BUDGET AND RESERVE FUND WORKSHEET

Sectional title body corporate · Sectional Titles Schemes Management Act 8 of 2011, s. 3 · GN R1231 reg 2 · Prescribed Management Rules, rules 21 to 26 · CSOS Regulations

Name of scheme, SS number / year (first number, if more than one) and the service address of the body corporate

Financial year being budgeted (from, to). The PMR default for a body corporate established after the Act began is 1 October to 30 September, unless the body corporate resolved otherwise (PMR 21(1)); ask for your scheme's own year end

Date of the general meeting that will approve the budgets (PMR 17(6)(j)(iv)); the AGM is held within four months of the end of each financial year (PMR 17(1))

Is this the financial year budgeted for at the first general meeting under s. 2(8) of the Act? Regulation 2 does not apply to that year (yes / no)

A. Administrative fund: itemised estimate of income and expenses for the year (PMR 26(1)(e)); the fund must be reasonably sufficient to cover the estimated annual operating costs (s. 3(1)(a)). The lines are our suggestion

Line	Last financial year (actual)	Budget for the year
Water, electricity, gas, sewerage and refuse removal charged by a public authority, local municipality or other entity (PMR 26(1)(c)(ii))		
Repairs and maintenance to the common property		
Insurance premiums (section F)		
Managing agent's fees, if there is a managing agent		
Auditor's fee (PMR 26(4) and (5))		
Remuneration of trustees who are not members, if approved as part of this budget (PMR 8(3))		
Other operating expenses of the body corporate for the year (PMR 24(1))		
Other body corporate income paid into the administrative fund (PMR 24(3))		
Total budgeted contribution to the administrative fund (expenses less other income)		

B. Reserve fund: the minimum contribution under Regulation 2 (GN R1231 reg 2; not for the financial year budgeted at the first general meeting)

Step	Figure
1. Reserve fund balance at the end of the previous financial year	
2. Total contributions to the administrative fund for the previous financial year	
3. Ratio: step 1 divided by step 2, as a percentage	
4. Total budgeted contribution to the administrative fund for the year being budgeted (section A)	
5. Amount budgeted to be spent from the administrative fund on repairs and maintenance to the common property in the year being budgeted	
6. Minimum contribution to the reserve fund (the rules below)	

The rules of Regulation 2 (the minimum amount of the annual contribution to the reserve fund)

(a) If the ratio is less than 25 per cent, the budgeted contribution to the reserve fund must be at least 15 per cent of the total budgeted contribution to the administrative fund (step 4).

(b) If the ratio is equal to or greater than 100 per cent, there is no minimum contribution to the reserve fund.

(c) If the ratio is more than 25 per cent but less than 100 per cent, the budgeted contribution to the reserve fund must be at least the amount budgeted to be spent from the administrative fund on repairs and maintenance to the common property (step 5).

The gap at exactly 25 per cent (ours)

Paragraph (a) says "less than 25 per cent" and paragraph (c) says "more than 25 per cent". We found no rule for a ratio of exactly 25 per cent. This worksheet does not choose: if your ratio is exactly 25 per cent, work out both figures (15 per cent of step 4, and step 5), and take advice before you set the contribution.

C. Maintenance, repair and replacement plan: annual contribution to the reserve fund for each major capital item (PMR 22(2): the estimated cost minus the past contribution, divided by the expected life)

Major capital item (PMR 2(1))	Estimated cost	Past contribution (funds in the reserve fund for the item)	Years until the cost falls due	Annual contribution
Wiring, lighting and electrical systems				
Plumbing, drainage and storm-water systems				
Heating and cooling systems				
Any lifts				
Any carpeting and furnishings				
Roofing				
Interior and exterior painting and waterproofing				
Communication and service supply systems				
Parking facilities, roadways and paved areas				
Security systems and facilities				
Any other community and recreational facilities				
Total of the annual contributions				

About the plan (PMR 22 and 24)

The plan is written and sets out the major capital items expected to need maintenance, repair and replacement within the next 10 years, their present condition, when they will need work, the estimated cost, the expected life, and any other information the body corporate considers relevant (PMR 22(1)). It takes effect on approval by the members in general meeting (PMR 22(3)), and the trustees report to each AGM on how far it has been implemented (PMR 22(4)).

In the divisor, "expected life" means the estimated number of years before it is expected that the cost of maintenance, repair or replacement of the item will be incurred (PMR 2(1)); that is why the column says years until the cost falls due.

The reserve fund is used for the implementation of the plan (PMR 24(2)). It takes in the part of the annual levies designated for reserves or the plan, insurance payouts for damage or destruction of property the body corporate is responsible for, interest earned on it, and any other amounts the body corporate determines (PMR 24(3)).

Reserve contribution: both numbers side by side. We found no rule on how Regulation 2 and PMR 22(2) combine, so the worksheet does not pick one; the body corporate decides, with advice

Minimum under Regulation 2 (section B, step 6)	Total of the plan formula (section C)	Reserve contribution proposed to the meeting

D. Levy per unit (s. 3(1)(f): contributions are levied on the owners in proportion to the quotas of their sections) and the CSOS levy

Unit (section) no.	Quota	Annual levy: administrative fund	Annual levy: reserve fund	Monthly levy charged	CSOS levy (monthly)

The CSOS levy (amount formula only)

Every community scheme pays the Community Schemes Ombud Service a levy calculated as prescribed (CSOS Act 9 of 2011, s. 59). The scheme collects the prescribed monthly levy from every unit and pays it to the CSOS on a quarterly basis (GN R1232 reg 2(1); GN R1233 reg 11(1)).

The levy is the lesser of R40.00 or 2% of the amount by which the monthly levy charged by the scheme exceeds R500.00 (GN R1233 reg 11(3)). The schedule in GN R1232 reg 2 shows R0.00 up to R500.00, R10.00 at R1 000.00 and R40.00 at R2 500.00 and above. A unit charged a monthly levy not exceeding R500.00 is effectively granted a 100% waiver (GN R1232 reg 4(1)).

Which monthly levy: the regulations say "the monthly levy charged by the Scheme". The CSOS practice directive 1 of 2025, which is not law, says the 2% is based on the administrative fund levy and excludes the reserve fund portion, special levies and the exclusive-use-area levy. Put in the last column of table D the figure you work out on that basis, and check it with the CSOS.

The CSOS levy is paid quarterly (GN R1233 reg 11(1)); the CSOS invoices schemes and sets payment dates in its practice directive. This worksheet shows no payment dates.

E. Fidelity insurance: minimum cover (GN R1233 reg 15(3))

Step	Figure
Total value of the scheme's investments and reserves at the end of its last financial year	
25 per cent of the scheme's operational budget for its current financial year	
Minimum cover (the sum of the two)	

F. Insurance lines for the budget (the AGM approves the schedules of replacement values and determines the extent of the cover, PMR 17(6)(j)(ii) and (iii))

Cover (rules below)	Amount insured	Annual premium
Buildings and improvements to the common property (replacement value)		
Risks insured (GN R1231 reg 3)		
Public liability		
Fidelity (at least the minimum in section E)		

Insurance rules behind table F

Replacement valuation: at least every three years and presented to the AGM (PMR 23(3)). Schedules of the replacement value of the buildings and improvements, and of each unit excluding the member's interest in the land, for each AGM (PMR 23(4)).

Risks: the policies must cover fire (s. 3(1)(h) of the Act) and the risks referred to in GN R1231 reg 3 (PMR 23(1)(a)(i)): lightning, explosion and smoke; riot and the other disturbances reg 3(b) lists; storm, tempest, windstorm, hail and flood; earthquake and subsidence; water escape; impact by aircraft and vehicles; and housebreaking. The policies must also cover risks that members resolve must be covered, and risks that holders of registered first mortgage bonds over not less than 25 per cent in number of the primary sections require by written notice (PMR 23(1)(a)(ii) and (iii)).

Public liability: for an amount determined by members in general meeting, but not less than 10 million rand or any higher amount prescribed by the Minister, in any one claim and in total for any one period of insurance (PMR 23(6)). We did not check whether the Minister has prescribed a higher amount.

Fidelity: an amount determined by the members (PMR 23(7)), and not below the CSOS minimum in section E (GN R1233 reg 15(3)).

G. After the meeting approves the budgets (tick when done)

- ☐ Written notice of the contributions and charges sent to each member as soon as possible and not later than 14 days after the general meeting approved the budgets (PMR 25(1)). It states the member's obligation to pay the specified contributions and charges; specifies the due date for each payment; if applicable, states the interest rate that will be payable on overdue amounts; and includes details of the dispute resolution process for disputed contributions and charges
- ☐ Interest on overdue amounts, if charged: rate set by a written trustee resolution, not above the maximum rate of interest per annum under the National Credit Act 34 of 2005, compounded monthly in arrear (PMR 21(3)(c)). We did not read the maximum rate, so none is printed here
- ☐ Until the new contributions are due, members stay liable for the same amounts in the same installments as in the past financial year (PMR 25(3))
- ☐ Interim increase, if the trustees resolve one in writing: a maximum of 10 per cent at the end of a financial year, effective until members receive notice of the contributions for the next financial year, with notice to members under PMR 25 (PMR 21(3)(b))
- ☐ Early-payment discount, if the budget includes one: not exceeding 10 per cent of a member's annual contributions, applicable if all of them are paid on or before the due dates (PMR 26(1)(e))
- ☐ If a general meeting does not approve a budget: the resolution not to approve states the reasons, and the body corporate has the budget revised and put to another general meeting as soon as reasonably possible, until it is approved (PMR 17(8))

Working template prepared by Unitify as a reference. It is not legal advice. It is based on the Sectional Titles Schemes Management Act 8 of 2011 (STSMA) and the Prescribed Management Rules (PMR, Annexure 1 to GN R1231 of 7 October 2016), checked on 17 November 2026. Your scheme's registered rules may differ: where they do, they apply. Get a copy from your body corporate (s. 10(6)) or from the CSOS. Regulation 2 applies whatever your scheme's rules say; the PMR parts apply unless your scheme's registered rules differ. We found no rule on how Regulation 2 and PMR 22(2) combine, and none for a reserve ratio of exactly 25 per cent. This reflects the Sectional Titles Schemes Management Act 8 of 2011, the Sectional Titles Schemes Management Regulations (GN R1231 of 7 October 2016) with the Prescribed Management Rules in Annexure 1, and, where cited, the CSOS regulations, as we read them on 17 November 2026. We found no later amendment of the regulations on gov.za or csos.org.za; we did not search other sources, so check for amendments with your attorney or the CSOS. Have your attorney check it before you use it.