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

No. F.DE.15(207)/PSB/2021/ 3456 - 3460 Dated: 10/09/21

ORDER

WHEREAS, every school is required to file a statement of fees every year before the ensuing academic session under section 17(3) of the Delhi School Education Act, 1973 (hereinafter read as '***the Act***') with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as '***the Rules***'). Such estimate will also provision for donation, gratuity, reserve fund and other items under rule 177(2) and savings thereafter, if any, in terms of the proviso to the rule 177(1).

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

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

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

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

AND WHEREAS, besides, the Hon'ble Supreme Court in the judgment dated 27 Apr 2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Director of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

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

"27....

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

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

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

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19 Jan 2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27 Mar 2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, are directed to submit the their proposals, if any, for prior sanction of DoE for increase in fee for the session 2018-2019 and 2019-2020.

AND WHEREAS in response to this directorate's circular dated 27 Mar 2019 referred to above, **J.D. Tytler School (School ID-2128123), R-Block, New Rajinder Nagar, New Delhi-110060** submitted its proposal for enhancement of fee for the academic session 2019-2020 in the prescribed format.

AND WHEREAS, in the process of examination of fee hike proposal filed by **J.D. Tytler School (School ID-2128123), R-Block, New Rajinder Nagar, New Delhi-110060** for the academic session 2019-2020, necessary records and explanations were called from the school through email. Further, school was also provided an opportunity of being heard on 25 Nov 2019 at 11:20 AM to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted.

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

A. Financial Discrepancies

1. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 states "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation*

Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."

On review of the financial statements of the school for FY 2016-2017, it was noted that the school had utilised development fund for purchase of vehicle costing INR 36,09,895 in the FY 2016-2017. The school was asked to provide the details of vehicles purchased by the school, but the school did not provide details of the vehicle purchase by it during FY 2016-2017. Thus, the school has diverted development fund for purchase of assets other than furniture, fixture or equipment.

Accordingly, the cost of the vehicle is required to be recovered from the society.

Further, it was noted that the school had incurred expenditure on repairs of building amounting INR 12,91,844 during FY 2016-2017 and reflected the same as utilisation of development fund in the audited financial statements for FY 2016-2017, which is not in accordance with the direction included in above order.

It is also noted that school has neither kept development fee in a separate bank account nor the school has made any investment for development fund, which again is not in accordance with the direction included in above order.

Accordingly, the cost of vehicle amounting to INR 36,09,895 is added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the society within 30 days from the date of this order. Further, the school is directed ensure that development fund is utilised only towards purchase of furniture, fixture and equipment. Also, the school is directed to open a separate bank account/ investment to keep unutilised development fee and to include the interest earned on development fund bank account/ investment in the development fund balance.

2. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school states "*The school shall not increase the rates of tuition fee without the prior sanction of the Directorate of Education Delhi Admin. and shall follow the provisions of Delhi School Education Act/Rules, 1973 and the instructions issued from time to time*".

   Directorate's order no. F.DE.15 (40)/PSB/2019/2698-2707 dated 27 Mar 2019 regarding fee increase proposals for FY 2018-2019 and FY 2019-2020 states "*In case, the schools have already charged any increased fee prior to issue of this order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal*".

   Directorate's order no. F.DE-15/WPC-4109/Part/13/7914-7923 dated 16 Apr 2016 regarding fee increase proposals for FY 2016-2017 stated "*In case, the schools have already charged any increased fee prior to issue of this order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal.*" Further, Directorate's order no. F.DE-15/PSB (PMU)/Fee Hike/2017-2018/14073-082 dated 7 Apr 2017 regarding fee increase proposals for FY 2017-2018 states "*Schools are strictly directed not to increase any fee until the sanction is conveyed to their proposal by Director of Education.*"

While the school did not submit any proposal to this Directorate for increase of fee with respect to academic sessions 2016-2017 and 2017-2018, based on the fees structure submitted by the school for FY 2016-2017 to FY 2018-2019, it was noticed that the school had collected increased tuition fee & annual charges by 9% to 10% every year during FY 2016-2017 to FY 2018-2019 from students of all classes (PS to XII) without prior approval of the Directorate, which is in contravention of aforementioned orders/conditions. Further, while the school did not submit its fee structure for FY 2015-2016 for quantifying the increased fee collected from students during FY 2016-2017 without prior approval of the Directorate, the school mentioned in the personal hearing that it has increase fee every year. Based on the information submitted by the school for FY 2016-2017 to FY 2018-2019 and taken on record, it collected the tuition fee and annual charges from students as under:

	Tuition Fee			Annual Charges		
Class	2016-2017	2017-2018	2018-2019	2016-2017	2017-2018	2018-2019
PS- V	3,650	3,980	4,340	900	990	1,090
VI-VIII	3,750	4,090	4,460	900	990	1,090
IX-X	3,900	4,260	4,640	900	990	1,090
XI-XII	4,200	4,580	4,990	900	990	1,090

The school did not provide the total amount of increased fees collected from students during FY 2016-2017 to FY 2018-2019. Therefore, exact amount of excess fee collected by school could not be derived on account of non-submission of requisite information by the school. Thus, the amount of adjustment/refund to students could not be determined and thus, is not reflected in the fund position of the school (enclosed in the later part of this order).

Based on above, the school is hereby directed to calculate the excess fee/charges collected from students during FY 2017-2018 to FY 2019-2020 and immediately refund/adjust the excess fee collected and submit the evidence of refund/adjustment to the Directorate within 30 days from the date of this order. Further, the school is directed not to increase any fee/charge of any class without approval from the Directorate.

3. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 states "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account.*"

The Hon'ble Supreme Court of India in its 2004 judgement in the matter of Modern School Vs Union of India and Others quoted "*we are of the view that the management of* *recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee."*

Based on the fee structure submitted by the school, the school is collecting development fee @ INR 7,300 at the time of admission from students, which was also mentioned by the school in its 'Notes to Account' annexed to its audited financial statements. While the school did not submit its fee structure for FY 2015-2016 for calculating the excessive development fee collected from students during FY 2016-2017, on comparing of the development fee collected by the students with the tuition fee collected by it during FY 2016-2017, it was noted that the school was collecting development fee in excess of 15% of the tuition fee collected from the students of class PS to X. Based on the information submitted by the school and taken on record, it collected excess development fee from students as under:

Year	Annual Tuition Fee (INR)	15% of Tuition Fee (INR)	Development Fee collected by the school (INR)	Excess Development Fee Collected (INR)
PS- V	43,800	6,570	7,300	730
VI-VIII	45,000	6,750	7,300	550
IX-X	46,800	7,020	7,300	280

The school did not provide the total amount of excessive development fees collected from students during FY 2016-2017 to FY 2018-2019. Therefore, exact amount of excessive development fee collected by school could not be derived on account of non-submission of requisite information by the school. Thus, the amount of adjustment/refund to students could not be determined and thus, is not reflected in the fund position of the school (enclosed in the later part of this order).

Based on above, the school is hereby directed to calculate the excessive development fee (in excess of 15% of the annual tuition fee) collected from students during FY 2016-2017 to FY 2019-2020 and immediately refund/adjust the excess fee collected and submit the evidence of refund/adjustment to the Directorate within 30 days from the date of this order. Further, the school is directed to ensure that it does not collect development fee more than 15% of the annual tuition fee in order to comply with the requirements of clause 14 above and the direction of the Hon'ble Supreme Court of India cited above.

4. Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India 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 recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."* Further, according to para 7.14 of the Accounting Standard 15, *"Plan assets comprise:*
   - *assets held by a long-term employee benefit fund; and*
   - *qualifying insurance policies."*

   From the audited financial statements of the school, it was noticed that the school has not created any provision towards staff retirement benefits (i.e. gratuity and leave encashment). Further, the school has not obtained actuarial valuation for measuring its liability towards staff retirement benefits as per the requirements of Accounting Standard 15. Also, the school has not deposited any amount in investments that qualifies as 'Plan Assets' in accordance with Accounting Standard 15.

While the school prepared the financial statements without adhering to the requirements of Accounting Standard 15, it was noticed that the auditor did not qualify its audit opinion on the financial statements to highlight such non-compliance by the school. Thus, the audit opinion given by the auditor cannot be relied upon in relation to the above.

The school is directed to obtain actuarial valuation in respect to its liability towards staff gratuity and leave encashment in accordance with Accounting Standard 15 and record provision for gratuity and leave encashment in its books of account in accordance with actuarial valuation. Also, the school should start creating investments that qualify as 'plan-assets' (i.e. group gratuity and leave encashment policies of LIC or other insurer) to secure funds towards staff gratuity and leave encashment.

Since the school has not obtained actuarial valuation, no amount has been considered while deriving the fund position of the school (enclosed in the later part of this order).

5. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution.

   The audited financial statements of the school for FY 2017-2018 reflected recoverable amount of INR 40,46,434 and INR 50,05,214 from J.D. Tytler School, Munirka and J.D. Tytler Nursery School respectively as on 31 Mar 2019. Further, the school did not provide any information/ detail regarding J.D. Tytler Nursery School as to where the same is located and whether the school is taking any direct admissions from the nursery school.

   Hence, this amount of INR 90,51,648 (INR 40,46,434 plus INR 50,05,214) is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days of the date of this order.

6. Audited financial statement of the school for FY 2018-2019 reflected a number of funds maintained by the school as under:

Designated Fund Name	Fund Balance as on 31 Mar 2019 (INR)
J.D. Tytler Memorial Award Fund	57,47,935
Students & Scouts Fund	4,50,499
Scholarships & Prizes Fund	3,29,544
Building Fund	37,46,547

   As per the information regarding J.D. Tytler memorial Award Fund submitted by the school, the opening balance of this fund in FY 2001-2002 was INR 28,10,808 and the interest accrued on the FDR designated to this fund is added to the fund every year. During the personal hearing, the school mentioned that this fund is for the specific purpose of giving awards to the staff of the school. However, the school did not submit any further information regarding the same. Though the fund balance of INR 57,47,935 as on 31 Mar 2019 in J.D. Tytler Memorial Award Fund has been considered while deriving the fund position of the school (enclosed in the later part of this order), the school is hereby directed to provide information regarding the initial source of this fund along with relevant documentation for the restriction of its use and how the same is utilised at the time of subsequent fee hike proposal, as may be submitted by the school.

Further, as per the financial statements of the school, the school has maintained Students & Scouts Fund and Scholarships & Prizes Fund, no information/details regarding the same were submitted by the school. In the absence of any information/ details, the balances of these funds have not been considered while deriving the fund position of the school (enclosed in the later part of this order). The school is hereby directed to provide information regarding the initial source of this fund (as to whether the same was received from a third party with restrictions to use or the same was created from out of school funds) along with relevant documentation for the restriction of its use and how the same is utilised at the time of subsequent fee hike proposal, as may be submitted by the school.

It was further noted that the school has carrying over a building fund, details of which were not provided by the school as to whether the same was created from appropriation of general fund or by way some other means. The school is not allowed to collect or create building fund. Accordingly, the school is directed to transfer the balance of building fund of INR 37,46,547 to General Fund.

The school is further directed to not create building fund or other funds from appropriation of general fund.

7. Rule 177 of DSER,1973 states "*(1) Income derived by an unaided 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 managing committee for meeting for meeting the capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:*
   - *award of the 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.*

   (2) The savings referred to in sub-rule (1) 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 development nature,
   (c) the expansion of the school building or for the expansion or construction of any building or establishment of hostel or 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."*

On reviewing financial statements of FY 2017-2018 and FY 2018-2019, it was observed that the school had reflected expenditure of INR 1,98,596 and 1,52,253 as scholarships during FY 2017-2018 and FY 2018-2019. The school can utilise school funds for expenditure towards scholarship to students only after compliance of Rule 177 (2). The school did not provide any details regarding expenditure incurred towards scholarship and the funds utilised for the same. Hence, if scholarships are given to students by utilising school funds, which as per above mentioned rule is inappropriate considering that the school has not complied with the requirements of sub-rule 2 of Rule 177, the school should recover this amount from the society within 30 days of receipt of this order and ensure compliance with prescribed rules.

In the absence of details/ information, no adjustment has been made in the fund position (enclosed in later part of this order). Further, the school is directed to submit the details/ information regarding scholarship expenses along with its compliance report. Compliance of the same would be checked at the time of evaluation of subsequent fee increase proposal.

B. Other Discrepancies

1. On examination of the financial statements of FY 2018-2019 submitted by the school, it was noted the financial statements were not appropriately authenticated by the representatives of the school, since only the Balance Sheet, Receipts & Payments Accounts and Significant Accounting Policies and Notes to Accounts were signed by the Principal and Chairman. While all the pages of the financial statements were stamped and initialled by the Chartered Accountant, the Income and Expenditure Account and schedules annexed to the financial statements were not signed or initialled by any of the representatives of the school. Thus, the authenticity of the financial statements and financial information included therein cannot be confirmed.

   The school is directed to ensure that the entire set of financial statements (all pages, schedules including Income and Expenditure Account and Schedules) must be signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents.

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

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

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

Also, the Hon'ble Supreme Court of India through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

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

From the information provided by the school and taken on record, it is noted that the school charges earmarked levies in the form of transport charges, news in education charges board examination fee and CWSN fees from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been incurring surplus/ (deficit) from earmarked levies. Based on financial statements for FY 2018-2019, the following were the incomes and expenses against earmarked levies:

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus/(Deficit) (INR)
	A	B	C=A-B
Transport Charges	14,76,900	22,25,000	(7,48,100)
News in Education	3,79,395	3,70,775	8,620
Board Examination Fee	5,55,080	5,64,890	(9,810)
C.W.S.N. Fee	14,56,500	17,23,426	(2,66,926)

The school has been operating its transport facility at huge deficit as expenses incurred by the school are more than the fee collected from students. The school must re-evaluate transport expenses incurred by it and optimise the same for matching it with income generated from transport facility. The school is strictly directly not to transfer the financial impact (i.e. deficit from transport facility) from the inefficient operation of transport facility to students not availing transport facility i.e. it must not adjust the deficit from school funds. The school is instructed to operate transport facility on strict no-profit no-loss basis.

Also, the school is directed to maintain separate fund account for each earmarked levy depicting clearly the amount collected, amount utilised and balance amount. Unintentional surplus, 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 during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis.

3. Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is 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.*"

   As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 Apr 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.*"

   Basis the presentation made in the audited financial statements of the school and scheme of entries explained by the school during personal hearing, it was noted that upon utilization of development fund for purchase of fixed assets, the school transferred an amount equivalent to the purchase cost of the assets from the development fund to School funds i.e. General Reserve instead of the accounting treatment as indicated in the guidance note cited above. Thus, the school has not done the accounting and reporting of development fund and deferred income in accordance with the requirements of Para 99 of Guidance Note 21.

   Also, the school has not segregated fixed assets purchased from development fund and those purchased from other than development fund in its financial statements. The school had reported all the fixed assets together in a consolidated fixed assets schedule.

   It was further noted from the financial statements submitted by the school that it does not charge depreciation as per the rates of depreciation specified in Appendix I of Guidance Note.

   The school is instructed to make necessary rectification entries relating to development fund utilised and to comply with the accounting treatment and make disclosures as indicated in the Guidance Note. Also, the school should segregate the fixed assets between development fund assets and other assets and report those accordingly in the financial statements. Further, the school should adopt the depreciation rate as prescribed in Appendix I of the Guidance Note.

4. Review of the proposal for enhancement of fee for FY 2019-2020 submitted by the school indicated that the school did not include/disclose News in Education Fee collected by it from students in its proposal for fee hike submitted for FY 2019-2020.

   The school must ensure that it discloses all heads of income in its proposal for enhancement of fee including earmarked levies. Also, the school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

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

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

   Further, Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 9 Sep 2010 stated *"In case of those ex-students who have not been refunded the Caution Money/Security Deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty days. After the expiry of thirty days, the un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial-year & it shall not be shown as liability. Further, this income shall also be taken into account while projecting fee structure for ensuing Academic year."*

   From the financial statements of the school for FY 2018-2019, it was noted that the school has refunded caution only to a few students at the time of leaving the school. Also, the school is not paying interest on caution money refunded to the students. Basis the financial statements of the school for the FY 2015-2016 to FY 2018-2019, the details of caution money refunded to students at the time of leaving the school is enclosed below:

Financial year	**Amount of caution money refunded (INR)**	**No. of students to whom caution is refunded**
2018-2019	8,500	17
2017-2018	14,500	29
2016-2017	5,000	10
2015-2016	21,500	43

   The school did not provide any record for sending communications to the ex-students to collect their caution money and did not record un-refunded caution money as income after the expiry of 30 days from the date of communication to the students to collect the same. The school is hereby directed to refund the caution money to the students at the time of leaving the school along with interest thereon. The school is further directed to recognise the balance un-refunded caution money, if any, as income after 30 days of sending letters to the last known addresses of the students to collect their caution money.

Since the school is yet to send communications to the ex-students, the amount to be refunded to students towards caution money, as per the audited financial statements for FY 2018-2019, has been considered while deriving the fund position of the school (enclosed in the later part of this order).

6. Incomes (fee collected from students) reported in the Income and Expenditure Account/ Receipt and Payment Account for FY 2018-2019 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. Basis the computation prepared, differences were noted in the fee collection reported by the school during FY 2018-2019 in its Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per details provided by the school.

Following difference was derived in Tuition fee based on the computation of FY 2018-2019:

Particulars	Income reported in Income & Expenditure Account (A)	Fee computed based on details of no. of students provided by the school (B)	Derived Difference (C)= (A-B)	Derived % Difference (D)=(C/B* 100)
Tuition fee	12,47,56,636	13,09,47,480	(61,90,844)	4.73%

The school should perform a detailed reconciliation of the amount collected from students and income to be recognised based on the fee structure and number of students enrolled by the school.

Since the reconciliation is to be prepared and submitted by the school, no adjustment has been made in the fund position of the school (enclosed is the later part of the order).

7. As per the land allotment letter issued by the Ministry of Works and Housing Land & Development Office to the Society in respect of the land allotted for the school, "*the society shall ensure that percentage of freeships from the tuition fee as laid down under Rules is strictly complied with.*"

While reviewing the information provided by the school in the proposal for fee hike for FY 2018-2019, it was noted that the school has reserved 18% of the total strength of students in the school instead of 25% of the total strength of students in the school. Thus, the school has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Ministry of Works and Housing Land & Development Office.

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

i. The total funds available for the year 2019-2020 amounting to INR 23,17,01,124 out of which cash outflow in the year 2018-2019 is estimated to be INR 19,29,92,124. This results in net surplus of INR 3,87,09,000. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	2,36,35,969
Investments (Fixed Deposits) including accrued interest as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	4,36,00,367
Total Liquid Funds Available with the School as on 31 Mar 2019	**6,72,36,336**
Add: Fees/Incomes for FY 2019-2020 (based on income reported in financial statements of FY 2018-2019) [Refer Note 1]	16,45,95,380
Add: Amount recoverable from society towards purchase of vehicle out of development fund in FY 2016-2017 [Refer Financial Discrepancy No. 1]	36,09,895
Add: Amount recoverable from J.D. Tytler School Munirka and J.D. Tytler Nursery School as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019) [Refer Financial Discrepancy No. 5]	90,51,648
Gross Estimated Available Funds for FY 2019-2020	**24,44,93,259**
Less: FDR held jointly with DDE and CBSE as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	21,85,132
Less: Development Fund [Refer Note 2]	23,66,600
Less: Depreciation Reserve Fund [Refer Note 3]	-
Less: Salary Reserve [Refer Note 4]	-
Less: Caution Money Liability (as per the financial statements of FY 2018-2019) [Refer Other Discrepancy No. 4]	24,92,468
Less: Retirement Benefits [Refer Financial Discrepancy No. 4]	-
Less: Fund balance of J.D. Tytler Memorial Award Fund as on 31 Mar 2019 [Refer Financial Discrepancy No. 6]	57,47,935
Net Estimated Available Funds for FY 2019-2020	**23,17,01,124**
Less: Budgeted Expenses for FY 2019-2020 [Refer Note 5]	19,29,92,124
Estimated Surplus as on Mar 2020	**3,87,09,000**

Notes:

1. Fees and incomes based on those reported in audited financial statements of FY 2018-2019 have been considered with the assumption that the amount of income during FY 2018-2019 will at least accrue during FY 2019-2020.
2. The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16 Apr 2010 states "*All schools must, first of all, explore and exhaust the possibility of utilising*

the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase." Over a number of years, the school has accumulated development fund, which was collected in excess of 15% of annual tuition fee [Refer Financial Discrepancy No. 3] and has reflected the closing balance of INR 3,77,41,076 in its audited financial statements of FY 2018-2019. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school for meeting the financial implication of 7th CPC, which is yet to be implemented by the school. However, development fund equivalent to amount collected in one year (FY 2018-2019) from students has been considered for deriving the fund position of the school, which is considered sufficient basis the spending pattern of the school in past.

3. On evaluation of depreciation reserve presented in the financial statements for FY 2018-2019 by the school, it was noted that the school had created depreciation reserve equivalent to the accumulated depreciation presented in the consolidated fixed assets schedule and presented the same as depreciation reserve on liabilities side of the Balance Sheet of the school. Also, the school is charging development fund from students for purchase, up-gradation and replacement of furniture, fixture and equipment. Since the school balance of development fund as reported in the financial statements of the school for FY 2018-2019 has been adjusted for deriving the fund position of the school, depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue accounts as per clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009) is more of an accounting head for appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note 21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, it is not considered in table above.
4. The school has reflected a provision of INR 3,04,79,367 towards salary reserve as on 31 Mar 2019 in its financial statements for FY 2018-2019. Since the school has not made any investment in joint name of the school and Deputy Director of Education, the same has not been considered.
5. Per the Budget Estimate for FY 2019-2020 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2019-2020 of INR 19,54,90,109, all the expenses budgeted by the school (other than depreciation, being a non-cash expense) have been considered in table above.

In view of the above examination, it is evident that the school has adequate funds for meeting all the expenses for the financial year 2019-2020.

ii. The directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 2010 states "*All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase.*" The school has sufficient funds to carry on the operation of the school for the academic session 2019-2020 on the basis of existing fees structure and after considering existing funds/reserves.

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, certain financial irregularities were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings were also noted (appropriate instructions against which have been given in this order), the funds available with the school to carry out its operations for the academic session 2019-2020 and payment of salaries as per the recommendations of 7th CPC are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

And whereas, the relevant materials were put before Director of Education for consideration and who after considering all material on record has found that the school has sufficient funds for payment of salaries as per the recommendations of 7th CPC and meeting the expenses for the financial year 2019-2020. Since the school has accumulated surplus funds, increasing fee from students would result in profiteering and commercialisation of education. Therefore, Director (Education) rejects the proposal submitted by the school for enhancement of fee for the academic session 2019-2020.

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for session 2019-2020 of **J.D. Tytler School (School ID-2128123), R-Block, New Rajinder Nagar, New Delhi-110060** has been rejected by the Director of Education. Further, the management of said school is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

1. Not to increase any fee/charges during FY 2019-2020. In case, the school has already charged increased fee during FY 2019-2020, the school should make necessary adjustments from future fee/refund the amount of excess fee collected, if any as per the convenience of the parents.
2. To communicate with the parents through its website, notice board and circular about rejection of fee increase proposal of the school by the Directorate of Education.
3. To ensure that salaries and benefits are paid to the staff in accordance with section 10(1) of DSEA, 1973 and Directorate's order dated 25 Aug 2017.
4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of India in its Judgment of Modern School vs Union of India and Others. Therefore, the school must not include capital expenditure as a component of the fee structure (to be submitted by the school under section 17(3) of DSEA, 1973).
5. To utilise the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.
6. To rectify all the financial and other irregularities/violations as listed above and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).
7. The Compliance Report detailing rectification of the above listed deficiencies/ violations must also be attached with the proposal for enhancement of fee of subsequent academic session, as may be submitted by the school. Compliance of all

the directions mentioned above will be examined before evaluation of proposal for enhancement of fee for subsequent academic session.

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

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

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

To:
The Manager/ HoS
J.D. Tytler School
School ID-2128123
R-Block, New Rajinder Nagar
New Delhi-110060

No. F.DE.15(207)/PSB/2021/ 3456 – 3460 Dated: 10/09/21

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 concerned to ensure the compliance of the above order by the school management.
4. Guard file.

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