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المعرفة Knowledge

Exceptional Fee Increase Guidelines for Private Schools

Academic year 2016-2017
Version 2.0

Knowledge and Human Development Authority

Exceptional Fee Increase Guidelines for Private Schools

Academic year 2016-2017
Version 2.0

Knowledge and Human Development
Authority

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Glossary of Terms

Glossary of Terms

Term	Definition
KHDA	Knowledge and Human Development Authority – Dubai.
Applicant	School applying for exceptional fee increase through submission of an Exceptional Fee Increase Request to the KHDA.
Eligibility of the Applicant	Qualification against eligibility criteria defined in this document is met by the school for the purpose of applying for an exceptional fee increase.
Pre-qualification and Eligibility Criteria	A list of criteria set by the KHDA that must be met by schools in order to apply for an exceptional fee increase. This document contains the complete list of pre-qualification criteria.
Exceptional Fee Increase Request	An application published by the KHDA and completed by private, for-profit schools to apply for a fee increase over and above the annual increase granted by the KHDA.
For-Profit School	Schools that are operated for commercial purposes for the purpose of earning financial returns for their owners. Fiscal surpluses are distributed to shareholders or retained for the purpose of furthering commercial objectives.
Group School	Schools which are partially or solely owned by an entity which owns and / or operates 2 or more schools in the United Arab Emirates.
Appeal	A process that is initiated by the school to request the KHDA to change the decision regarding the school's exceptional fee increase request.

Term	Definition
IAS	Standards for the preparation and presentation of financial statements created by the International Accounting Standards Committee (IASC).
IASB	A London-based organization which seeks to set and enforce standards for accounting procedures. Over 100 countries currently require or permit companies to comply with IASB standards.
IFRS	A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements, issued by the IASB.
KHDA's Audit Firm Selection Criteria	The KHDA's criteria to evaluate the eligibility of audit firms to conduct the Agreed-Upon-Procedures audit exercise for the Private Schools located within Dubai Emirate.
FRR	A fair rate of return, described by annexure 1 of the AUP, set by KHDA as required for the exceptional fee increase application.
Teaching staff	School staff engaged in imparting academic (curricular and extra curricular) instruction to students.
IFAC	International Federation of Accountants

How this guide can help

This document is a helpful guide for applicants to use, based on which they may apply for Exceptional School Fee increase approvals to The Knowledge and Human Development Authority (KHDA).

The KHDA is the regulatory authority of the Government of Dubai that is responsible for the growth, quality and direction of private education and learning in Dubai. Since 2012, the KHDA's exceptional fee increase framework, which seeks to regulate annual fee increases for all private schools operating in the Emirate, has been approved by The Executive Council of Dubai. For-profit, private schools are eligible for an exceptional fee increase based on clear eligibility criteria as defined by the KHDA. Given the need for schools to upgrade their infrastructure and teaching facilities to remain current with industry trends and adhere to constantly evolving quality standards demanded by parents and the regulator alike, the KHDA recognizes that schools may need to seek approvals for exceptional fee increases from time to time. The KHDA seeks to assess such approval requests based on certain preconditions in order to ensure that investors are able to achieve a fair rate of return and the market continues to sustain investor interest.

With the dual aim of increasing the quality of education in the Emirate and ensuring a fair return on investment, the KHDA has developed a structured evaluation process to assess the eligibility of schools for exceptional fee increases. Schools are encouraged to conduct an internal evaluation to ensure that they meet the eligibility criteria as defined in this guide and submit a Request for Exceptional Fee Increase in order to be considered for an exceptional fee increase from the KHDA. This will help us to process applications as efficiently as possible. A subsequent evaluation of the individual school in question by the KHDA would then serve to determine the amount of increase that the school will be permitted to implement. Schools are assured of an impartial and fair evaluation at all stages of the process and have the opportunity to appeal a decision they are not satisfied with.

Along with detailed policies and guidelines, this handbook also provides useful checklists and 'easy-to-use' templates for forms required to submit and process exceptional school fee increase applications. The tools provided to support the process may also be used by schools to establish eligibility prior to making formal applications to the KHDA.

All information provided to the KHDA or to the KHDA affiliated evaluators will be kept strictly confidential to protect the interests of school operators.

Policies, Guidelines and Processes

Policies, Guidelines and Processes

Exceptional Fee Increase Processing: Policies and Guidelines

Objective

This helpful guide outlines the KHDA process that must be followed by all parties involved in the exceptional fee increase request.

Prior to the submission of an Exceptional Fee Increase Request to the KHDA, schools are encouraged to conduct an internal evaluation to ensure that they meet the eligibility requirements as defined in the Exceptional Fee Increase Guidelines for Schools. The course of action as defined in this guide will allow the KHDA to reach an impartial, timely and complete evaluation of every Exceptional Fee Increase Request received, and ensure that schools have complete confidence in the KHDA process and understand completely the outcome of the process.

Policies and Guidelines

- All requests for an exceptional fee increase must be submitted in the KHDA standard format (Annexure A of this guidelines document). Any deviations shall result in rejection of the application.
- The Applicant is required to complete all sections of the Exception Fee Increase Request application.
- These include:
 - Cover Letter in the KHDA Format (Annexure A: Forms and Templates)
 - The KHDA Template for Agreed-upon Procedures (Annexure A: Forms and Templates) including AUP Annexure 1: Definitions for the Agreed-upon Procedures
 - Audit Firm Selection Criteria (Annexure A: Forms and Templates)
 - Requirements Checklist (Annexure A: Forms and Templates)
 - Pre-qualification and Eligibility Checklist (Annexure A: Forms and Templates)
 - Exceptional Fee Increase Determination Model (Annexure A: Forms and Templates)
 - All supporting documents
- Only schools that meet all the eligibility and pre-qualification criteria and do not obtain approval for an exceptional fee increase can submit an Appeal Request to the KHDA.
- All soft copies provided by the Applicant must match the signed hard copies submitted to the KHDA. Any deviations shall result in the application being rejected.

Policies and Guidelines (Continued)

- Applicants cannot modify the Exceptional Fee Increase Request once it is submitted to the KHDA. Hence, schools must ensure the completeness and accuracy of request details and all supporting documents prior to submission. Applicants are not permitted to cancel a submitted request and subsequently submit a new request.
- The KHDA may, at its discretion, communicate with the Applicant or a third party at any stage of the evaluation process in order to gather related information and to clarify or confirm Exceptional Fee Increase Request details. During such interactions, no information relating to the possible outcome of the evaluation will be shared with the Applicant.
- The Applicant shall conduct an internal assessment to ensure that it is eligible to apply for an exceptional fee increase and that it meets the following conditions and pre-qualification and eligibility criteria:
 - The Applicant must be a for-profit school as defined in the Glossary of Terms section of this guide.
 - The Applicant must not reapply for an exceptional fee increase within 12 months of being issued a Notification of Exceptional Fee Increase or a Notification of Rejection (unsuccessful appeals will not factor in the time frame).
 - Only Applicants that have applied the total approved fee level granted by the KHDA for at least one complete financial year may reapply for an exceptional fee increase.
 - The Applicant must have completed 6 years of operations: Years of operations are defined as the number of years since the school started its first academic year. (This pre-condition applies only for pre-qualification. Financial information must be provided on the basis of financial years ended not academic years ended).
 - The Applicant must have a rate of return as defined in Schedule 1 of the Agreed-upon Procedures (AUP) and Annexure 1: Definitions for the AUP, for the two most recently completed financial years.
 - The school must have an occupancy level of 80% or greater, where occupancy is defined as the current number of students enrolled divided by the current student enrollment capacity expressed as a percentage.

Policies and Guidelines (Continued)

- Basic salary of teaching staff directly employed by the school (net of all deductions) should be greater than or equal to 25% of total expense items for each of the three most recently completed financial years for which data is provided as defined in Schedule 1 of the AUP and Definitions for AUP.
- The variance in the Applicant school's, Share of Group Expenses (excluding share of Group Finance costs), Expenses incurred from services provided by related parties, Share of any Other Expenses incurred by Related Parties, Management Fees charged by Parties that are not related to the Applicant school and Excess of Revenues over Total Expenses, defined in the table, between FY1 to FY3 should not exceed 10% as defined in the AUP. If the school's operating variance exceeds 10%, only 10% of the variance will be considered for exceptional fee increase evaluation purposes.
- The school can submit only one Exceptional Fee Increase in one academic year. A second request will not be considered for evaluation if it is submitted within 12 months of the school being issued a Notification of Rejection or a Notification of Exceptional Fee Increase.
- Should the KHDA request any clarifications or data after receiving the application for exceptional fee increase, schools must respond to the KHDA's queries within 15 working days of issuance of the request. Should schools fail to respond within 15 working days of the KHDA issuing the Request for Clarification, the application for exceptional fee increase will be rejected and a Notification of Rejection for Exceptional Fee Increase will be issued by KHDA.
- The auditing firm retained for performing the AUP should be pre-qualified as per the KHDA's Audit Firm Selection Criteria. Applicants may retain services of any qualifying provider and it is not mandatory that their Financial Audit is performed by the same provider.
- In case no appeal is made within 20 working days of issuance of the evaluation result, the same is deemed accepted by the Applicant and the right to appeal the decision is forfeited by the Applicant. Any appeals received after the 20 working day timeframe will not be considered by the KHDA. Only one appeal may be submitted by the school against each application.

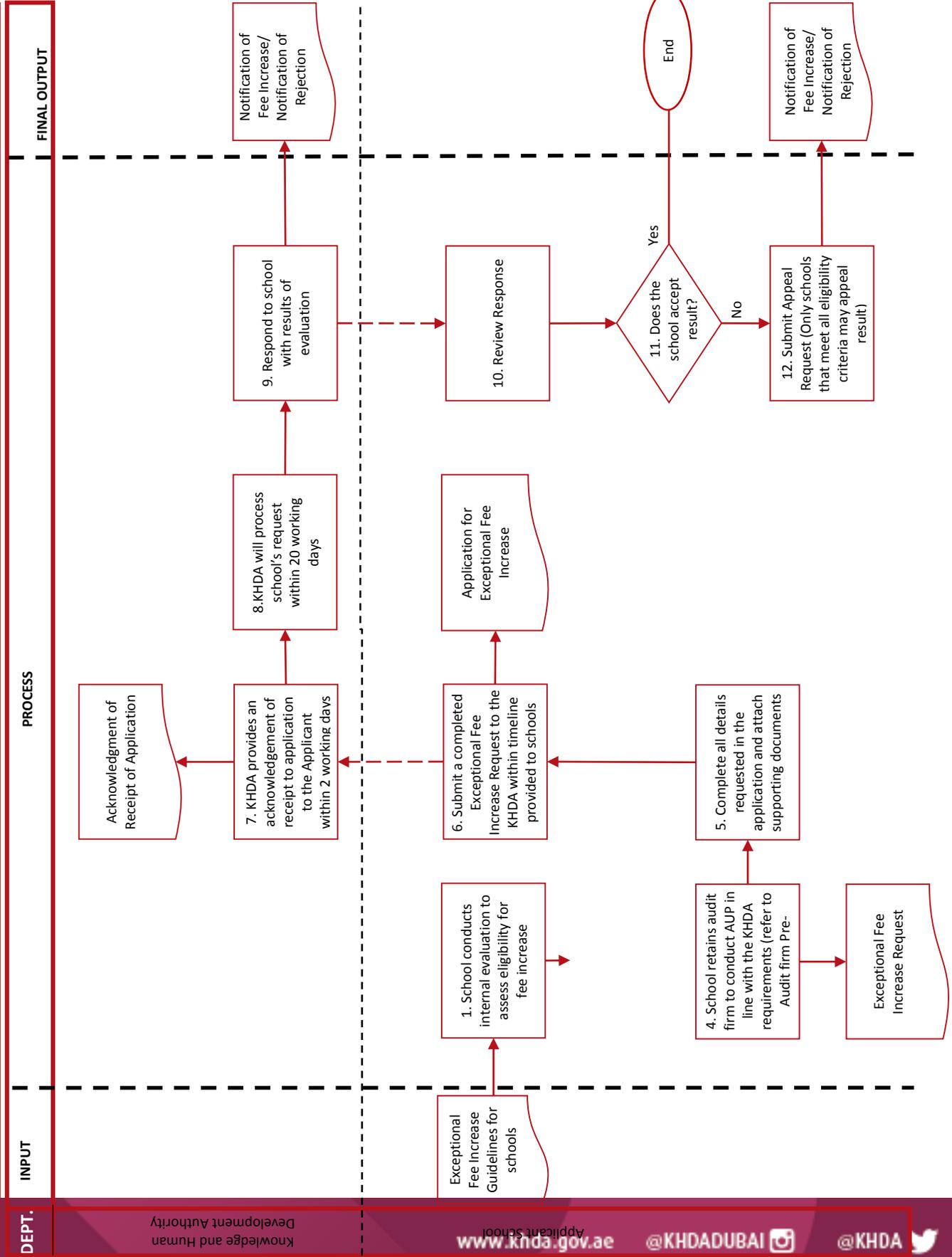
Policies and Guidelines (Continued)

- Any deviation from the KHDA's Appeal Request form will result in rejection of the appeal.
- Falsifying information will lead to a rejection of exceptional fee increase within the current year as well as for the subsequent 5 years following the rejection.
- The KHDA has discretionary authority to reject any application/appeal.
- All submissions made by the Applicant must be made as a soft copy along with a signed Hard Copy
- The contents of the KHDA response should be treated as confidential and must not be disclosed to any party outside of those directly involved in the formal evaluation process.
- Any correspondence with regard to applications/appeals/clarifications should be carried out with the designated KHDA representative only.
- Maximum allowable exceptional fee increase is as per KHDA's current fair rate of return in accordance with the schools last DSIB rating.

Policies, Guidelines and Processes

Exceptional Fee Increase Processing: Process Map

Process Map: Exceptional Fee Increase Processing – External (Schools)



Policies, Guidelines and Processes

Exceptional Fee Increase Processing: Procedure Statements

Procedure Statements

The following table outlines a detailed breakdown of the process of applying for an exceptional fee increase to The Knowledge and Human Development Authority. To ensure trust and confidence in The Knowledge and Human development Authority, transparency and confidentiality are key components of each stage in the process. Schools are asked to respond to the KHDA's requests for documents and information in accordance with the KHDA regulations in order to avoid delays in the process and ensure a comprehensive evaluation of the school's Request for Exceptional Fee Increase.

Activity ID	Procedure Statement	Responsibility
1.	Conduct an internal evaluation to assess eligibility for exceptional fee increase. Eligibility shall be determined based on the KHDA Exceptional Fee Increase Guidelines for Schools.	Applicant School
2.	If school is successful in obtaining eligibility outcomes proceed to step 4. If not proceed to step 3.	Applicant School
3.	KHDA suggests school should not apply for exceptional fee increase.	Applicant School
4.	Retain audit firm to conduct Agreed-upon Procedures in line with the KHDA requirements. The Audit Firm used to conduct the AUP must be pre-qualified as per the KHDA's Audit Firm Selection Criteria (refer to Audit firm Pre-qualification Process).	Applicant School
5.	Complete all details requested in the application and attach supporting documents. All mandatory fields within the form and attachments must be completed.	Applicant School
6.	Submit a completed Exceptional Fee Increase Request to the KHDA within timeline provided to schools.	Applicant School

Procedure Statements

Activity ID	Procedure Statement	Responsibility
7.	Acknowledge the applicant's request by sending an Acknowledgement of Exceptional Fee Increase Request within 2 working days.	KHDA
8.	Process Applicant's request within 20 working days of receipt of Applicant's request.	KHDA
9.	Respond to schools with Notification of Exceptional Fee Increase Approval or Notification of Rejection.	KHDA
10.	Review the KHDA's response to the Request for Exceptional Fee Increase including all reasons given by the KHDA for the final decision.	Applicant School
11.	If the school is not satisfied with the KHDA's evaluation result, it must decide whether it would like to appeal the decision or not.	Applicant School
12.	In case the school decides to appeal the KHDA decision regarding the School's Exceptional Fee Increase Request, the school must fill the Appeal Request (Annexure A: Forms and Templates) within 20 working days of issuance of result. NOTE: Only schools that meet the eligibility criteria can submit an Appeal Request.	Applicant School

Policies, Guidelines and Processes

Audit Firm Pre-Qualification: Policies and Guidelines

Audit Firm Pre-Qualification Process

Process Objective

This process describes in detail the activities to be carried out by Schools to qualify an audit firm to be eligible to draft the Agreed-Upon Procedures for the school. The audit firm must be evaluated using the KHDA's Audit Firm Selection Criteria found on (www.khda.gov.ae).

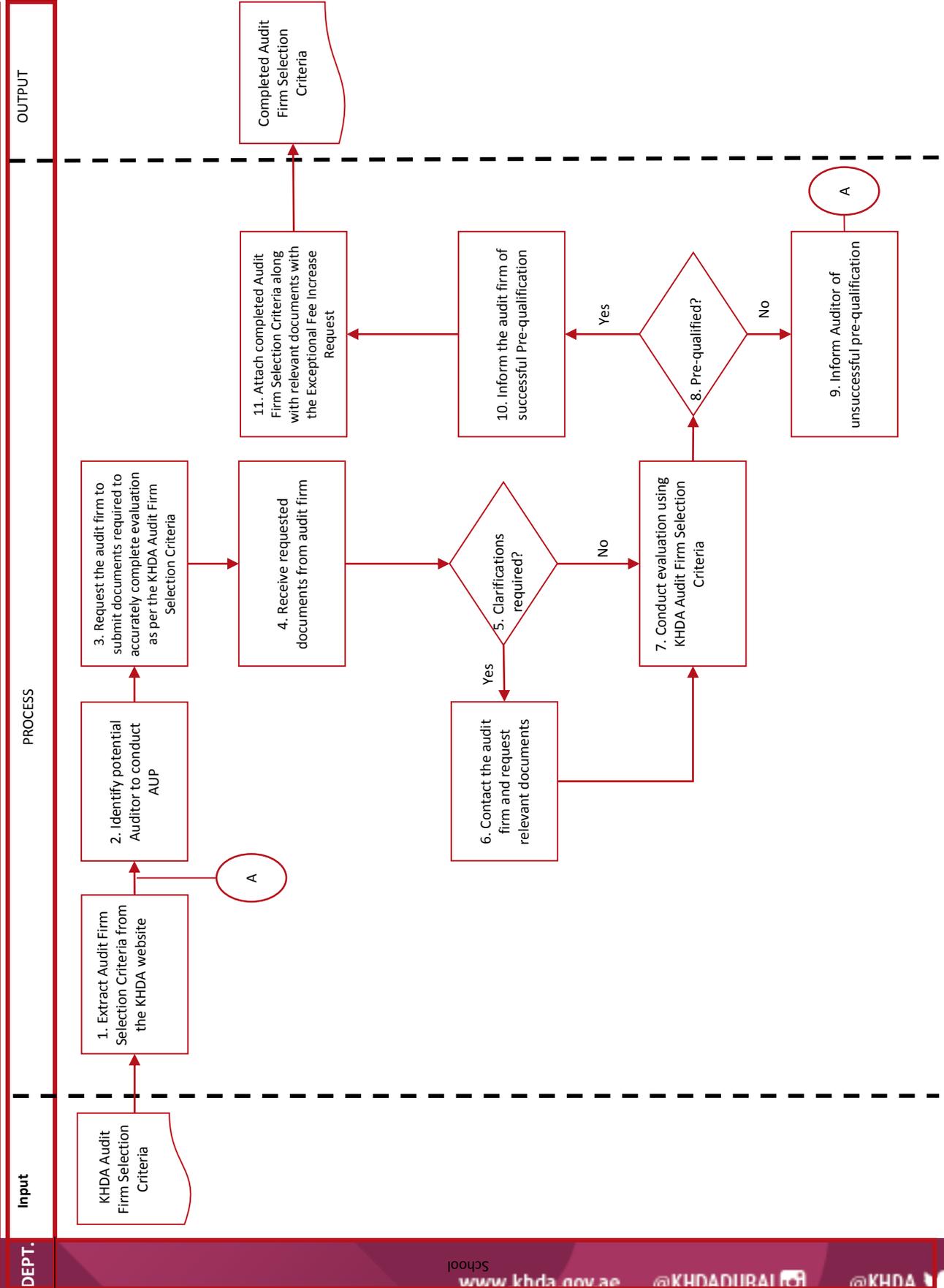
Policies and Guidelines

- The school shall ensure that the audit firm used to draft the AUP is pre-qualified as per the KHDA's Audit Firm Selection Criteria.
- The school shall ensure that all requests and related documents received from the audit firm are complete.
- The school shall address any concern regarding the information submitted by audit firms by requesting proof of information from the audit firm before completing the KHDA's Audit Firm Selection Criteria.
- It is the school's responsibility to ensure that all information in the KHDA's Audit Firm Selection Criteria is accurate.
- The school shall complete the KHDA's Audit Firm Selection Criteria.
- The KHDA's Audit Firm Selection Criteria along with documents received from the auditor, and any written communication with the auditor, must be attached along with the Exceptional Fee Increase Request.
- The auditor that is selected to draft the AUP need not necessarily be the Audit firm otherwise utilized by the school.
- The firm can choose to pre-qualify multiple auditors before selecting an Auditor to draft the AUP.
- KHDA reserves the right to modify the Audit Firm Pre-Qualification Criteria. Schools are advised to conduct this process on the basis of current guidelines (refer www.khda.gov.ae).

Policies, Guidelines and Processes

Audit Firm Pre-Qualification: Process Maps

Process Map: Exceptional Fee Increase Requests Processing – Audit Firm Pre-Qualification



Policies, Guidelines and Processes

Audit firm Pre-Qualification: Procedure Statements

Activity ID	Procedure Statement	Responsibility
1.	Extract the KHDA's Audit Firm Selection Criteria from the KHDA website.	School
2.	Identify potential audit firm for performing AUP. The audit firm used to conduct the AUP need not be the same audit firm otherwise used by the school.	School
3.	Request the audit firm to submit documents required to accurately complete evaluation as per the KHDA's Audit Firm Selection Criteria. The request should be sent in writing and should clearly articulate the date by which the documents are required.	School
4.	Receive the requested documents from the audit firm. Check to ensure that all documents have been received.	School
5.	Determine whether any clarifications are required from the documents. If clarifications are required, proceed to step number (6). Otherwise, proceed to step number (7).	School
6.	Request the audit firm to send relevant documents for clarifications. All clarification requests must be made in writing and responses submitted in writing also.	School
7.	Use the documents submitted by the audit firm to conduct the audit firm pre-qualification evaluation using the KHDA's Audit Firm Selection Criteria.	School
8.	Determine if the audit firm has passed the audit firm pre-qualification as per the KHDA's Audit Firm Selection Criteria. If the audit firm has passed, proceed to step number (10). Otherwise, proceed to step number (9).	School

Activity ID	Procedure Statement	Responsibility
9.	Inform audit firm of unsuccessful pre-qualification and return to step number (2) of this process.	School
10.	Inform the audit firm of Successful Pre-qualification. If the audit firm is chosen to conduct the AUP for the school, all documents, including any requests for clarifications and their responses, must be retained by the school.	School
11.	Attach the completed Audit Firm Selection Criteria along with relevant documents with the Exceptional Fee Increase Request as evidence that the audit firm has passed the audit firm pre-qualification in accordance with the Audit Firm Selection Criteria.	School

Annexure A

Forms and Templates

Forms and Templates

Helpsheet for Completing Exceptional Fee Increase Request Form

Helpsheet for completing the Exceptional Fee Increase Request Form

Objective of this request

The Exceptional Fee Increase Request is to be filled by schools that wish to apply for an exceptional fee increase. Schools must review the Exceptional Fee Increase Guidelines for Schools and conduct an internal evaluation to assess eligibility for fee increase prior to submission of this application to The Knowledge and Human Development Authority.

Components of Exceptional Fee Increase Application Form

1. Cover Letter: Applicants must submit a cover letter to summarize their Exceptional Fee Increase Request (Annexure A: Forms and Templates).
2. Completed Audit Firm Selection Criteria and mandatory attachments.
3. Agreed-upon Procedures performed and reported by the auditing firm retained by the school. **Note:** Any changes to the template content or the definitions to the Agreed-upon Procedures will cause rejection of the request by The Knowledge and Human Development Authority (Annexure A: Forms and Templates).
4. Pre-qualification and Eligibility Checklist (Annexure A: Forms and Templates).
5. Exceptional Fee Increase Model (Annexure A: Forms and Templates).
6. Applications submission Requirements Checklist (Annexure A: Forms and Templates).

NOTE: To request an exceptional fee increase, and to ensure we can process your application as efficiently as possible, please fully complete the attached forms and submit the forms and all supporting documentation through the online portal to The Knowledge and Human Development Authority. Signed hard copies may be requested if and when required.

Forms and Templates

Exceptional Fee Increase Request Cover Letter

Cover Letter (1/2)

<Insert Date>

<Insert School's name>

<Insert School's address1>

<Insert School's address2>

<Insert School's post code>

< Academic Permit Number>

Subject: Request for an Exceptional Fee Increase

Our school would like to apply for an exceptional fee increase to be applied starting from the next academic year <Insert Academic Year>.

The following summarize the justification for our request:

<Insert Reasons for Requesting Exceptional Fee Increase>

1-

2-

In addition to the KHDA Template for Agreed-upon Procedures and Annexure 1: Definitions for the Agreed-upon Procedures, we have attached the following supporting documents:

1-

2-

Notes (Mandatory to include in the cover letter):

The school certifies that all information reported in this request is true and accurate. The school's management attests that there is no conflict of interest between the school and the audit firm performing the Agreed-Upon Procedures (AUP) conducted for and included in this application. The school has also attached all required documentation. The school management understands that purposely falsifying information shall lead to the rejection of this request and will prevent the school from exceptionally increasing its tuition fees in future academic years.

The school acknowledges and agrees that The Knowledge and Human Development Authority may, at its discretion, request any financial or operational information pertaining to the school to support the assessment of the school's eligibility for an exceptional fee increase and to monitor its implementation, should the school's request be granted. The school agrees to provide such information to the KHDA during the application process and, should its exceptional fee request be granted, also agrees to provide such information for two complete financial years after all permitted increments have been applied. Also, The Knowledge and Human Development Authority has complete discretion to accept, reject or seek clarifications regarding any exceptional fee increase applications submitted by the school.

Cover Letter (2/2)

Name of School		Date of Establishment	
Name of Group (if part of a group)		Fiscal Year	
Academic Permit Number		Date of Submission	
Curriculum Offered		KHDA Ref. No.	
Current number of students enrolled		Current student enrollment capacity	Student Occupancy (%)

School tuition fees for the last financial year ended <Insert Date> and number of students per each grade are shown below:

	KG 1/ FS1	KG2 / FS2	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	Grade 13
Current tuition fees for the last financial year ended (FYX)															
Number of students															

Note: The second table should only be filled in by dual curriculum schools which have a different fee structure for different curriculums offered:

	KG 1/ FS1	KG2 / FS2	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	Grade 13
Current tuition fees for the last financial year ended (FYX)															
Number of students															

Proposed Percentage Increase:

FYI this box should contain the number returned on the calculation template

Total Tuition Fee Revenues:

AED XX,XXX

(To be filled by Applicants)

On behalf of <Insert School Name>

Name:

Position:

Signature:

Date:

For official use only:

Increase granted?

Yes No

% of Increase _____

Date:

Signature:

Forms and Templates

Audit Firm Selection Criteria and Requirements

[To be downloaded from KHDA website, populated and submitted along with Fee Increase Application]

Audit Firm Selection Criteria
Exceptional Fee Increase Framework for Private School

Parameters	Answer	Answer Guidance
Does the age of firm Locally or globally (outside UAE) exceed five years?	Yes/No	Audit firms must have been operating for a minimum of five years continuously in any jurisdiction.
Does the Audit firm hold valid auditor license for practising in UAE and registered with Tejari?	Yes/No	Audit firms must hold a valid auditor license for practising in the UAE and be registered with Tejari.
The Audit firm is not currently blacklisted/ barred from providing audit services to any UAE government client (temporary suspension of 6 months or less not to be construed as blacklisting)?	Yes/No	Audit firm currently blacklisted/ barred from providing audit services to any UAE government client (temporary suspension of 6 months or less not to be construed as blacklisting) are excluded.
The audit firm has no conflict of interest with the school	Yes/No	For example, if the school, its parent entity and / or owners also own shares in the audit firm performing the AUP or vice versa. (Schools may consult with their auditors regarding IFAC guidance on independence).
Mandatory Attachments: 1. Valid Trade License 2. Tejari Registration 3. List of key clients (minimum of 20) 4. List of all countries where the audit firm currently has registered offices		
Are answers to all of the above questions "Yes" and have all mandatory attachments been provided?		The audit firm must record a "Yes" against all questions and provide all mandatory attachments requested. Should the answer to this question be a "No", the audit firm would be disqualified.

Forms and Templates

Exceptional Fee Increase Request – KHDA's Template for Agreed-upon Procedures

[To be reproduced on Audit Firm's letter head]

Strictly private and confidential

[Addressees]
[Name of School]
PO Box []
Dubai
UAE

[date]

Dear Sir(s) / Madam(s),

Name of School or the entity ("the School")

Agreed upon procedures on selected financial information of the School for the financial years ended DD Month YYYY, DD Month YYYY and DD Month YYYY ("the Periods")

Report of Factual Findings

We have performed the procedures agreed with you in our engagement letter dated [date], in respect of the financial information of the [school name] for the financial years ended [DD Month YYYY], [DD Month YYYY] and [DD Month YYYY] and included in Schedule 1 of this report (referred here as "the Financial Information"). Our engagement was undertaken in accordance with the International Standard on Related Services ("ISRS") 4400 – Engagements to Perform Agreed-upon Procedures. The procedures referred to herein have been undertaken by us solely to assist you in providing the Financial Information to the Knowledge and Human Development Authority ("KHDA") for the purpose of determining your eligibility for an exceptional fee increase and are summarized as follows:

- a. The Financial Information as included in Schedule 1 and elsewhere has been provided to us by the School management which was prepared by them on the basis of information included, but not limited to the information presented in the audited financial statements of the School for the last three financial years ended [DD Month YYYY], [DD Month YYYY] and [DD Month YYYY].
- b. The Financial Information presented in Schedule 1 and elsewhere in this report adhere to the definitions provided in Annexure 1: Definitions to the AUP as defined by the KHDA, based on the information provided by the management of the School for the Periods.
- c. We have not noted any significant change in accounting policies across the Periods which have been disclosed in the audited financial statements of the School other than those mandated by International Financial Reporting Standards

- (IFRS) as issued by the International Accounting Standards Board (IASB) and/or those mandated under applicable United Arab Emirates Law.
- d. [We have obtained the schedule for the allocation of group expenses from the school management and have not noted any change in basis for allocating group expenses across group schools in the previous three financial years other than those mandated by International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and / or those mandated under applicable requirements of the United Arab Emirates Law, if any.] (refer to Note 1 below)
- e. We have obtained the schedule for the allocation of related party expenses from the school management and have not noted any change in basis for allocating related party expenses across related entities, where relevant, in the previous three financial years other than those mandated by International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and / or those mandated under applicable requirements of the United Arab Emirates Law, if any.
- f. We checked that the Financial Information presented in Schedule 1 for the Periods for the School, have been correctly extracted from the School's accounting records (books of accounts/general ledger account) maintained by the School management.

Note – 1 To be inserted for Group schools as defined in Annexure 1: Definition to the AUP

[To be reproduced on Audit Firm's letter head]

Schedule 1

Particulars		FY1 (To be replaced with actual financial year ended DD Month YYYY)	FY2 (To be replaced with actual financial year ended DD Month YYYY)	FY3 (To be replaced with actual financial year ended DD Month YYYY)
A	A. Revenues (As defined in Annexure 1, Definitions for AUP) (in AED)			
B.i	Expenses (As defined in Annexure 1, Definitions for AUP) (in AED)			
B.ii	Basic Salaries of teaching staff directly employed by the school (net of all deductions) (in AED)			
C.i	Share of Group Expenses (excluding share of Group Finance costs) (in AED)			
C.ii	Expenses incurred from services provided by related parties (in AED)			
C.iii	Share of any other expenses incurred by related parties (in AED)			
C.iv	Not related party Management Fees, if any (in AED)			
D	Excess of Revenues over Total Expense items defined above [A-(B.i. + B.ii.)-(C.i. + C.ii. + C.iii. + C.iv.)] (in AED)			
E	Rate of return (D/A) (Percentage %)			

We report our findings below:

In respect of items a) to e) above, we found no exception.

As the procedures that we have performed above do not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on Schedule 1.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

The School's management is responsible for the preparation of the Financial Information of the School for the Periods and for the compliance with the requirements of the KHDA. The sufficiency of the procedures that we performed is solely the responsibility of the School's management. Consequently, we make no representation regarding the sufficiency

of the procedures, either for the purpose for which our report is being prepared, or for any other purpose.

Our report is not to be used for any purpose other than that mentioned in the first paragraph of this report, is solely for your information and is not to be distributed to any parties other than the KHDA, without our prior written consent. This report relates only to the work specified above and does not extend to any financial statements of the School, taken as a whole.

Yours sincerely

[Signature]

[Name and Stamp of Audit Firm]

Annexure 1: Definitions for the AUP (1 of 2)

Particular		Description	Maximum allowed variance (Triennial)	% Of Total Expense Items (B.i. + B.ii.) + (C.i. + C.ii. + C.iii. + C.iv.)
A	Revenues	<p>All revenues to be provided before any discounts applied. <u>Revenues should only include:</u></p> <ul style="list-style-type: none"> ▪Gross Fee Revenue ▪Revenue from student transportation ▪Revenue from registration, application, admission, re-registration and / or renewal fees ▪Revenue from extracurricular activities ▪Revenue from computer fees ▪Revenue from examinations ▪Medical fees ▪British Council and / or other membership fees charged to students ▪Revenue from sale of books ▪Revenue from sale of uniforms ▪Revenue from catering and/or canteen (including rental income, if any) ▪Revenue from attestation fees ▪Revenue from school events, not classified above ▪Revenue from rental of school premises and / or facilities ▪Any other income from students or parents of students 	Not Applicable	Not Applicable

B. i	Expenses	<p><u>Expenses should include:</u></p> <ul style="list-style-type: none"> ▪ Expenses matching revenues defined in Schedule 1 above for each reporting period, except those excluded below or classified elsewhere in Schedule 1 ▪ Operating expenses including remuneration (except remuneration classified in B. ii.) of all employees, except those excluded below or classified elsewhere in Schedule 1 ▪ Depreciation, except those excluded below or classified elsewhere in Schedule 1 ▪ Administrative Expenses, except those excluded below or classified elsewhere in Schedule 1 ▪ General Expenses, except those excluded below or classified elsewhere in Schedule 1 ▪ Other expenses except those excluded below or classified elsewhere in Schedule 1 <p><u>Expenses should exclude:</u></p> <ul style="list-style-type: none"> ▪ Basic Salaries of teaching staff directly employed by the school (excluding other remuneration components) as defined in B.ii. ▪ Any write-offs ▪ Any discounts offered by the school ▪ Any impairments ▪ Losses on sale of non-financial and financial assets ▪ Losses recognized in other comprehensive income ▪ Finance costs including share of group finance costs ▪ Expenses incurred from services provided by related parties ▪ Share of Group Expenses (excluding share of Group Finance costs) ▪ Share of any other expenses incurred by related parties ▪ Any expenses classified elsewhere in Schedule 1 	10%	Not Applicable
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Annexure 1: Definitions for the AUP (1 of 2)

Particular	Description	Maximum allowed variance (Triennial)	% Of Total Expense Items (B.i. + B.ii.) + (C.i. + C.ii. + C.iii. + C.iv.)
B.ii	Basic Salaries of teaching staff directly employed by the school (net of all deductions) Basic salaries of teaching staff who are direct employees of the school. This excludes all other allowances, benefits, entitlements and / or other costs to the school. Note: Allowances, benefits, entitlements and any other associated costs to company should be classified in B.i. Expenses	Not Applicable	Minimum of 25% for the three financial years for which data is presented
C.i	Share of Group Expenses (excluding share of Group Finance costs) Share of Group Expenses including overheads apportioned to school excluding share of group finance costs, not classified elsewhere in schedule 1	10%	Not Applicable
C.ii	Expenses incurred from services provided by related parties Expenses incurred from services provided by related parties including management fees charged by related parties excluding share of group finance costs, not classified elsewhere in schedule 1	10%	Not Applicable
C.iii	Share of any other expenses incurred by related parties Share of any other expenses incurred by related parties charged to the school excluding share of group finance costs, not classified elsewhere in schedule 1	10%	Not Applicable
C.iv	Management fees charged by parties that are not related to the school Fees charged for the management of the school by a party not related to the school, not classified elsewhere in schedule 1	10%	Not Applicable
D	Excess of Revenues over Total Expense items, defined in the table This is defined as $D = [A - (B.i. + B.ii.) - (C.i. + C.ii. + C.iii. + C.iv.)]$	Not Applicable	Not Applicable

Other Definitions

Rate of Return	The rate of return is defined as the excess of revenues (defined above) over expenses and other expense items (defined above), divided by revenues (defined above) and expressed as a percentage.
Triennial variance	Triennial variance is defined as $[(FY3 C.i - FY 1 C.i) / FY 1 C.i]$. The resultant number expressed as a percentage is the triennial variance
Total Expense Items	These are defined as $(B.i. + B.ii.) + (C.i. + C.ii. + C.iii. + C.iv.)$
Group Schools	Group schools are defined as schools which are partially or solely owned by an entity which owns and / or operates 2 or more schools in the UAE.
Related Parties	As defined by IAS 24 of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Forms and Templates

Exceptional Fee Increase Request – Pre-qualification and Eligibility Checklist

Pre-qualification and Eligibility Checklist

This checklist gives the school a helping hand to conduct an internal evaluation to ensure that it meets the pre-qualification requirements BEFORE applying for an exceptional fee increase. These requirements are defined in the Exceptional Fee Increase Guidelines for Schools and enable KHDA to process your application as efficiently as possible. **Schools are unable to apply for an exceptional fee increase unless all criteria are met without exception. To be clear, if the answer is No to any of the below questions please do not proceed with the application at this stage, as it will be rejected.**

1. Is the school a for-profit school as defined in the Glossary of Terms of the Exceptional Fee Increase Guidelines for Schools?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
2. Is this the only Request for Exceptional Fee Increase submitted to the Knowledge and Human Development Authority in the last 12 months?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
3. Has the school fully applied and charged previously approved fees granted by The Knowledge and Human Development Authority?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
4. Has the school completed six years of operations since the start of the first academic year?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
5. Are basic salaries of teaching staff directly employed by the school (net of all deductions) greater than or equal to 25% of total expense items for the three most recently completed financial years for which data is provided as defined in Definitions to the KHDA's Template for the Agreed Upon Procedures?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments

Pre-qualification and Eligibility Checklist

6. Has the school appointed an Auditing Firm, for performing the AUP, which passes the pre-qualification criteria set forth in the KHDA's Audit Firm Selection Criteria?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
7. Does the school have a rate of return as defined in Schedule 1 of the AUP and Annexure 1: Definitions to the AUP, below the prescribed threshold for the two most recently completed financial years for which information has been submitted?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
8. Does the school have an occupancy level of 80% or greater (where occupancy is defined as the current number of students enrolled divided by the current student enrollment capacity expressed as a percentage)?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments

On behalf of <Insert School Name>

Name:

Position:

Signature:

Date:

Forms and Templates

Exceptional Fee Increase Request – Requirements Checklist

Requirements Checklist

The school is asked to ensure that the requirements as presented in the Exceptional Fee Increase Guidelines for Schools have been completed and submitted along with the Request for Exceptional Fee Increase. Schools are unable to apply for an exceptional fee increase unless all criteria are met without exception.

1. Has the school submitted a cover letter in The Knowledge and Human Development Authority standard format?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
2. Has the school filled and submitted The Knowledge and Human Development Authority template for Agreed-upon Procedures?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
3. Have the soft copies of the Exceptional Fee Increase Request and all supporting documents been attached to the school's request?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
4. Has the school attached its financial statements for the last three years?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments
5. Has the school provided KHDA's Audit Firm Selection Criteria and all mandatory attachments for the Audit Firm which has conducted the AUP?		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Comments

On behalf of <Insert School Name>

Name:

Position:

Signature:

Date:

Forms and Templates

Appeal Request

Appeal Request

Details of Appeal			
Name of school		KHDA Ref. No.	
Academic Permit Number		Date of Submission	
Date of Establishment		Fiscal Year	
KHDA Exceptional Fee Increase Request Number		Name of Group (if part of a group)	
Summary			
Proposed Fee Increase (%): <input type="text"/>		Evaluation Outcome (%): <input type="text"/>	
Reasons for Appeal			
Accuracy of Information			
We, the undersigned school, confirm that the above details are accurate and reviewed thoroughly by us before submission to the KHDA. We understand that submission of false information to the KHDA will cause rejection of our application for exceptional fee increase within the current year as well as for the subsequent 5 years following the rejection.			
School Approval			
Name of Applicant:			
Signature of Applicant:			
Position:			
Date:			

Notes:

Applicants are reminded to provide all necessary supporting documents for this appeal. Incomplete appeals or appeals without necessary supporting documents will be rejected. Processing of this appeal will take up to 15 working days.

Forms and Templates

Exception Fee Increase Determination Criteria

Exceptional Fee Increase Determination Model (1/2)

[To be downloaded from KHDA website, populated and submitted along with Fee Increase Application]



هيئة المعرفة والتنمية البشرية
KNOWLEDGE & HUMAN DEVELOPMENT AUTHORITY

Exceptional Fee Increase Determination Model

Exceptional Fee Increase Application Form **Current DSIB Rating** Good or Very Good

Instructions to evaluator

<p>1 Ensure financial data is as per figures in the Agreed Upon Procedures outputs provided by the respective school</p> <p>2 Operational data must be entered as per KHDA's latest records</p> <p>3 Only figures in red must be entered</p>	<p>School Name</p> <p>Name of Group (if part of a group)</p> <p>Number of Academic Years Completed by the School</p> <p>Curriculum Offered</p> <p>Fiscal Year</p> <p>Date of Submission</p> <p>Current Number of Students Enrolled</p> <p>Current Student Enrollment Capacity</p> <p>Current Occupancy</p>	<p>Insert School Name <i>Text</i></p> <p>Insert Group Name <i>Text</i></p> <p> <i>Number</i></p> <p> <i>Text</i></p> <p> <i>dohmm/yyyy</i></p> <p> <i>dohmm/yyyy</i></p> <p> <i>Number</i></p> <p> <i>Number</i></p> <p>#DIV/0! <i>Percentage</i></p>
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Exceptional Fee Increase	Not Granted
-	-

DSIB Rating	Rate of Return Floor
Weak or Very Weak (Unsatisfactory)	7%
Acceptable	8%
Good or Very Good	9%
Outstanding	10%

This is the possible percentage to be granted. If this box returns "not granted" please do not submit an application as it will be rejected

Exceptional Fee Increase Determination Model (2/2)

[To be downloaded from KHDA website, populated and submitted along with Fee Increase Application]



هيئة المعرفة والتنمية الحضرية
KNOWLEDGE & HUMAN DEVELOPMENT AUTHORITY

Exceptional Fee Increase Determination Model

General Fee Structure		Financial Data as per RUP developed by Subst's Auditor													
Tuition Fee (AED)	FY 1988	Particulars	FY 1988	X prep	FY 1989	X prep	X prep	FY 1988	X prep	X prep	Revised FY 1988	Min. Allowed Variation	Actual Variation	Min. X requirement	Criteria met
KG1	0	A. Revenue	-	-	-	-	-	-	-	-	0	-	-	-	-
KG2	0	B.ii. Expenses	-	-	-	-	-	-	-	-	0	-	-	-	-
Gr-1	0	C.ii. Basic Salaries	-	EDIVZB1	-	EDIVZB1	-	EDIVZB1	-	EDIVZB1	0	18X	EDIVZB1	-	-
Gr-2	0	C.iii. Short of Gross Expenses	-	EDIVZB1	-	EDIVZB1	-	EDIVZB1	-	EDIVZB1	0	18X	EDIVZB1	25X	Yes
Gr-3	0	C.iii. Retired Salaries Expenses	-	-	-	-	-	-	-	-	0	18X	EDIVZB1	-	-
Gr-4	0	C.iii. Non-allow related portion Expenses	-	-	-	-	-	-	-	-	0	18X	EDIVZB1	-	-
Gr-5	0	C.iii. Management Fee and fees related portion	-	-	-	-	-	-	-	-	0	18X	EDIVZB1	-	-
Gr-6	0	D. Excess of Revenue over Total Expense	0	-	0	-	-	0	-	-	0	-	-	-	-
Gr-7	0	E. Rate of return	0X	-	0X	-	-	0X	-	-	0X	-	-	0X	Yes
Gr-8	0														
Gr-9	0														
Gr-10	0														
Gr-11	0														
Gr-12	0														
Gr-13	0														

To be populated for Deal Completion
Subst's Auditor's Approval Table above

General Fee Structure	
Tuition Fee (AED)	FY 1988
KG1	0
KG2	0
Gr-1	0
Gr-2	0
Gr-3	0
Gr-4	0
Gr-5	0
Gr-6	0
Gr-7	0
Gr-8	0
Gr-9	0
Gr-10	0
Gr-11	0
Gr-12	0
Gr-13	0