

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

No. F.DE.15 (11/9)/PSB/2022/470-474

Dated: 18/01/23

Order

WHEREAS, **St. Froebel School, Paschim Vihar, New Delhi-110063 (School ID- 1617184)** (hereinafter referred to as "**the School**"), run by the **St. Froebel Education 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, the manager of every recognized school is required to file a full statement of fees every year for the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such a statement is required to indicate the estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177 (1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and Rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon the DoE to examine the audited financial statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

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

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

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

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

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

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



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

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

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

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

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

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

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

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

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

AND WHEREAS, in the process of examination of the fee increase proposal filed by the aforesaid school, necessary records and explanations were also called from the school through emails dated 21.11.2022 and the school was also provided an opportunity of being heard on 24.11.2022 to present its justifications/clarifications on the fee increase proposal. Based on the discussion with the school during personal hearing, the school was further asked to submit necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE.15(185)/PSB/2019/1055-1059 dated 14.03.2019 issued for academic session 2017-18 were also discussed with the school and school's submissions 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 on 30.11.2022, were evaluated by the team of Chartered Accountants and the key suggestions noted for improvement by the school are hereunder:



A. Financial Suggestion for Improvements

1. Clause 2 of Public notice dated 04.05.1997 states *"Schools are not allowed to charge building fund and development charges when the building is complete or otherwise, as it is the responsibility of the society. Society should raise such fund from their own sources because the immovable property of the school become the sole property of the society. Therefore, the students should not be burdened by way of collecting the building fund or development charges"*.

Moreover, the Hon'ble High Court of Delhi in its Judgment dated 30.10.1998 in case of Delhi Abibhavak Mahasangh concluded that *"Tuition Fee cannot be fixed to recover capital expenditure to be incurred on the properties of the Society"*. Also, clause (vii) 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 financial fee structure."*


Rule 177 of DSER, 1973 states *"income derived by an unaided private recognised school by way of fees shall be utilised 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 utilised 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 recognised 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 abovementioned savings shall be arrived at after providing for the following, namely:*

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

Accordingly, based on the abovementioned provisions and pronouncement of court's judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e., fee collected from students is not to be utilised for the same.

The school incurred INR 1,54,51,992 (INR 71,80,032+ INR 82,71,960) on construction of the building in the nature of repayment of principle amount, interest and processing charges from FY 2014-15 to FY 2016-17 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(185)/PSB/2019/1055-1059 dated 14.03.2019 issued for academic session 2017-18. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

(a) During the personal hearing, it was submitted that the school continued the repayment of loans taken by society for construction of the building till May 2019 and from June 2019 onwards, the society took one single loan from HDFC bank of INR 3 crore to close all other loans. Till now,



the school has continued the repayment of HDFC loan which is taken by the society. The details of funds utilised by the school are as follows:

Financial Years	Principle Payment	Interest Payment	Total	Remarks
Till FY 2016-17		1,54,51,992	1,54,51,992	As per Directorate's Order no. F.DE.15(185)/PSB/2019/1055-1059 dated 14.03.2019 for the academic session 2017-18
FY 2017-18	9,62,774	27,31,698	36,94,472	As per repayment schedule of 2 yes bank and 1 HDFC bank loans till May 2019.
FY 2018-19	13,00,038	27,60,315	40,60,353	
FY 2019-20	33,77,919	28,97,827	62,75,746	As per repayment schedule of HDFC Bank loan from June 2019 onwards
FY 2020-21	43,28,189	23,95,700	67,23,889	
FY 2021-22	47,78,525	19,49,469	67,27,994	
Total			4,29,34,446	

(b) On review of audited financial statements for the FY 2019-20 to FY 2021-22, it was further noted that the school has taken secured loans for purchase of buses and car & utilised school funds for repayment of loan and interest thereon without complying with the requirement of Rule 177 of DSER, 1973. The details of school funds utilised by the school for repayment of loan and interest thereon has been provided below:

Date of Purchase	Type of Vehicle	Principal Repayment	Interest Payment	Down Payment	Total
27.08.2016	Bus	16,00,000	3,47,456	2,30,420	21,77,876
02.05.2017	Isuzu	14,00,000	2,51,439	-	16,51,439
21.05.2018	Bus	18,00,000	3,18,948	2,12,000	23,30,948
Total		48,00,000	9,17,843	4,42,420	61,60,263

Therefore, the amount utilised by the school towards construction of building and purchase of buses & car of INR 4,90,94,709 (INR 4,29,34,446 + INR 61,60,263) in contravention of clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order. Further, the school is also directed to make adjustment in general reserve with respect to interest on loan.

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

- 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 unaided fund/ school fund to a society or trust or any other institution*" and this was upheld by the Hon'ble Supreme Court in the matter

of Modern School, that no amount whatsoever shall be transferred from the recognized unaided school fund to the society or trust or any other institution.

On review of society ledger for the FY 2021-22, it has been noted that the school has also transferred the amount of INR 71,00,000 (INR 21,00,000 + INR 50,00,000) to the society which is in contravention of 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.

Accordingly, the school is directed to recover this amount from the society within 30 days from date of issue of this order otherwise necessary action under section 24(4) of the DSEA, 1973 will be initiated against the school. Accordingly, this amount has been considered while calculating the funds position of the school considering that this amount is available with the school.

3. Para 7.14 of AS-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India (ICAI) 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 recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."

An appropriate charge to the income and expenditure account for a year should be made through a provision for accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons say less than 50, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in "Plan Assets" as per AS-15 issued by ICAI.

On review of the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is not applicable to the school as it has employed permanent staff less than 50 staff in a year. The school has calculated liability for gratuity amounting to INR 1,06,70,538 and for leave encashment amounting to INR 40,12,801 for 22 employees in accordance with actuarial valuation report as on 31.03.2022. Further, it has been noted that the school has not invested any amount in Plan Asset.

Gratuity is the statutory liability which the school is required to pay to their eligible employees on their retirement/resignation, as the case may be. However, over the number of years, the department has noticed that most of the schools have been recording liability for retirement benefits in their financial statements without making any investment in Plan Asset due to paucity of funds or otherwise. Accordingly, many schools keep the retirement benefit 'unfunded', which is not the true spirit of law, and it also defeats the objectives of maintaining of books of accounts as per Generally Accepted Accounting Principles (GAAP) as directed by the Hon'ble Supreme Court in its landmark judgment titled Modern School Vs. Union of India and Ors. Therefore, it has been felt that in order to protect statutory dues of the employees, instead of disallowing the full liability on account of non-investment in Plan Asset, it would be rational to spread this liability over the period of 14 years on the assumption that normally a student studies 14 years in the school. This will not only allow the schools a breather to make an investment in Plan Asset

gradually but also lower down the sudden financial burden of fee on the parents/students on account of huge liability for retirement benefits.

Accordingly, an amount of INR 10,48,810 (i.e., 1/14 of INR 1,46,83,339 (INR 1,06,70,538 + INR 40,12,801) has been considered while deriving the fund position of the school. Therefore, the school is directed to invest the same in an investment which qualify as plan assets within the meaning of AS-15 and submit the compliance report within 30 days from the date of issue of this order. In case the school fails to comply with the above directions, the school shall not be allowed further instalments and the amount so allowed to the school shall be recovered from the society/school management along with interest while evaluating the fee increase proposal for the subsequent year.

In view of the above, provision amounting to INR 17,50,000 (INR 6,50,000 towards gratuity and INR 11,00,000 towards leave encashment) budgeted by the school in its proposal has also been considered while deriving the fund position of the school for FY 2022-23.

4. Clause 3 of the public notice dated 04.05.1997 published in the Times of India states *"No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary it should be taken once and at the nominal rate of INR 500 per student in any case and it should be returned to the students at the time of leaving the school along with the interest at the bank rate."*

Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states *"No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund."*

While evaluating the fee increase proposal the following has been noted with respect the caution money:

- School had not maintained separate bank account for deposit of caution money.
- School had not refunded interest on caution money along with refund of caution money.
- School had not treated un-refunded caution money as income in the next financial year after expiry of 30 days.

The school is directed to ensure compliance with the above requirements especially ensuring that caution money is refunded along with interest to the students and un-refunded caution money as income while projecting the fee increase proposal of the subsequent year. Therefore, the amount refundable amounting to INR 3,33,500 as on 31.03.2022 as per the audited financial statements has been considered while deriving the fund position of the school.

B. Other Suggestion for Improvements

1. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states *"The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."*

Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states *"No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue*

expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school."

Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 states "Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."

Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states "Earmarked levies shall be charged from the user student only."

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

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

Also, earmarked levies collected from the students are form of restricted funds, which, according to Guidance Note-21 'Accounting by Schools' issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the Guidance Note-21 lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

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

Particulars	Transport fee	IP/PHE Fee and Lab Fee
For the year 2019-20		
Fee Collected during the year (A)	1,20,23,450	5,39,800
Expenses during the year (B)	1,20,02,864	64,954
Difference for the year (A-B)	20,586	4,74,846
For the year 2020-21		
Fee Collected during the year (A)	-	-
Expenses during the year (B)	39,08,550	26,19,623
Difference for the year (A-B)	(39,08,550)	(26,19,623)
For the year 2021-22		

Fee Collected during the year (A)	1,77,100	-
Expenses during the year (B)	49,81,606	14,26,708
Difference for the year (A-B)	(48,04,506)	(14,26,708)
Total (Surplus)	(86,92,470)	(35,71,485)

* Transport Fees (collected from user students) and IP/PHE fee and lab fee (collected from XI and XII)

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 must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

The act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

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

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

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

Review of the audited financial statements for the FY 2019-20 to 2021-22 of the school revealed that the school has been recording income on cash basis while expenses are being recoded on accrual basis. Thus, the school is deviating from basic principle in preparation of books of account and presenting the audited financial statements. Therefore, the school is hereby directed, to maintain its books of account in accordance with GAAP from subsequent financial years and made necessary adjustment in its books of accounts accordingly. The compliance with this direction shall be verified while evaluating the fee increase proposal of the subsequent year.

3. The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to the students belonging to weaker section. However, as per the information provided by the school for FY 2019-20 to FY

2021-22, it has been noted that the school has not complied with above requirement from FY 2019-20 to FY 2021-22. Therefore, DDE District may be requested to look into this matter and ensure compliance with the above requirements. The details of total students and EWS students for the FY 2019-20 to 2021-22 are tabulated below:

Particular	FY 2019-20	FY 2020-21	FY 2021-22
EWS	402	440	474
Total Strength	1740	1889	1997
% Of EWS students to total students	23%	23%	24%

4. As per 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."

Also, as per para 67(ii) of the Guidance Note-21 "The financial statements should disclose, inter alia, the historical cost of fixed assets."

On review of audited Financial Statements for the FY 2019-20 to FY 2021-22, it has been noted that the depreciation on fixed assets have been provided at the rates prescribed in the Income Tax Rules, 1962 and fixed assets has been reporting at written down value on the assets side of balance sheet. Therefore, the school is directed to provide depreciation on assets in accordance with the guidance note cited above and report fixed assets at gross value on the assets side of balance sheet.

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

- i. The total funds available for the FY 2022-23 is INR **16,32,49,935** out of which the expected expenditures of the school would be INR **12,77,14,334** resulting in net deficit of INR **3,55,35,601** for the FY 2022-23. The detailed calculation is as under:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	1,99,22,582
Bank overdraft as on 31.03.2022 as per Audited Financial Statement of FY 2021-22	(16,62,111)
Investments as on 31.03.22 as per Audited Financial Statements (Refer Note 1 Below)	67,89,940
Liquid Funds as on 31.03.2022	2,50,50,411
Add: Recovery from society towards loan taken for construction of building (Refer Financial Suggestion No.1)	4,90,94,709
Add: Recovery from society towards amount transferred to society (Refer Financial Suggestion No. 2)	71,00,000
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	8,79,31,630
Add: Other income for FY 2021-22 as per Audited Financial Statements (Refer Note 3 Below)	21,93,720
Total Available Funds for FY 2022-23	17,13,70,470

Less: FDR with CBSE as on 31.03.2022 (Refer Note 1 Below)	2,26,503
Less: FDR with JADSC as on 31.03.2022 (Refer Note 1 Below)	65,11,722
Less: Gratuity and Leave Encashment (Refer Financial Suggestion No. 3)	10,48,810
Less: Caution Money as on 31.03.2022 (Refer Financial Suggestion No. 4)	3,33,500
Less: FDR in the joint name of DoE and Manager as on 31.03.2022 (Refer Note 4 Below)	-
Net Available Funds for FY 2022-23 (A)	16,32,49,935
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	10,20,00,277
Less: Salary arrears of 7th CPC (Refer Note 6 Below)	2,57,14,057
Total Estimated Expenditure for FY 2022-23 - (B)	12,77,14,334
Net Surplus (A-B)	3,55,35,601

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

Particulars	Amount (in INR)	Remarks
FDR in the name of CBSE	2,26,503	These FDR has been considered while calculating the fund position of the school
FDR in the name of Court	65,11,722	
FDR in the name of school	51,715	This FDR has been considered as free reserve hence not considered while calculating the fund position of the school
Total	67,89,940	

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

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

- (i) "to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR, 1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of unutilized facilities by the students during the relevant period of academic year 2020-21". And if the school has collected the fee in excess to the direction issued

by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

- (ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.
- (iii) The above arrangement is also applicable for collection of fees for FY 2021-22.

From review of the audited financial statements of FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported tuition fees and annual charges at 85%. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fee and annual charges and development fees has been grossed up to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

The detailed calculation has been provided below:

Particulars	Income as per AFS for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition Fee	6,82,82,002	6,76,54,080	As per reconciliation submitted by the school for FY 2021-22, income reported in audited financial statements include arrears of FY 2020-21 and reported income at 85% hence, income of FY 2021-22 has been grossed up to 100% (excluding arrears of FY 2020-21) while calculating the fund position of the school.
Annual Charges	1,46,04,239	2,02,00,000	
Total	8,28,86,241	8,78,54,080	

Note 3: All the other income as per audited financial statements of FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

Note 4: 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.

The balance of Salary Reserve as on 31.03.2022 is INR 1,28,00,000 as per audited financial statements of the school for FY 2021-22. However, the school has not earmarked any investment in the joint name of the Dy. Director and Manager of the school. Hence, the same has not been considered while calculating the fund position of the school.

Note 5: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

Head of Expenditure	FY 2022-23	Amount Disallowed (INR)	Remarks
Salary to teaching and non-teaching staff	4,80,00,000	78,27,845	It has been restricted to 130% of the FY 2021-22 expenditure.
Total	4,80,00,000	78,27,845	

Note 6: The school has not implemented the recommendation of 7th CPC. The school has provided 7th CPC salary arrears from Jan 2016 to June 2022.

However, the school had not applied for fee hike during the last 3 years (i.e. FY 2017-18 to FY 2019-20). From that it seems the school has sufficient funds to meet expenditure during the above-mentioned period. Hence, 7th CPC salary arrears only for the period 01.04.2020 to 31.03.2022 amounting to INR 2,57,14,057 has been considered while calculating the fund position of the school.

- ii. The school has sufficient funds to carry on its operation for the academic session 2022-23 on the existing fee structure. 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 utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial and other irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of the team of Chartered Accountants 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 the school has sufficient funds for meeting financial implication for the academic session 2022-23. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

Accordingly, it is hereby conveyed that the proposal of fee increase of **St. Froebel School, Paschim Vihar, New Delhi-110063 (School ID- 1617184)**, 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 2022-23 and if the fee is already increased and charged for the academic session 2022-23, 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

Nandini

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

To
The Manager/ HoS
St. Froebel School, Paschim Vihar,
New Delhi-110063
School ID- 1617184

No. F.DE.15 (1119)/PSB/2022 / 470-474

Dated: 16/01/23

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 (West B) ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

Nandini

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