

INSPIRING DREAMS

Year-End Accounting Services

A comprehensive engagement covering financial year-end closure, deposit reclassification, refund reconciliation, account management, and the preparation of annual financial statements.

PREPARED FOR

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PREPARED BY

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1 Purpose of This Proposal

This proposal is submitted by **SGBS Group Pty Ltd** to Property Denvour in response to your request for assistance with the financial year-end closure and related accounting corrections.

The purpose of this document is to:

1. Set out our understanding of the work required
2. Define the scope, deliverables, and timeline
3. Present the value this engagement will deliver
4. Provide a transparent, fixed-fee investment for your consideration

2 Background

Property Denvour manages a residential property portfolio comprising **16 occupied units**. Over the course of the current financial year, certain accounting entries require correction to ensure the books accurately reflect the financial position of the entity.

Specifically, tenant deposits have been recorded as **revenue**, whereas they are refundable amounts that should be classified as **liabilities**. Additionally, deposit refunds paid via the bank have not been allocated against the relevant tenant accounts, and several former tenants remain active in the system despite having vacated.

These matters must be resolved before the financial year can be closed and reliable financial statements produced.

Our commitment: SGBS Group Pty Ltd will ensure a clean, compliant, and tax-efficient year-end – giving you full confidence in your financial position.

3 About SGBS Group Pty Ltd

SGBS Group Pty Ltd is a consulting and advisory firm providing accounting, financial management, and business advisory services to businesses across South Africa. We combine technical accounting expertise with practical, hands-on execution – delivering outcomes, not just paperwork.

Our approach is value-driven. We partner with clients to ensure their financial records are accurate, compliant, and decision-ready. Every engagement is designed to create clarity and confidence in the numbers.

4 Understanding Your Needs

Based on your instructions, the following matters require attention:

4.1 Deposits Incorrectly Classified as Revenue

Tenant deposits received during the financial year have been recorded against a **revenue account**. Per accounting standards, refundable deposits constitute a **liability** – not income. These must be reclassified from Revenue to a Balance Sheet liability account (e.g., “Tenant Deposits Held”).

△ **Risk if not corrected:** Revenue is overstated, liabilities are understated, and the entity may be paying income tax on amounts that do not constitute taxable income.

4.2 Unallocated Deposit Refunds

Deposit refunds have been processed through the bank account but remain **unallocated** in the accounting records. These transactions must be identified from bank data, matched to the correct tenant, and applied against the corresponding deposit payable to reduce the liability.

✓ **Outcome:** Each tenant's deposit account will accurately reflect the net liability – deposits received less refunds paid.

4.3 Inactive Account Cleanup

Former tenants who have vacated and received their deposit refunds should be marked **inactive** in QuickBooks. Only the 16 current occupants should remain as active accounts. Accounts with open balances will be flagged and discussed with you individually before any changes are made.

4.4 Year-End Closure & Financial Statements

Upon completion of all corrections and adjustments, the financial year will be formally closed and a full set of **financial statements** prepared – including an Income Statement, Balance Sheet, and supporting schedules.

5 Active Tenant Register

The following tenant accounts will remain **active**. All other accounts will be deactivated following review.

UNIT	TENANT NAME	STATUS
Unit 1	Refilwe Mogoshane	Active
Unit 2	Thato Raphefo	Active
Unit 3 & 4	Siphewe Mabusela	Active
Unit 5	Puleng Tleane	Active
Unit 6	John Moganetsi	Active
Unit 7	Sydney Nkogatsi	Active
Unit 8	Tumelo Banda	Active
Unit 9	Anele Yanda	Active
Unit 10	Mponabe Mangope	Active
Unit 11	Paballo Nkwe	Active
Unit 12	Oarabile Tlhapi	Active
Unit 13	Tshegofatso Moche	Active
Unit 14	Katlego Thlasi	Active
Unit 15	Archie Rabothata	Active
Unit 16	Tsholofelo Makatsane	Active

6 The Value We Deliver

◆ Accurate Financial Statements

Deposits correctly reflected as liabilities, revenue showing only earned income, and a true financial position.

◆ Tenant Deposit Schedule

A clear reconciliation per tenant – deposits received, refunds made, and net liability outstanding.

◆ Tax-Ready Position

Correctly classifying deposits as liabilities avoids paying income tax on non-revenue amounts.

◆ Clean Working Environment

Only active tenants visible in QuickBooks. No clutter, fewer errors, and ready for the new year.

7 Scope of Work

The engagement is structured in five distinct phases:

PHASE	DELIVERABLE	DESCRIPTION
1	Deposit Reclass	Create/verify the liability account. Identify all deposits recorded as revenue. Process reclassification journals.
2	Refund Allocation	Review bank transactions. Identify all deposit refunds. Allocate to correct tenant payables. Reconcile balances.
3	Deposit Schedule	Prepare tenant-by-tenant deposit reconciliation: received, refunded, and net outstanding at year-end.
4	Account Cleanup	Deactivate non-active accounts. Flag accounts with open balances. Confirm active 16 accounts.
5	Year-End & AFS	Final adjustments. Close financial period. Prepare Income Statement, Balance Sheet, and schedules.

8 Timeline

- Kick-off & Access**
Within 2 business days of confirmation — QuickBooks access and initial review.
- Phases 1--4: Reclassification, Refunds & Cleanup**
5-7 business days — Journal processing, refund matching, deposit schedule, account deactivation.
- Phase 5: Year-End Closure & Financial Statements**
3-5 business days — Final adjustments, period closure, financial statement preparation.
- Delivery**
Total estimated turnaround: 8-12 business days from receipt of access and information.

9 Your Investment

ALL-INCLUSIVE FIXED FEE

R **13,000**

VAT Exclusive • No hidden hourly charges

- ✓ Deposit reclassification (Revenue → Liability)
- ✓ Refund identification, allocation & reconciliation
- ✓ Tenant deposit schedule preparation
- ✓ Account deactivation & cleanup
- ✓ Financial year-end closure
- ✓ Financial statements (Income Statement, Balance Sheet & Schedules)

10 What We Need From You

- QuickBooks access — admin-level login or accountant invitation
- Bank statements for the year (for reconciliation purposes, if required beyond bank feeds)
- Notes on any tenant accounts to discuss before deactivation
- Signed acceptance of this proposal to commence work

11 Terms & Conditions

Payment Terms

50% deposit on acceptance. Balance of 50% on delivery of financial statements.

Validity

This proposal is valid for 30 days from date of issue (18 February 2026).

Additional Scope

Work outside this scope (e.g., prior-year corrections, SARS submissions) quoted separately.

12 Acceptance

To accept this proposal, please sign below or reply to the accompanying email confirming your agreement. Upon acceptance, we will issue an invoice for the 50% deposit and schedule the kick-off within two business days.

We look forward to working with you and delivering a clean, compliant year-end for Property Denvour.

CLIENT --- PROPERTY DENVOUR

Full Name

Signature

Date

SGBS GROUP PTY LTD

Sibusiso Mavuso

Signature

18 February 2026

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