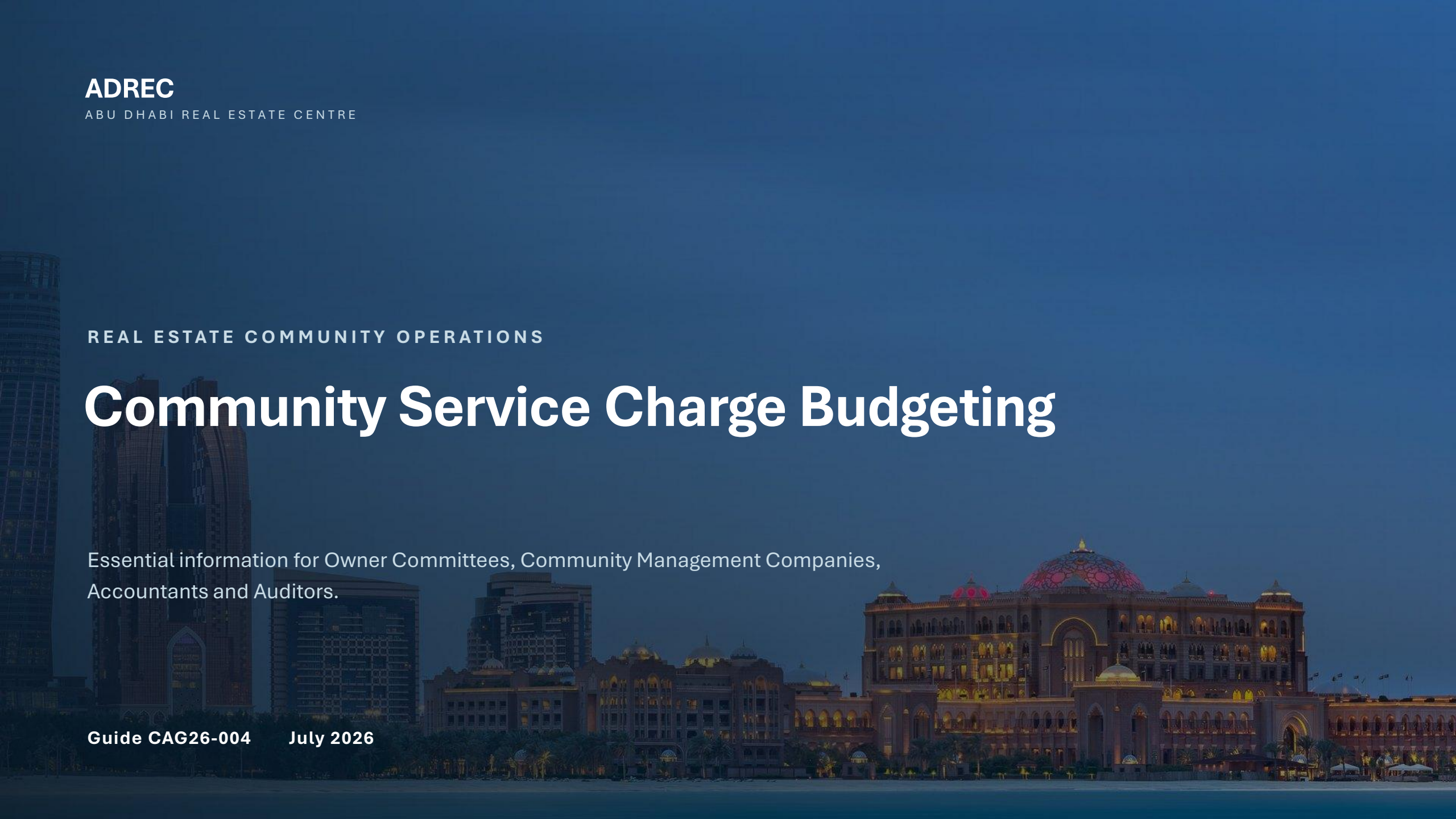




ADREC

ABU DHABI REAL ESTATE CENTRE

REAL ESTATE COMMUNITY OPERATIONS

Community Service Charge Budgeting

Essential information for Owner Committees, Community Management Companies,
Accountants and Auditors.

Guide CAG26-004

July 2026

What this guide covers

01

Annual Budgeting Process

How the service charge budget is drafted, reviewed, endorsed and approved.

02

Budget Submission Package (BSP)

The structure of the BSP the CMC submits to the Budget Reviewer.

03

Budgetary Concerns

How owners raise and resolve concerns about the budget.

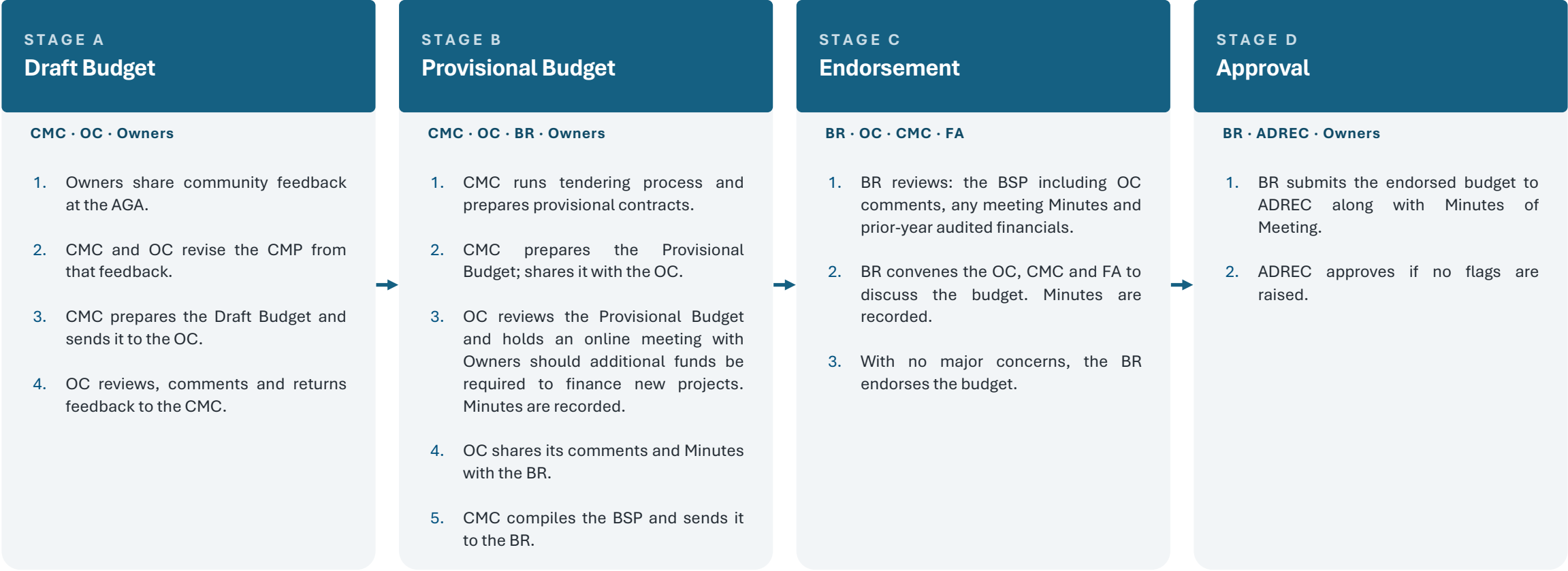
04

Service Charge Budget Breakdown

The updated, fund-segregated budget template.

The Annual Budgeting Process

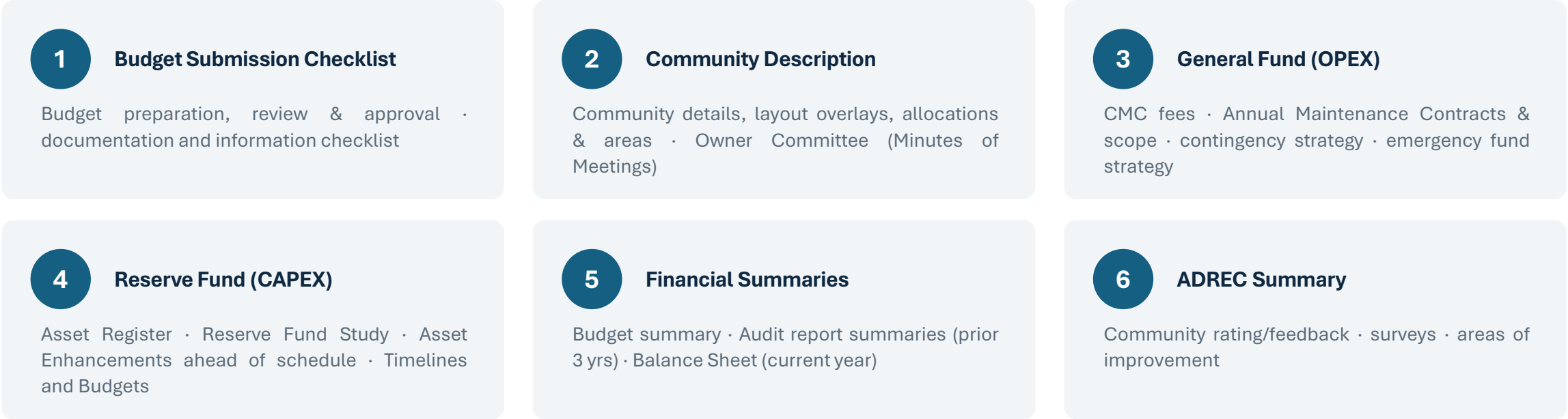
From owner feedback to ADREC approval — four stages



OC Owner Committee · CMC Community Management Company · BR Budget Reviewer · FA Financial Auditor · AGA Annual General Assembly · CMP Community Management Plan · BSP Budget Submission Package

Budget Submission Package

A non-exhaustive structure the CMC follows to compile the BSP to send to the Budget Reviewer.



Budgetary Concerns

ADREC's main line of communication is with the Owner Committee, which collates owners' concerns and brings them forward. If no **OC** is formed, this should be raised to ADREC immediately so elections can be called.

Always identify the cause and categorize it as **Operational • Asset-Related • Financial** — all three affect quality of life.

1

Owners raise unanswered budgetary concerns to the Owner Committee.

2

If valid, the OC escalates to the BR and CMC for investigation.

3

BR, CMC and OC review and issue a formal response to all owners; the OC may request an ADREC meeting on owners' behalf.

4

BR, CMC and OC meet at ADREC to review, endorse and approve the budget; minutes are issued and archived.

Updated Service Charge Budget Breakdown

ADREC's updated template segregates line items so it is clear how funds are allocated.

● General Fund (GF)

Funds annual operating expenditure (OPEX) — the day-to-day running costs of the community.

● Reserve Fund (RF)

Funds annual capital expenditure (CAPEX) — asset replacement and longer-term works.

● Shared Services Charges

Shared assets split across beneficiaries — e.g. four buildings sharing one podium, whose costs are allocated across all four.

● Master Community Fee

Costs related to the upkeep of communal areas outside the boundaries of the Community or Main Community and delineated by the Master Developer and Authorities.

Please note:

- Both Shares Services Charges and Master Community Fees carry GF and RF components but appear as a single Service-Charge Summary line item.
- A tagged Asset Register and an Asset Management Plan are compulsory for each Community.
- Provisional amounts and percentages may create a surplus or deficit, these are invoiced after the annual audit and reflected in that year's rate.
- Master Community Fees, where applicable, are calculated separate to the Community's Budget however the CMC may invoice both at the same time.

Updated Service Charge Budget Breakdown

General & Reserve Funds (1 of 2) *Provisional.

ANNUAL SERVICE CHARGE BUDGET FOR: COMMUNITY NAME - YEAR	AED	AED / Sqft	% of Fund	% of TSC
GENERAL FUND (GF) — Operating Expenditure				
Community Management Company (CMC) fees				
Administration costs (community management operational expenses)				
Annual Maintenance & Service Contracts (AMCs)				
AMC Contingencies (% of total AMC contracts)*				
Utility Bills (provisional — prior 3-yr average)*				
Insurances				
Operational Emergency Fund (fixed amount)*				
RESERVE FUND (RF) — Capital Expenditure				
Asset Replacement Costs (Reserve Fund Study allocation)				
Community Enhancements — replacement ahead of plan (RFS to be updated)				
New Projects (New Assets to be added to the Asset Register)				
Project Contingencies (% of total project contract values)*				
Asset Emergency Fund (fixed amount)*				

Updated Service Charge Budget Breakdown

Shared Service Charges & Totals (2 of 2)

DESCRIPTION	AED	AED / Sqft	% of Fund	% of TSC
SHARED SERVICE CHARGES (SSC)				
Podium shared fee (community specific)				
Community shared fee (community specific)				
Main community shared fee (community specific)				
TOTAL SERVICE CHARGES (TSC)	—	—		

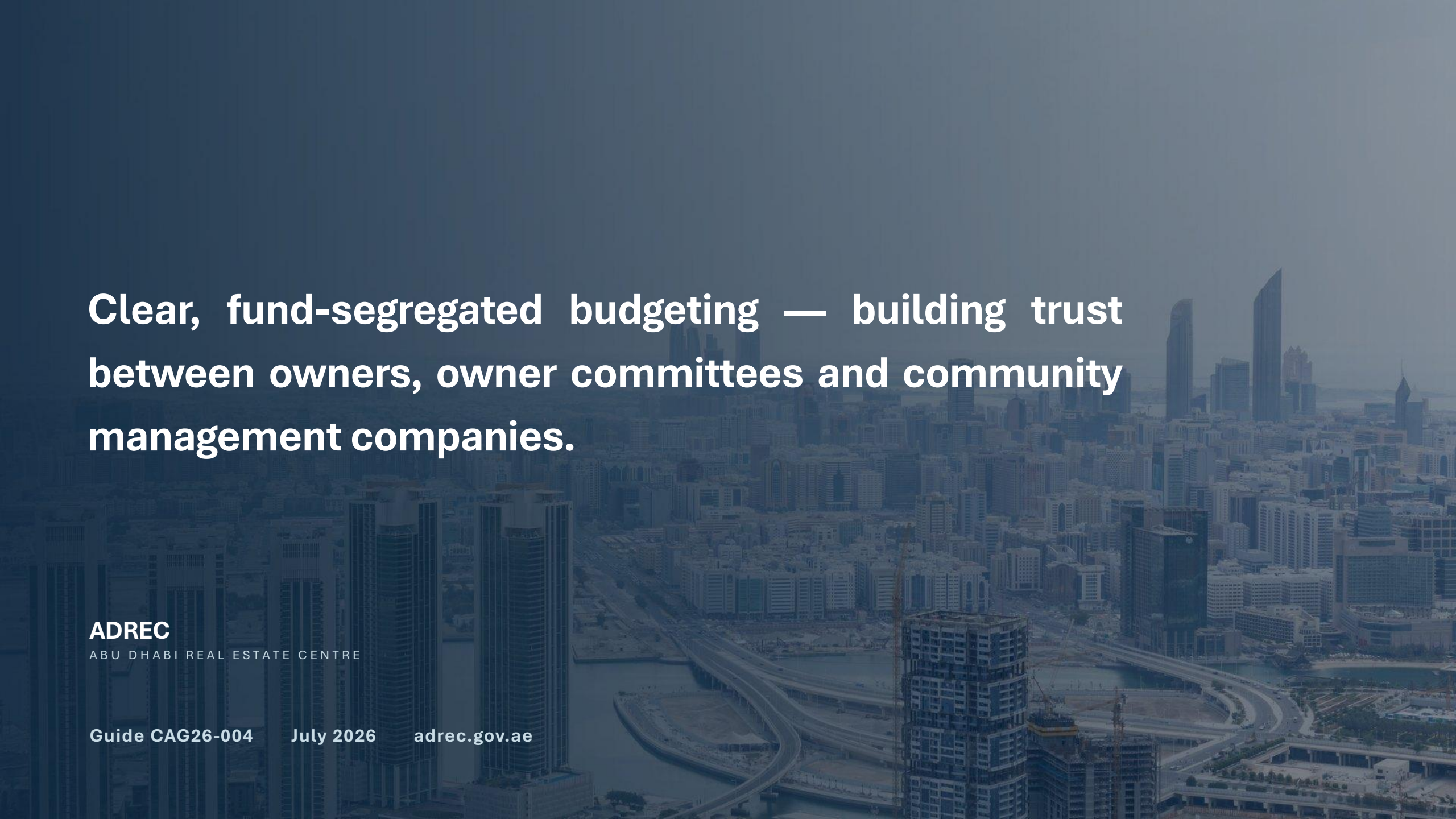
MASTER COMMUNITY FEE (MCF): NAME - YEAR	—	—
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HOW THE TOTAL IS BUILT



Please note:

- **Master Community Fee** carries its own GF and RF components and is calculated separately, and may be invoiced by the CMC together with the community's service charges.
- **Future Income** and **Surplus/Deficits** will no longer appear on the Service Charge Budget Approval Certificate, but on Invoices, Financial Statements and Audit Reports.



**Clear, fund-segregated budgeting — building trust
between owners, owner committees and community
management companies.**

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