



Terms of Reference and Responsibilities of the Audit Committee

1. Membership and Attendance

- 1.1 The Audit Committee shall be appointed by the Board and shall comprise a Chairman and at least 2 other directors.
- 1.2 All members of the Audit Committee shall, before appointment, be confirmed by the Board to be independent non-executive directors. At least one member of the Audit Committee should have recent and appropriate professional qualifications or relevant financial expertise.
- 1.3 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. (It is recommended that, where possible, the Chairman and members of the Audit Committee should be rotated on a regular basis).
- 1.4 The Board shall appoint the Audit Committee Chairman who shall be an independent non-executive director, but not the Chairman of the Company. In the absence of the Audit Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.
- 1.5 The Audit Committee may ask senior representatives of the Manager and Administrator to attend meetings, either regularly or by invitation, but invitees shall have no right of attendance.
- 1.6 The Audit Committee shall invite representatives of the external auditors and of the Manager's Compliance and Operational Risk department to attend meetings at least annually. The Audit Committee should have at least one meeting, or part thereof, with the external auditor without management being present should the Committee deem that to be necessary.

2. Company Secretary

- 2.1 The Company Secretary or their nominee shall act as the Secretary of the Audit Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the Audit 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 Audit Committee.

4. Frequency of Meetings

- 4.1 The Audit Committee shall meet twice a year and at such other times as the Chairman of the Audit Committee shall require.
- 4.2 Meetings will be arranged to tie in with the publication of the Company's financial statements.
- 4.3 Meetings can be requested by the external auditors or by the Manager's Heads of Compliance and Corporate Risk if they consider that to be necessary.

5. Notice of Meetings

- 5.1 Meetings of the Audit Committee shall be convened by the Secretary of the Audit Committee at the request of any member thereof.
- 5.2 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 to each member of the Audit Committee, any other person required to attend and all other members of the Board, no fewer than 5 working days prior to the date of the meeting.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Audit Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Audit Committee meetings shall be circulated promptly to all members of the Audit Committee and to the Chairman and all other members of the Board.

7. Annual General Meeting

- 7.1 The Chairman of the Audit Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Audit Committee's activities.

8. Duties

8.1 Internal Control and Risk Assessment

- 8.1.1 The Audit Committee shall keep under review the effectiveness of the Company's financial reporting and internal control policies and procedures with respect to the Company's record keeping, asset management and operation for the identification, assessment and reporting of risks.
- 8.1.2 The Audit Committee shall monitor adherence to best practice in corporate governance.
- 8.1.3 The Audit Committee shall satisfy itself that the Company's major service providers have adequate whistle blowing policies.
- 8.1.4 The Audit Committee shall specifically consider the controls and risks in respect of fraud.

8.2 Internal Audit

- 8.2.1 The Audit Committee shall review promptly all reports on the Company from the Manager's Head of Compliance and Operational Risk.
- 8.2.2 The Manager's Head of Compliance and Operational Risk shall have the right of direct access to the Chairman of the Audit Committee.

8.3 External Audit

- 8.3.1 The Audit Committee shall consider and make recommendations to the Board as regards the appointment, re-appointment, remuneration of and the provision of non-audit services by the Company's external auditors, and shall seek to ensure that key partners within the appointed firm are rotated in accordance with auditing ethical guidance.
- 8.3.2 The Audit Committee will review and approve with the external auditors the audit plan and the terms of any engagement letter.
- 8.3.3 The Audit Committee will mediate in relation to any disagreements between the Manager and the external auditors.
- 8.3.4 The Audit Committee shall meet with the external auditors at least once a year, and, if only once in the year, this shall be post-audit at the reporting stage, to review any matters arising in the course of the audit with respect to accounting or internal control systems, and to ensure that any auditors' management letters and management's responses are reviewed.
- 8.3.5 The Audit Committee shall keep under review the relationship with external auditors including (but not limited to):
 - 8.3.5.1 the independence, objectivity, competence and effectiveness of the external auditors;
 - 8.3.5.2 the consideration of audit fees to be paid as well as any other fees payable to auditors in respect of non-audit activities and that the level is appropriate to enable an adequate audit to be conducted; and
 - 8.3.5.3 discussions with the external auditors concerning such issues as compliance with accounting standards, audit findings and any proposals which the external auditors have made, e.g. in respect of the Company's internal auditing standards.

The Audit Committee shall review and approve the audit representation letter.

8.4 Financial Statements

- 8.4.1 The Audit Committee shall keep under review the consistency of accounting policies both on a year-to-year basis and across the Company/Group.
- 8.4.2 The Audit Committee shall review and challenge where necessary the Company's financial statements taking into account:
 - 8.4.2.1 decisions requiring a major element of judgement;
 - 8.4.2.2 the extent to which the financial statements are affected by any unusual transactions;
 - 8.4.2.3 the clarity of disclosures;
 - 8.4.2.4 significant adjustments resulting from the audit;
 - 8.4.2.5 the going concern assumption;
 - 8.4.2.6 compliance with accounting standards;
 - 8.4.2.7 compliance with stock exchange and other legal requirements; and
 - 8.4.2.8 the Company's statement on internal control systems, prior to endorsement by the Board, and the policies and process for identifying and assessing business risks and the management of those risks by the Company.

8.5 Reporting Responsibilities

- 8.5.1 The Audit Committee or its Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.5.2 In the light of its other duties, the Audit Committee shall make whatever recommendations to the Board it deems appropriate and shall compile a report to shareholders to be included in the Company's Annual Report and Accounts.

8.6 Other Matters

- 8.6.1 The Audit Committee shall give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and transparency Rules.
- 8.6.2 The Audit Committee shall be responsible for supervising the co-ordination of the activities of the internal and external auditors.
- 8.6.3 The Audit Committee will review the Company's procedures for the signing of cheques and the transfer of inter bank funds.
- 8.6.4 The Audit Committee will review the policy on approved deposit takers and deposit limits.
- 8.6.5 The Audit Committee will seek to ensure that financial information used within the business or published is reliable.
- 8.6.6 The Audit Committee will oversee any investigation of activities which are within its terms of reference and act as a court of last resort.
- 8.6.7 The Audit Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

9. Authority

The Audit Committee is authorised:

- 9.1 to seek any information it requires from the Manager in order to perform its duties;
- 9.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- 9.3 to request that a representative of the Manager be available to answer questions at meetings of the Audit Committee.