

## **AUDIT COMMITTEE - TERMS OF REFERENCE**

### **1. Membership**

- 1.1 Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Audit Committee. The minimum number of members will be two independent Directors. Members of the Audit Committee should have recent and relevant financial experience. There is no defined tenure for membership of the Audit Committee. The quorum for the Audit Committee will be two members.

### **2. Meetings**

- 2.1 The Audit Committee Chairman will decide on the frequency and timing of meetings. There will be a minimum of two meetings per year to coincide with the key dates in the Annual and Half-yearly reporting cycles.
- 2.2 No one other than members of the Audit Committee are entitled to be present at meetings. The Audit Committee Chairman can decide if non-members can attend for specific meetings. The Company secretary shall act as the secretary of the Audit Committee.

### **3. Authority**

- 3.1 The Audit Committee shall have access to sufficient resources in order to carry out its duties, and members of the Audit Committee will be provided with training and external advice where appropriate.

### **4. The work of the Audit Committee will include**

- 4.1 providing an overview of the Company's accounting policies and financial reporting;
- 4.2 reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- 4.3 formally reviewing the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements which the Company will continue to publish and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- 4.4 highlighting the key risks and specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules as well as going concern and viability statements. These issues are addressed through review, discussion and challenge by the Committee of these matters, as well as by reference to underlying technical information to back up the discussions. Taking into account risk factors that impact on the Company both as reflected in the annual accounts and in a detailed risk matrix, both of which are reviewed periodically in detail, including in the context of emerging risks;
- 4.5 meeting the Company's external auditor annually, evaluating the performance of the external auditor and making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving their remuneration and terms of engagement;
- 4.6 monitoring and reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;

- 4.7 reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board;
- 4.8 meeting the external auditor at least once a year without the presence of the Manager;
- 4.9 monitoring and reviewing the effectiveness of the Manager's internal audit function;
- 4.10 ensuring that all Directors of the Company and staff of companies which provide services to the Company feel able to raise matters of serious concern with the Chairman of the Audit Committee, and that these issues, when raised, are subject to proportionate and independent investigation, and appropriate action;
- 4.11 reporting to the Board, identifying any matters in respect of which action or improvement is needed and recommending appropriate steps to be taken;
- 4.12 advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy; and
- 4.13 to report to the Board on how it has discharged its responsibilities.