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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 (1658)/PSB/2023/ 10383-10387 Dated: 29/12/23

Order

WHEREAS, **The Heritage School, D-II, Vasant Kunj, New Delhi-110070 (School ID – 1720159),** (hereinafter referred to as **"the School"),** run by DAV College Trust and management 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.

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 DSEA, 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 DSER, 1973.

AND WHEREAS, as per section 18(5) of the DSEA, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEA, 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) of the DSEA, 1973 and the rule 180 (3) of DSER, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every recognized private school shall file every year with the Director such duly audited financial and other returns as may be prescribed. and every such return shall be audited by such authority as may be prescribed.'*

Section 24(1): *'every recognized school shall be inspected at least once in each financial year in such manner as may be prescribed'.*

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorized by the Director in this behalf and also by officers authorized by the Comptroller and Auditor-General of India.'*

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 schools.......

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

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023 for the academic session 2023-24, 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 orders dated 01.03.2023 and 27.03.2023 of the DOE, the school submitted its proposal for fee increase for the academic session **2023-24**. Accordingly, the order dispenses the proposal for fee increase submitted by the school for the academic session **2023-24**.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has evaluated the fee increase proposals of the School carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 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 06.11.2023 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 orderNo. F.DE.15 (1391)/PSB/2023/3209-3213 dated13.04.2023issued for the academic session 2022-23 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 the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestion for Improvements

1. Clause No. 2 of 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"*. Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 titled Delhi Abibhavak Mahasangh concluded states *"the tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society."*Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure."*

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

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

   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 the purchase of land and construction of the school building. In this regard, it is also important to mention that society was allotted an institutional land at very low cost compared to the price of commercial and as well as residential land of that nearby locality. The reason for allotment of land as such low cost was the society came up with the offer to do noble work in the field of education and run the school in Delhi on charity and on a "no profit and no loss" basis. In its offer the society also undertook to execute this work from its resources or by arranging funds through donations, subscriptions, or any other legal possible manner. Based on the noble grounds, the DoE had recommended land-owning.agencies for-allotment of land to society which would otherwise not be possible for the society to have such a prime land at this cost in such posh location.

Accordingly, if the DoE finds any deviation or non-compliance in any condition of land allotment letter, the society as well as the school are bound to comply and honor that immediately as per the direction of the DoE. 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 and run the school was supported by DoE by recommending to land owning agency to allotment the land to the society. After considering the recommendation of the DoE, a clause was 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 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.15 (1391)/PSB/2023/3209-3213 dated 13.04.2023 issued for academic session 2022-23 read with Order No. FD.E 15/ (487)/PSB/2022/2699-2703 dated 10.05.2022 issued, for academic session 2019-20, noted that the school had incurred capital expenditure on construction of building and repayment of loans obtained for building construction amounting to INR 3,08,38,509 in FY 2014-15 to FY 2020-21. The expenditure was incurred without complying with the aforesaid mentioned provisions. Therefore, the school was directed to recover INR 3,08,38,509 from society which is still pending for recovery.

The school has submitted their response on 18.05.2023 against DOE Order No. F.DE.15 (1391)/PSB/2023/3209-3213 dated 13.04.2023 and it is stated by school thatthe expenses incurred were necessary in nature and wereincurred only after seeking the opinion from the qualified engineer/s and architect, toensure safety and security of the students and to provide better facilities to them and school has incurred the Capital Expenditure in compliance of Rule 177 DSEA,1973.It may be noted that Rule 177 of DSER, 1973 allow for meeting capital or contingent expenditure of the school capital expenditure but such saving should be after considering the Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school.

Upon review of Financial Statements for FY 2022-23 it is noticed that school has unpaid liability amounting INR 4.06 crores on account of 7th CPC arrear and even school has not protected the interest of school staff as it failed to create or maintain investments against retirement benefits and 3 months' salary reserve and thus, the contention of school is not acceptable that it has complied with requirements of Rule 177 of DSER, 1973. Hence, this amount is considered while determining fund position of school for academic session 2023-24 and school is directed to recover this amount from society within 30 days of the order.

Further, on review of the audited financial statements for FY 2019-20 to 2021-22, it was noted that the school instead of recovering the aforesaid amount from the society has made further repayment of loan of INR 10,43,689 and interest thereon of INR 27,223 in FY 2019-20.

Therefore, the total expenditure incurred by the school of INR 3,08,38,509 *(INR 2,97,67,597 plus INR 10,43,689 plus INR 27,223)* on construction of the school building is recoverable from society being the responsibility of the society. Accordingly, INR 3,08,38,509 has been again 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 issue of the order. Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without providing further opportunity to be heard to the school.

2. 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."*

Section 18(4) of DSEA,1973 states *"Income derived by unaided school by way of fees shall be utilized only for such educational purpose as may be prescribed"*. And Rule 176 of the DSER, 1973 states *"Income derived from collections for specific purposes shall be spent only for such purpose."*

The DoE vide its order No. F.DE.15 (1391)/PSB/2023/3209-3213 dated 13.04.2023 read with order No. FD.E 15/ (487)/PSB/2022/2699-2703 dated 10.05.2022 directed the school to recover INR 96,16,154 from the society on account of purchase of buses and repayment of loans and purchase of car without the above-mentioned provisions.

The school representation dated 13.05.2023 was also taken on record wherein school has stated that it is school's responsibility to provide safe, fast and secure transportation to staff and teacher and also maintain buses in good condition. Further, the school also does not maintain transport fund separately and does not have surplus fund to repay the bus loan. Therefore, school's expenditure on procurement of buses is correct.Given the fact that the school did not implement the recommendation of the 7thCPC fully and has not invested the amount in qualify assets for payment of retirement benefits in accordance with AS-15.

Therefore, the total amount of INR 96,16,154 incurred by the school by utilizing the school funds is recoverable from the society and has been included in the fund position with the school with thedirection to the school to recover this amount from society within 30 days from the date of issue of the order. Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

3. Rule 59 of DSEAR, 1973 'Scheme of management of recognized school' states "Regarding appointment and qualification of Manager 59(2)(i), the educational and other qualifications of the manager and his duties and responsibilities; the position of the manager viz-a-viz the managing committee:

(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.

(r) 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 manager.

As per clause 8 of the order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause No. 23 of order no- F.DE/15(56)/Act/ 2009/778 dated 11.02.2009, *"no amount whatsoever shall be transferred from the recognized unaidedfund/ school fund to a society or trust or any other institution"*. This was upheld by the Hon'ble Supreme Court in the matter of Modern School Vs. Union of India & Others.

The DoE in its Order No. F.DE.15 (1391)/PSB/2023/3209-3213 dated 13.04.2023 read with Order No FD.E 15/ (487)/PSB/2022/2699-2'703 dated 10.05.2022 for academic session 2022-23 and 2019-20 respectively, directed school to recover the INR 43,95,700 on account of consultancy charges and legal advisory charges paid to (from FY 2016-17 to 2021-22) to the members of the society which was not in accordance with above mentioned provisions. The aforesaid expenditure was incurred without complying with the aforesaid provisions of DSER, 1973.

Further, upon review of financial statements for FY 2022-23 it is noticed that the school has again paid Consultancy and Professional charges to Mr. Sunil Agarwal and Mr. K L Sobti to the tune of INR 10,07,900.

The school submission that Rule 59 of DSER, 1973 does not prohibit making payment to the management committee on account of professional capacity. However, the school's contention is not tenable in the aforementioned rule and order dated 15.12.1999 and 11.02.2009. Therefore, the above amount of INR 54,03,600 *(INR 43,95,700 plus INR 10,07,900)* paid by the school to the members of the society without complying with above mentioned provisions has been considered as fund available with the school in calculating the fund position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of the order. Non-compliance with the above direction shall be viewed seriously in accordance with the provisions of Section 24(4) of the DSEA, 1973 while evaluating the fee hike proposal for the subsequent academic session.

4. Para 7.14 of AS-15 '*Employee Benefit*'issued by the Institute of Chartered Accountants of India (ICAO states 'Plan Assets as:
   a. assets held by a long-term employee benefit fund; and
   b. qualifying insurance policies."

   Further, the para 57 of the AS-15 states *"an enterprise should determine the present value of defined benefit obligations and the fair value 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."*

   Review of the audited financial statements of FY 2022-23 revealed that the school has not recorded liability for retirement benefits in accordance with the actuarial valuation report. As per the actuarial valuation report the total liability for retirement benefits were INR 3,60,84,649*(INR 2,73,23,974 for gratuity plus INR 87,60,675 for leave encashment.)*However, the school has provisioned only INR 3,23,91,124 *(INR 2,241,12,151 for gratuity plus INR 82,78,973 for leave encashment)* and against the total liability for retirement benefits, the school has invested INR 1,87,29,407with LIC which is qualify as plan asset within the meaning of AS-15.

   As per actuary report submitted with the proposal, the school has deposited INR 1,30,97,669 for gratuity and INR 28,63,343 for leave encashment in the plan assets and these are considered at the time of calculation of fund availability. Also, post hearing school has submitted the copy of deposits made in plan assets amounting INR 50,00,000 and thus, the same has been considered while calculating the fund position. Further, the school is again directed to deposit the amount determined as per actuarial valuation with LIC so that the provision for gratuity and leave encashment stand equals the investment amount.

5. As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done in the form of FDR in any scheduled bank.

   As per the audited financial statement for FY 2022-23, it is revealed that school had a joint FD (school and DOE) of INR 2,18,949. Further, the school has proposed a salary of INR 11,83,40,000 in its budgeted expenditure for FY 2023-24 and sought permission to create 3 months' salary reserve from this year. In order to ensure the compliance of aforesaid provision, it would have been appropriate, had the school invested or start investing in the Fixed deposits in the joint names of Deputy Director of Education and the Manager of the school earlier. Claiming full amount for 3 months' salary reserve in a single year may cause adverse financial effect or extra burden on the parents/students and thus, it would be rational to spread the financial impact of aforesaid compliance over the period of 14 years on the assumption that normally a student studies 14 years in the school. Accordingly, the school is directed to create and deposit in fixed deposit of INR 21,13,214 (i.e., 1/14 of INR 11,83,40,000 X 3/12) in the joint names of Deputy Director of Education (Distt.) and the Manager, the school within 30 days from the date of issue of the order. In case the school fails to comply with this direction and does not deposit amount in the joint names, no consideration will be availed in the future fee proposal of the school. However, the impact of the same has been considered in the order while calculating the fund availability of the school.

B. Other Suggestion for improvements

1. From a review of documents submitted by the school post personal hearing, the following has been noted with respect to the Fixed Asset Register (FAR) maintained by the school:
   - No tagging of the assets has been done in Fixed Assets Register (FAR) and location is not identified due to which assets could not be physically verified.
   - Depredation for the individual assets is not recorded in the FAR, only cost of the assets is available in the FAR and WDV of the assets is not available.
   - Invoice number, manufacturer's serial number and location of the asset is not mentioned in the fixed assets register.

   Therefore, the School is hereby directed to prepare a FAR, which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. The school is further directed to comply with the directions for preparing FAR with relevant details mentioned above according to the process for periodic physical verification of assets and documenting the results of physical verification of assets. The same shall be verified at the time of evaluation of the fee hike proposal for subsequent years. This being a procedural finding, no financial impact is warranted on the fund position of the school.

2. *Section 18(5) of the DMA, 1973 states "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 returns shall be audited by such authority as may be prescribed".*

   Further, Rule 180 (1) of DSER, 1973 states *"every recognized private school shall submit returns and documents in accordance with Appendix-II".*

   Point No. (2) ofthe Appendix-II requires final accounts i.e., receipts and payments account, income and expenditure account and balance sheet of the preceding year should be duly audited by the Chartered Accountant.

Accordingly, DoE specified vide Order No. F.DE-15/ACT-1/WPC-4109/Part/13/7905-7913 dated 16.04.2016, the format of returns and other documents required to be submitted by the private unaided recognized schools. The aforesaid order also specified format for the financial statements to be such as specified by the Institute of Chartered Accountants of India (ICAI), established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note-21 'Accounting by Schools (2005)' as amended from time to time.

Based on the aforesaid provisions, every private unaided recognized school is required to get its accounts audited by a Chartered Accountant before submitting a return under Rule 180(1) of DSER, 1973. The documents submitted by the school for evaluation of the fee hike proposal were taken on record. Review of the audited financial statements and Independent Auditors Report for FY 2022-23 the following was noted:

- The Independent Audit Report was not issued in the format prescribed by Standard on Auditing 700 (SA-700), as defined by the Institute of Chartered Accountants of India (ICAI). Because most of the content of the Independent Auditors' Report was missing, such as the auditors' and management's responsibilities.

Considering the foregoing, the school is hereby directed to strengthen its process for preparation and presentation of financial statements in accordance with the above-mentioned provisions. However, the audited financial statements submitted by the school have been considered for the evaluation of the fee hike proposal of the school.

3. 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.

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 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.

From the review of the presentation of the audited financial statements of FY 2021-22, it has been noted that upon purchase of assets out of the development funds, the school transfers an amount equivalent to the cost of the assets to *"Development fund utilized"*and writes off in the proportion of depreciation charged on the assets purchased out of development funds. As a result, the closing balances of the development fund utilized account and the depreciation reserve fund do not correspond to the cost of assets purchased with development funds. Therefore, the school is hereby directed to rectify its books of accounts in accordance with accounting treatment suggested in Para 99 of Guidance Note 21 issued by ICAI.

Thus, the school is hereby 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 books of accounts.

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 amounting to **INR 18,26,25,212**out of which cash outflow for the FY 2022-23 is estimated to be **INR18,86,94,158.** This results in a deficit of **INR83,23,523**after meeting all expenditures. The details are as follows:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.23 as per Audited Financial Statements (**refer note 1**)	2,18,89,681
Investments as on 31.03.23 as per Audited Financial Statements	1,95,33,763
Liquid Funds as on 31.03.2023	**4,14,23,444**
Add: Recovery from Society for Construction of Building (**Refer Financial suggestion for improvement no. 1**)	3,08,38,509
Add: Recovery from Society for Purchase of buses and repayment of loan (**Refer Financial suggestion for improvement no. 2**)	96,16,154
Add: Recover from Society for payment made to the member of management	54,03,600

Particulars	Amount (in INR)
committee of society **(ReferFinancial Suggestion for improvement no. 3)**	
Add: Expected Fees for FY 2023-24 **(Refer Note 1 below)**	13,01,35,726
Add: Other Income for FY 2022-23 as per Audited Financial Statements	55,59,243
Total Available Funds for FY 2023-24	**22,29,76,676**
Less: FDR in the joint name of Manager, School and Dy. Director of Education as on 31.03.2023	2,18,949
Less: FDR in the joint name of Manager, School and CBSE as on 31.03.2023	5,85,407
Less: Caution Money liability as on 31.03.2023 as per audited financial statements	7,89,500
Less: EWS Reimbursement A/c bank account balance as on 31.03.2023 as per audited financial statements	10,539
Less: Development Fund as on 31.03.2023 as per Audited Financial statements of FY 2022-23	1,79,27,420
Less: Depreciation Reserve Fund **(Refer Note 3 below)**	-
Less: Gratuity and leave encashment LIC as per Audited Financial statements of FY 2022-23 (**Refer Financial Suggestion for improvement no. 4)**	2,09,61,012
Less: 3 Month salary reserve as per the requirement of clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009 **(Refer Financial Suggestion for improvement no. 5)**	21,13,214
Net Available Funds for FY 2023-24 (A)	**18,03,70,635**
Less: Budgeted expenses for the session 2023-24**(Refer Note 4 below)**	17,08,70,000
Less: Arrears of salary/DA(as provided in the audited financial statements)	1,78,24,158
Total Estimated Expenditure for FY 2023-24 (B)	**18,86,94,158**
Net Deficit (A)-(B)	**83,23,523**

Note 1: All other fee and other income as per audited financial statements for the FY 2022-23 has been considered with the assumption that the amount received in FY 2022-23 will at least accrue during FY 2023-24.

Note 2: The detail of fixed deposit/Investment held by the school as per the audited financial statements of FY 2022-23 is provided below:

S. No.	Particulars	Amount (INR)	Remarks
1	FDR in name of DOE	2,18,949	Considered
2	FDR in name of CBSE & Manager	5,85,407	Considered
	Total	**8,04,356**	

Note 3: 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 fee comprised of 'Registration fee and all one Time Charges' levied at the time of admissions such as admission and caution money. The second category of fee comprises '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 library, laboratories, science, and computer fee up to class X and 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 consist of all 'Earmarked Levies' for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, 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 head of the fee has been defined and it is nowhere defined the usage of development fee or any other head of fee for investments against depreciation reserve fund.

Further, Clause 7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the 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 forpurchase, upgradation 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 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".* 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 charging of development fee, as per above provisions and the decision of Hon'ble Supreme court in the case of Modern School Vs Union of India &Ors.: 2004(5) SCC 583. Even Clause 7 of the above direction does not require to maintain any investments against 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 mere of 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 depreciation reserve on the fund position of the School. Accordingly, the depreciation reserve fund has not been considered while deriving the fund position of the School.

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

Particulars	Expenditure Budgeted for 2023-24	Disallowed	Remarks
Depreciation	35,00,000	35,00,000	Being a non-cash Expenditure.
Loss on Disposal of Fixed Assets	75,000	75,000	Being a non-cash Expenditure
Transport Expenses	69,24,000	69,24,000	Earmarked Levies, neither income nor expenditure are considered.
Exp on EWS	15,40,000	15,40,000	Neither income nor expenditure are considered.
Total	**1,20,39,000**	**1,20,39,000**	

ii. In view of the above examination, it is evident that the school does not have adequate funds for meeting all the operational expenditure for the academic session **2023-24**. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 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 the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2023-24 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are not available with the school to carry out its operations for the academic session **2023-24**.

AND WHEREAS, while evaluating the fee hike proposal, the department considers that how much liquid funds would require the school for a particular session for smooth operation without compromising with the quality of education. Thus, while deriving the fund position of the school all legitimate expenditures revenue as well as capital in accordance with the provisions DESAR, 1973 and pronouncement of Courts judgment have been considered. Therefore, the balance of the other current assets other and current liabilities has not been considered. Because it is clear that the current assets, loans and advances and current liabilities are cyclic in nature and the same have already been considered in the form of budgeted income and expenditure of the school in the earlier years. Thus, current assets, loans and advances and current liabilities will always reflect in the financial statements at the end of the financial year.

AND WHEREAS, it is noticed that the school has incurred an expenditure of INR 4,58,58,263 in contravention of the provisions of DSEAR, 1973 and DSEA, 1973 guidelines, circulars 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 the 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, the fee proposal of the school along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that sufficient funds are not available with the school for meeting financial implication for the academic session 2023-24. 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 by7% to be effective from 01.01.2024.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. Further, school is hereby directed that the additional income received on account of 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 the order.

AND WHEREAS, the act of the school of charging unwarranted free or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form and thus, school should ensure to charge fee only under the prescribed heads for the defined purposes.

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

Accordingly, it is hereby conveyed that the proposal for fee hike **, The Heritage School, D-II, Vasant Kunj, New Delhi-110070 (School ID – 1720159),**filed by the school in response to the order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023 for the academic session **2023-24**, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 7% for session 2023-24 to be effective from 01.01.2024.

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

1. To increase the fee only by the prescribed percentage from the specified date i.e., 01.01.2024.

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 the 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.

29/12/23

(BIMLA KUMARI)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
The Heritage School (School Id – 1720159)
D-II, Vasant Kunj
New Delhi-110070

No. F.DE.15(1688)/PSB/2022/ 10383-10387 Dated: 29/12/23

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (SWA) 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.

(BIMLA KUMARI)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

GOVT. OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECTT: DELHI – 110054

NO. DE.15(1333)/PSB/2023/ 268-270 Dated: - 15/01/24

CORRIGENDUM

Attention is invited to order No. F.DE.15(1688)/PSB/2023/10383-10387 dated 29.12.2023 in r/o Fee Hike Proposal of The Heritage School, D-II, Vasant Kunj, New Delhi - 110070 (School ID – 1720159).

The name of the society has been typed inadvertently as 'DAV College Trust and Management Society' instead of 'Shri K.D. Rajpal Educational Society' on page no. 01 of the above said order.

It may be read as 'Shri K.D. Rajpal Educational Society', instead of 'DAV College Trust and Management Society' and the rest of the contents of the order shall remain unchanged.

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

To

HoS/Manager
The Heritage School (School ID 1720159)
D-II, Vasant Kunj, New Delhi -110070

15/01/24

(BIMLA KUMARI)
DY. DIRECTOR OF EDUCATION
PRIVATE SCHOOL BRANCH

Copy to :

1. PS to Director (Education), Directorate of Education, GNCT of Delhi.
2. DDE (South West A).
3. In-charge (I.T. Cell) with the request to upload on the website of this Directorate.
4. Guard File

15/01/24

(BIMLA KUMARI)
DY. DIRECTOR OF EDUCATION
PRIVATE SCHOOL BRANCH