

## AUDIT COMMITTEE

1. Terms of reference
  - 1.1 To review the Group's internal financial controls and report to the board on the effectiveness of the Group's internal control and risk management systems.
  - 1.2 To monitor and review the effectiveness of the Group's internal audit function, if any; review annually whether there is a need for an internal audit function and regularly review the Company's "Whistle-blowing" Policy.
  - 1.3 To consider with the external auditor, before the audit commences, the nature and scope of the audit.
  - 1.4 To review and respond to the external auditor's confidential letter to the board on internal controls.
  - 1.5 To develop and implement a policy on the engagement of the external auditor for supplying non-audit related services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed, making recommendations as to the steps to be taken.
  - 1.6 To make recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor; to approve their remuneration and terms of engagement.
  - 1.7 To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
  - 1.8 To regularly review the form and extent of the information which is provided to the Directors.
  - 1.9 To monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant reporting judgements contained in them

In particular, to review the draft Annual and Half-Yearly Statutory Group Accounts prior to submission to the board and to comment on:

- a) any changes in accounting policies and practices;
- b) significant adjustments resulting from the audit;
- c) the going concern assumption;
- d) compliance with accounting standards; and
- e) compliance with Stock Exchange and legal requirements.

1.10 To investigate any matters within its terms of reference

2. The Committee shall not be authorised to ratify any act which these terms of reference require it formally to consider, nor shall it be authorised to delegate its powers.
3. The Committee shall regularly meet at least twice each year. In addition, any member of the committee, the board in full meeting, the Auditor or the Company Secretary, shall be authorised to convene a meeting of the Committee. Notice of any meeting so convened shall be communicated, by telephone and letter, to all Committee members in good time to allow each member the opportunity to attend and, in any event, at least 48 hours' notice shall be given.
4. The Committee may, as it decides, obtain advice from or invite any other Director, Executive, Consultant or Professional Adviser to attend meeting (s) of the Committee. In the event the Committee decides to incur expenditure in obtaining advice, the Company Secretary shall be consulted and shall assist in preparing instructions and settling the basis for calculating adviser's fees.
5. The Committee shall be entitled to seek any information it requires from any employee in the Group and all employees shall be directed to co-operate with any request of the Committee.
6. A member or members of the Committee shall have direct access to the Auditor for the time being of the Company and may call for copies of any subsidiary company's management accounts.
7. The Committee shall be made up of at least three serving Independent Non-executive Directors.
8. The quorum shall be two.

9. Proceedings of Committee meetings shall in all other respects be governed by the Company's Articles of Association.
10. The Committee shall review these Terms of Reference annually and its own effectiveness and recommend any necessary changes to the board.