



1. Membership

- 1.1 The Committee shall consist of at least three independent Non Executive Directors of the Company and at least one member should have recent relevant financial knowledge and experience ideally with a professional qualification from one of the professional accountancy bodies.
- 1.2 The Committee shall be appointed by the Board on recommendation from the Nominations Committee which will review membership and attendance annually in consultation with the Chairman of the Committee.
- 1.3 The Chairman of the Committee shall be appointed by the Board and shall be an independent Non Executive Director. In the absence of the Committee Chairman, the remaining independent Non Executive Directors on the Committee shall elect one of their number to chair the meeting.
- 1.4 The Committee may invite the Chairman, Chief Executive, Chief Financial Officer, other Board members, legal or other independent professional advisers and other senior executives to attend meetings as appropriate. However, such invitees shall have no right of attendance.
- 1.5 The Committee shall invite a representative of the external auditors and the Head of Internal Audit to attend all meetings.

2. Secretary

The Company Secretary or his nominee shall act as secretary of the Committee.

3. Quorum

A quorum shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the powers and discretions vested in or exercisable by the Committee.

4. Meetings

- 4.1 Meetings shall be held as appropriate, but not less than twice a year, prior to the Board's consideration of the half year and annual accounts respectively and at other such times as the Committee shall require.
- 4.2 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any member thereof.
- 4.3 The external auditors may request a meeting if they consider that one is necessary. There should be at least one meeting or part of a meeting each year, which the external auditors attend without executive management present to discuss their remit and any issues arising from the audit.



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- 4.4 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 Committee, and any other person invited to attend, no fewer than three working days prior to the date of the meeting.

5. Minutes of Meetings

- 5.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 5.2 Minutes of Committee meetings shall be circulated to all members of the Committee and to all members of the Board, once agreed by the Chairman of the Committee.

6. Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting and shall be available to answer questions, through the Chairman of the Board, on the Audit & Risk Committee's activities and responsibilities.

7. Duties & Responsibilities

The Committee is charged by the Board in respect of the following:

7.1 Financial Statements

- 7.1.1 to review and challenge where necessary the integrity of the financial statements of the Company including its annual and interim financial statements, and preliminary results announcements reviewing and reporting to the Board any significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor;
- 7.1.2 to review and challenge where necessary;
- 7.1.2.1 the consistency of, and any changes to, accounting policies and practices, both across the group and on a year to year basis;
- 7.1.2.2 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements including the methods adopted for significant adjustments or unusual transactions;
- 7.1.2.3 the clarity and completeness of disclosures in the Company's financial reports and the context in which statements are made;



- 7.1.2.4 all material information presented with the financial statements, such as the business review and the corporate governance statements relating to audit and risk management;
- 7.1.2.5 the going concern assumption;
- 7.1.2.6 compliance with Stock Exchange and other legal and regulatory requirements;
- 7.1.2.7 the effectiveness of systems for internal financial control, in the context of the Company's overall risk management systems;
- 7.1.2.8 the Company's statement on internal control systems prior to endorsement by the Board.

7.2 External Audit

- 7.2.1 to consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, regarding the appointment, re-appointment and/or removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns, investigate the issues leading to this and any action required;
- 7.2.2 annually to assess the independence of the external auditor, ensuring that key partners are rotated at appropriate intervals;
- 7.2.3 to recommend the audit fee to the Board, pre-approve any fees in respect of non-audit services provided by the external auditor having regard to the Cap recommended by the 2015 CMA Order, namely that over three consecutive years, the total non-audit fees during the fourth year should not exceed 70% of the average fees paid during the last three years;
- 7.2.4 to develop and implement a policy on the supply of non-audit services by the external auditor;
- 7.2.5 to approve the external auditor's terms of engagement, including any engagement letter relating to the start of each audit and the scope of the audit;
- 7.2.6 to hold discussions with the external auditors at least twice a year, to consider the scope of the audit before the audit commences, and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements post audit;
- 7.2.7 to meet the external auditor at least once a year without management being present to discuss the external auditor's remit and any issues arising from the audit;
- 7.2.8 to review the external auditor's management letter and management's response to the auditor's findings and recommendations.
- 7.2.9 ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;



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7.2.10 ensure that the provision of non audit services does not impair the external auditor's independence or objectivity and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;

7.3 Internal Audit

7.3.1 to monitor and review the effectiveness of the internal audit function, ensuring it is adequately resourced and has appropriate standing within the Company

7.3.2 to approve the appointment or termination of appointment of the head of internal audit

7.3.3 to approve (and amend as necessary) the annual internal audit programme, consider major findings and the appropriateness of management's responses

7.3.4 to ensure co-ordination between the internal and external audit functions

7.4 Other matters

7.4.1 to monitor on behalf of the Board the procedures and mechanisms that senior management has put in place to identify and control all fundamental operational, financial and reputational risks within the Group. In order to facilitate this, the Committee shall:

- advise the Board on the adoption and implementation of an appropriate risk management policy;
- monitor the effectiveness of the Group's risk management arrangements and, as appropriate, recommend enhancements to the Board;
- agree the terms of reference of the Internal Risk & Opportunity Committee (**IRC**);
- receive and consider the minutes and regular reports of the IRC;
- with support from the IRC, provide an annual report to the Board on major risk related issues and events during the year

7.4.2 to review the Company's procedures for its employees to raise Concerns, in confidence, about possible wrongdoing in financial reporting or other matters;

7.4.3 to review its own performance once a year and its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary for Board approval;

7.4.4 to consider other topics as requested by the Board.

8. Reporting

8.1 The Chairman of the Committee shall make a summary report of each meeting to the Board.

8.2 The Committee shall produce a report on its activities to be included in the Company's annual report having regard to the information requirements set out in the UK Corporate Governance Code.



- 8.3 Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

9. Authority

- 9.1 The Committee is authorized by the Board to:
- 9.1.1 investigate any activity within its terms of reference;
 - 9.1.2 seek any information that it requires from any employee of the Company and all employees shall be directed to co-operate with any request made by the Committee: and
 - 9.1.3 obtain outside legal or other independent professional advice on any matter it believes it necessary to do so.

Title:	Audit & Risk Committee Terms of Reference		
Author/ Responsibility:	Company Secretary	Date:	September 2016
Version:	2016/1	Ref:	

References to the ICSA Guidance on Terms of Reference for the Nomination Committee have been made in this document.