
STATEMENT TO SHAREHOLDERS – REMOVAL OF NEXIA DEBRAH & CO AS AUDITORS

Nexia Debrah & Co (“Auditors”) were appointed as Auditors of Databank Balanced Fund PLC (“BFund”) on July 14, 2021 at the Annual General Meeting. Following their appointment by the Fund, the Auditors were informed of the Securities and Exchange Commission’s (hereinafter referred to as “the Commission”) Guidelines (Guidelines on the Registration of Auditors of Public Companies and SEC Licensees), which stipulated that Auditors could only audit the Commission’s licensees if such Auditors were registered with the Commission.

The Auditors were, however, unwilling to comply with the Commission’s Guidelines and instituted a legal action challenging the Commission’s powers and the legality of the Guidelines. This ultimately led to the Auditors’ refusal to comply with the requirement to register with the Commission and this has remained the case up till date. This is despite a Notice dated December 23, 2021, issued by the Institute of Chartered Accountants (Ghana) [“ICAG”], the body that regulates the Auditors, in which ICAG directed its members who intend to provide services to entities regulated by the Commission, to comply with the Commission’s revised registration guidelines. To date, the Auditors have flouted the directives of ICAG and have refused to register with the Commission.

Several unsuccessful attempts were made by the Manager of BFund to persuade the Auditors to either register with the Commission to enable the Fund to fulfil its legal mandate, or to voluntarily resign as Auditors of the Fund while they pursue the legal action against the Commission. These requests were rejected by the Auditors. Management’s last attempt to have the Auditors resign was on May 20, 2022 and to date, the Auditors have not responded to the request.

The Financial Statements for the year ended December 31, 2021 were audited by the Auditors, Nexia Debrah & Co and submitted to the Commission on April 29, 2022. These Audited Financial Statements were rejected by the Commission in an email dated May 20, 2022, followed by a formal letter dated May 26, 2022, citing the Auditors’ failure to register with the Commission as the reason for the rejection.

The Commission, in a Public Notice dated June 14, 2022, informed the public that the court case filed by the Auditors and other plaintiffs was struck out by the High Court on May 20, 2022. Costs were awarded against the Auditors and other plaintiffs in favour of the Commission.

The Unit Trust and Mutual Fund Regulations, 2001 (L.I. 1695) mandates a

Mutual Fund to file its audited financial statements with the Commission within four months of the end of the accounting period. As a result of the Auditors' refusal to register with the Commission, BFund is in breach of this legal requirement and is facing possible sanctions.

BFund is a Mutual Fund made up of the financial contributions of tens of thousands of Ghanaians and it is the Board's responsibility to ensure that the Fund complies with all its legal obligations for the benefit of its clients. The Auditors' refusal to register with the Commission or resign is impeding the operations of BFund and has put BFund in a position where sanctions are likely to be imposed on the Fund by the Commission.

Consequently, the Management and Board of BFund are requesting Shareholders to approve a resolution to remove Nexia

Debrah & Co. as Auditors of the Fund at the upcoming Extraordinary General Meeting to be held on July 13, 2022.

Management and the Board have proceeded to conduct due diligence on prospective auditors and have chosen to recommend Messrs. KPMG as Auditors of BFund. We can confirm that Messrs. KPMG are duly registered with the Commission and are therefore in good standing with the Commission. We have had discussions with Messrs. KPMG who have accepted to be the Fund's Auditors. We are, therefore, further requesting Shareholders to approve a resolution to appoint Messrs. KPMG as Auditors of the Fund at the upcoming Extra-ordinary General Meeting to be held on July 13, 2022. Upon approval, Messrs. KPMG will immediately begin the audit of the Financial Statements for submission to the Commission as soon as practicable.

DATED THIS 20TH DAY OF JUNE 2022



KOJO ADDAE-MENSAH

For BFund Board