



**BERKSHIRE**

**Audit Committee Policy**

Corporate Policy



## 1. Overview

- 1.1 The Audit and Remuneration Committee (the “**Committee**”) of Berkshire Finance Company Limited (“**Berkshire**” or the “**Company**”) is established in accordance with section 404(2) of the *Companies and Allied Matters Act 2020* (the “**CAMA**”).
- 1.2 The Committee shall give due consideration to all applicable laws, including but not limited to, the provisions of the CAMA, the *Banks and Other Financial Institutions Act 2020* (the “**BOFIA**”), the Financial Reporting Council of Nigeria (the “**FRCN**”) Audit Regulations, 2020, the rules and regulations of the Central Bank of Nigeria, as enshrined in the Code of Corporate Governance for Finance Companies in Nigeria.
- 1.3 The purpose of the Committee is to, *inter alia*, monitor the integrity of the financial statements of Berkshire and any formal announcements relating to the Company’s financial performance, by reviewing all financial and Auditors’ reports made pursuant to section 404 of CAMA.

## 2. Membership

- 2.1. The Committee shall be comprised of no more than three (3) Members from the Board of Directors of Berkshire (the “**Board**”).
- 2.2. The representatives of the Board on the Committee shall be appointed and removed by the Board.
- 2.3. An independent Director shall fulfil the criteria outlined in the *Nigerian Code of Corporate Governance 2018*.
- 2.4. The representatives of the shareholders shall be nominated by Berkshire’s shareholders no later than twenty-one (21) days before the date of the annual general meeting of the Company (“**AGM**”) by letters to that effect sent to the Legal Executive of Berkshire. The voting and selection of these shareholder representatives at the AGM shall be by way of a simple majority on show of hands.
- 2.5. All members of the Audit Committee shall be financially literate, and at least one member shall possess skills and expert knowledge in modern financial reporting, accounting and auditing. In addition, at least one member of the Audit Committee shall register with the FRCN. The Members of the Committee shall not be entitled to and/or receive any remuneration or financial benefit from the Company by virtue of being Members of the Committee, save that Members of the Committee shall be reimbursed for any expenses reasonably and properly incurred in connection with the discharge of their duties.
- 2.6. Appointment to the Committee shall be reviewed yearly at the AGM. If any Board Member on the Committee is unable to act for any reason, the Chairman of the Board may appoint another Director of Berkshire to act in his/her place.



### **3. Quorum**

3.1. The quorum necessary for the transaction of business shall be three (3) members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **4. Meetings**

4.1. If the Chairman is not present at any meeting, one of the other Members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

4.2. Only Members of the Committee have the right to attend meetings. However, other individuals in the Company such as the Chairman of the Board, Managing Director/Chief Executive Officer, the Internal Auditor, other Directors, and members of Management and other staff members may be invited to attend all or part of any meeting as and when appropriate and necessary.

4.3. Berkshire's External Auditor may be invited to attend meetings of the Committee on a regular basis.

4.4. The Company Secretary or its representative of Berkshire shall be the secretary of the Committee (the "Secretary").

### **5. Form and Frequency of Meetings**

5.1. Committee meetings may take place by any medium, including by email, telephone conference, video conference, Voice over Internet Protocol (VoIP) technology or such other means, provided that each participating Committee Member can communicate to the others any information or opinions he/she has on particular item of the business of the meeting.

5.2. The Committee shall meet on a quarterly basis: provided that both physical and circulation meetings shall be valid.

### **6. Notice of Meetings**

6.1. Meetings of the Committee shall be called by the Secretary at the request of the Chairman or at the request of at least two (2) other Members of the Committee.

6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded by the Secretary to each Member of the Committee and any other person required to attend, no later than seven (7) working days before the date of the meeting. Committee Papers shall be sent to Committee Members and to other attendees as appropriate, at the same time.

### **7. Minutes of Meetings**

7.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.



7.2. Once approved, Minutes should be circulated to all other Members of the Committee unless it would be inappropriate to do so, for example, due to the existence of a conflict of interest.

## **8. Annual General Meeting**

8.1. The Chairman of the Committee or its representative shall attend the Company's AGM to answer any shareholder's questions on the Committee's activities.

## **9. Duties and Responsibilities**

9.1. The duties and responsibilities of the Committee are as follows:

- 9.1.1. Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- 9.1.2. Review the scope and planning of audit requirements.
- 9.1.3. Review the findings on Management matters in conjunction with the External Auditor and responses thereon.
- 9.1.4. Keep under review the effectiveness of the Company's system of accounting and internal control.
- 9.1.5. Make recommendations to the Board in regard to the appointment, removal and remuneration of the External Auditors of the Company.
- 9.1.6. Authorise the Internal Auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee.
- 9.1.7. Assist in the oversight of the integrity of the Company's information and data, financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of External Auditor; and performance of the Company's Internal Audit function as well as that of External Auditors.
- 9.1.8. Establish an Internal Audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the Company.
- 9.1.9. Ensure the development of a comprehensive internal audit framework for the Company.
- 9.1.10. Obtain assurance and report annually in the financial report on the operating effectiveness of the Company's internal audit framework.
- 9.1.11. Oversee Management's process for the identification of significant fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place.
- 9.1.12. At least on an annual basis, obtain and review a report by the Internal Auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the Company.
- 9.1.13. Discuss the annual audited information systems reports, financial statements and half yearly unaudited statements with Management and External Auditors.
- 9.1.14. Discuss policies and strategies with respect to risk assessment and management.
- 9.1.15. Meet separately and periodically with Management, Internal Auditors and External Auditors.



- 9.1.16. Review and ensure that adequate whistleblowing procedures are in place and that a summary of issues reported are highlighted to the Chairman.
- 9.1.17. Review, with the External Auditor, any audit scope limitations or problems encountered and Management's responses to same.

## **10. Reporting**

- 10.1 The Chairman shall report its findings to the shareholders at the AGM as required under section 404(4) of CAMA.
- 10.2 The Committee shall make such recommendations as it deems appropriate within its remit where action or improvement is required.
- 10.3 The Committee shall produce a report which shall, where required under any applicable regulations, be included in Berkshire's Annual Report on its activities.