

Audit Committee – Terms of Reference

Membership

The Committee shall comprise at least two members all of which should be independent non-executive directors and at least of one whom shall have recent and relevant financial experience and with competence in accounting and/or auditing.

Frequency of Meetings

The Committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Duties

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities to protect the interests of shareholders with regard to the integrity of financial reporting, audit, risk management and internal controls. This comprises:

- monitoring and reviewing the Group's accounting policies, practices and significant accounting judgements; and
- receiving the annual and half-yearly financial statements and any public financial announcements and advising the Board on whether the annual report and accounts is fair, balanced and understandable in relation to the external audit:
 - approving the appointment and recommending the re-appointment of the external auditor and its terms of engagement and fees;
 - considering the scope of work to be undertaken by the external auditor and reviewing the results of that work;
 - reviewing and monitoring the independence of the external auditor;
 - reviewing the effectiveness of the external auditor;
 - reviewing compliance with the UK Corporate Governance Code;
 - overseeing the Group's procedures for its employees to raise concerns through its whistleblowing policy as set out in the code of conduct and business principles policy;
 - monitoring the effectiveness of the risk management systems and processes; and
 - assessing and advising the Board on the internal financial, operational and compliance controls.