual basis.

   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... ...

   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 recorded 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 may hereby be 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. 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".

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Taking the cognizance from the above para, the school needs to create the 'Development Fund Utilization Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortized in the proportion of the depreciation charged to revenue account. By following the aforesaid accounting treatment for development fund, development fund utilization 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.

However, the audited financial statements of the school revealed that the school has not been following Para 99 of the GN 21. Because upon incurrence of the capital expenditure out of the development fund, the school has created development fund utilization account but has not transferred any amount from deferred income to the credit of income and expenditure account.

Thus, the school may hereby be directed to follow accounting treatment specified in Para 99 of the Guidance Note 21 with respect to the collection and utilization of development fund and make necessary adjustment in the general reserve account.

4. The school is not complying with the DoE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as the conditions specified in the land allotment letter which require that the school should provide 25% reservation for children belonging to EWS/DG category. Therefore, the school may be directed to ensure admission in accordance with the aforesaid order.

Further, the school is also required to provide uniform and textbooks to the EWS/DG category students. Therefore, the concerned Deputy Director Districted may be requested to ensure compliance with this regard by the school. From the information provided by the school, the percentage of admission allowed to the school to EWS is provided below.

Particulars	FY 2022-23
Total Students	2,019
EWS Students *	317
% of EWS students	15.70%

*EWS includes non-fee-paying students also.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

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i. The total funds available for the **FY 2023-24** are **INR 14,65,59,631** out of which expected expenditures of the school would be **INR 12,41,75,880** resulting in net surplus **of INR 2,23,83,751** for the FY 2023-24. The detailed calculation is provided below:

Particulars	**Amount (INR)**
Cash and Bank balances as on 31.03.2023 as per Audited Financial Statement	74,98,014
Investments as on 31.03.2023 as per Audited Financial Statement **(Refer Note 1 below)**	10,11,61,066
Liquid fund as on 31.03.2023	**10,86,59,080**
Add: Recovery from Society for construction of school building (Refer **Financial Suggestion No.** 1)	4,57,03,931
Add: Recovery from Society/ Inter units **(Refer Financial Suggestion No. 2)**	8,10,709
Add: Amount recoverable from society for salary paid to Director **(Refer Financial Suggestion No. 3)**	31,17,000
Add: Amount recoverable from society for Purchase of Car **(Refer Financial Suggestion No. 1)**	17,50,000
Add: Fees for FY 2022-23 as per Audited Financial Statements **(Refer Note No. 2 Below)**	6,61,49,120
Add: Other income for FY 2022-23 as per audited Financial Statements **(Refer Note No. 3 Below)**	31,19,239
Less: Earmarked Income recorded in FY 2022-23 **(Refer Note No. 2 below)**	2,29,900
Less: Non cash income of profit on sale of assets **(Refer Note No. 3 below)**	4,968
Total available funds for FY 2023-24	**22,90,74,211**
Less: FDR on joint name with DOE and Manager	12,94,208

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Less: FDR in joint name with Registrar Delhi High Court and Manager	98,49,672
Less: Student Security Deposit	-
Less: Development Fund as per Audited Financial Statements of FY 31.03.2023	3,22,30,465
Less: Investment made with LIC against provision made for retirement benefits **(Refer Financial Suggestion No. 4)**	3,93,87,673
Less Depreciation reserve fund as on 31.03.2023 **(Refer Note No. 4 Below)**	-
Estimated Available Funds for FY 2023-24	**14,63,12,193**
Less: Budgeted Expenditure as provided by the school **(Refer Note No. 5 and 6 Below)**	10,21,62,285
Less: Arrears of 7th CPC & DA **(Refer Note No. 7 Below)**	2,20,13,595
Estimated Surplus	**2,21,36,313**

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

S. No	Particulars	Amount INR	Remarks
1.	FDR in Joint name of Manager and DDE	12,94,208	Considered separately.
2.	FDR in Joint name of High Court	98,49,672	Considered separately.
3.	FDR against Development fund	3,01,57,089	Considered separately.

4.	FDR against Depreciation Reserve Fund	1,33,07,782	Part of the funds position as it is available with the school for utilization.
5.	FDR in the School Name - Leave encashment Fund	71,64,642	
6.	Investment in LIC	3,93,87,673	Considered separately.
	Total	10,11,61,066	

Note 2: Upon reviewing the audited financial statements of FY 2022-23 and considering additional information provided by the school, it has been observed that the school generated fees income of INR 6,61,49,120 it is assumed that the school will maintain at least this level of fee income for FY 2023-24 Science fee of INR 2,29,900 included in fees income has not been considered while deriving the fund position of the school.

Note 3: Other income amounting to INR 31,19,239 as per Audited financial statements of FY 2022-23 has been considered while deriving the fund position of the school. Other income amounting to INR 4,968 with respect to "Amount Written back; Profit on sale of fixed assets and other liability written back" has not been considered while deriving the fund position of the school.

Note 4: 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)/Act12009/778 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/ActiDuggal.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, up gradation 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 2022-23 has not been considered while deriving the fund position of the school.

Note 5: All budgeted expenditures of INR 10,75,82,285 proposed by the school has been considered while deriving the fund position of the school except the following:

Particulars	Expenses as per budgeted statement for FY 2023-24	Expenditure considered while deriving the fund position for FY 2023-24	Remarks
Computer Salary Charges	14,00,000	0	*Expense related to earmarked levies.
Counselling Expenses	2,20,000	0	
Depreciation	38,00,000	0	Non-Cash Item

*Clause 22 of Order No. F.DE /15(56)/ Act12009/778 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"

Note 6: 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.

Note 7: While reviewing the Directorate's Order no. F.DE.-15(1186)/PSB/2023/1067-1072 dated 02.02.2023 issued for the academic session 2022-23 it was noted that 7th CPC salary arrears of INR 1,90,96,875 of the period FY 2020-21 and FY 2021-22 as submitted by the school was considered while deriving the fund position of the school.

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Upon seeking clarification from the school regarding these payments to employees, it was determined that the school had failed to pay the arrears totaling INR 1,90,96,875. This raises concerns about the school's intention to fulfill its obligations to its employees.
As the school has not complied with the direction issued in the previous year's order, therefore the school may be again instructed to comply with the directions included in the order above. As a liberal approach, 7CPC Arrears amounting to INR 1,09,65,405 for FY 22-23 & INR 1,10,48,190 for FY 2023-24 is allowed to the school while calculating the fund position.

ii. In view of the above examination, the school has adequate funds for meeting all the operational expenditures for the FY 2023-24. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16.04.2010 states that,

"All Schools must, first of all, explore and exhaust the possibility of utilizing 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 utilized 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 is recommended by us 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 the sufficient funds are available with the School to carry out its operations for the academic session 2023-24. Accordingly, the fee increase proposal of the school is rejected.

AND WHEREAS, DoE should take appropriate measures to regularize various financial and other findings as reported in sections 2.1 and 2.2 respectively before submission of fee increase proposal for the next academic session.

Accordingly, it is hereby conveyed that the proposal for fee increase of **New Green Field School (School ID — 1925266)**, Alakhnanda, New Delhi-110019 is rejected by the Director of Education.

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

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2023-24 and if the fee is already increased and charged for the

academic session 2023-24, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

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.

Patil Pranjal LahenSingh
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
New Green Field School (School ID.- 1925266),
Alakhnanda, New Delhi-110019
No. F. DE.15(78)/PSB/2024/1701-1706 Dt: 12/04/24

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 East) ensure the compliance of the above order by the school management.
4. DE's nominee concerned.
5. In-charge (I.T Cell) with the request to upload on the website of this Directorate.

6. Guard file.

Patil Pranjal LahenSingh
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi