



PLC BOARD COMMITTEE TERMS OF REFERENCE

Role of the Audit Committee

- 1) The role of the Audit Committee is:
 - to review the financial statements;
 - to review the internal control systems including risk management;
 - to review the internal audit programme and;
 - to consider the appointment of the external auditors and their independence.

Membership

- 2) The Committee shall be appointed by the Board from amongst the independent Non-Executive Directors of the Company and shall consist of not less than three members, one of whom should possess recent and relevant financial experience. A quorum shall be two members. In the event of only two non-executive directors being present, the chairmanship would reside in that person and he/she may co-opt any other non-executive director as a Committee member for the purpose of that one meeting.
- 3) The Chairman of the Committee shall be an independent Non-Executive Director and shall be appointed by the Board.

Authority

- 4) The Committee is authorised by the Board to investigate any activity within the section headed "Duties" below, to oversee any investigation of activities which are within the terms of reference and make recommendations to the Board.
- 5) The Committee is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 6) The Committee is authorised by the Board to obtain outside legal or other independent professional advice at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise as necessary.
- 7) The Committee shall have the power to call any member of staff to be questioned at a meeting of the Committee as and when required.

Duties

- 8) The duties of the Committee shall be:
 - a) to consider the appointment of the external auditor, and assess independence of the external auditor, ensuring that key partners are rotated at appropriate intervals;
 - b) to recommend the audit fee to the Board and pre-approve any fees in respect of non-audit services provided by the external auditors, subject to permitted levels established by the Committee and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity;
 - c) discuss with the external auditors before the audit commences, the nature and scope of the audit and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;

- d) to oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- e) to review, and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:-
 - (i) critical accounting policies and practices, and any changes in them;
 - (ii) decisions requiring a major element of judgement;
 - (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - (iv) the clarity of disclosures;
 - (v) significant adjustments resulting from the audit;
 - (vi) the Going Concern assumption;
 - (vii) compliance with accounting standards;
 - (viii) compliance with Stock Exchange and other legal requirements;
 - (ix) reviewing the company statement's on internal control systems prior to endorsement by the Board ;
- f) to discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management, where necessary);
- g) to review the external auditor's management letter and management response;
- h) to review formally the effectiveness of the external and internal audit processes;
- i) to review the internal audit programme and ensure that the Internal Audit function is adequately resourced and has appropriate standing within the Company;
- j) to consider management's response to any major external or internal audit recommendations;
- k) to approve the appointment or dismissal of the head of Internal Audit;
- l) to review the company's procedures for handling allegations from whistleblowers;
- m) to review the directors' statement on corporate governance;
- n) to review the company's co-ordinated plans for business continuity and the prevention and detection of fraud, bribery and corruption;
- o) to consider other topics, as defined by the Board, or considered appropriate by the Committee in the context of the above responsibilities.

Meetings

- 9) Meetings shall normally be held four times per year but in any one year not less than three times. Two of the meetings will coincide with the company's full- and half-year ends.
- 10) A meeting of the Committee may be called by any member of the Committee or by the Secretary.
- 11) The external auditors may request a special meeting if they consider one is necessary.

- 12) The Company Secretary shall be responsible for all secretarial matters of the Committee.
- 13) The Committee Secretary shall issue minutes of meetings of the Committee to the Company Secretary for distribution to all members of the Board and the chairman of the Committee or, as a minimum, another member of the Committee, shall attend the Board meeting at which the accounts are approved.
- 14) Invitations to attend Audit Committee meetings shall usually be extended to:
 - The Chairman of the Board;
 - The Finance Director and his representatives;
 - The Corporate & Legal Executive Director;
 - The Company Secretary;
 - the Head of Internal Audit; and
 - representatives of the external auditors

Other Board members may be invited to attend by the Committee.

- 15) At least once a year the Committee shall meet privately with the external auditors.
- 16) The Committee's duties and activities during the year shall be disclosed in the annual financial statements.
- 17) The Chairman of the Committee shall attend the AGM and shall answer questions, through the Chairman of the Board, on the audit committee's activities and their responsibilities.

Performance Appraisal

- 18) The Committee will review its own effectiveness and terms of reference once a year and will recommend to the Board any changes considered necessary.