

**BROOKS MACDONALD GROUP PLC**  
**AUDIT COMMITTEE**  
**TERMS OF REFERENCE**

**1. OVERVIEW**

The Audit Committee is responsible for reviewing the effectiveness of the Company's accounting procedures and financial controls, the adequacy of its auditing procedures, the independence of the Company's auditors, and the accuracy and integrity of its financial statements.

**2. PROCEDURE**

The Committee shall meet at least twice each year and at other such times as it sees fit. The Company's auditors and the Finance Director will normally attend meetings of the Committee, but at least once a year representatives of the Company's auditors shall meet the Committee without any executive directors, being present. Appointments should be made by the board and should be for a period of up to three years.

3. The Chairman of the Committee shall arrange for the circulation of the Minutes of the Committee's meetings to all members of the Board and to the Company's auditors.

**4. ROLE**

The Committee shall exercise the following powers and discretions:

- Consideration and approval of the appointment and remuneration of the Company's auditors and any question of their resignation or removal.
- Discussion with the Company's auditors before the start of each annual audit regarding the nature and scope of the audit and a review of the letter of engagement
- Review of the annual accounts before their submission to the Board, focusing in particular on:-
  - Any changes in accounting policies and practices;
  - Major judgemental areas;
  - Significant adjustments arising from the audit;
  - The "going concern" assumption;
  - Compliance with accounting standards;
  - The effect of any unusual transactions;
  - The clarity of disclosures, and,
  - Compliance with legal and regulatory requirements.
- Discussion in the absence of the executive directors (if appropriate) of any problems or reservations which the Company's auditors may have arising from the audit or otherwise;
- Review of the Company's auditors' management letter and management's response
- Consideration of the major findings of internal investigations and management's response
- Review of the Company's arrangements on staff confidentially "whistleblowing"
- Consideration of any other matter specifically referred to the Committee by the Board

5. The Board authorises the Committee to investigate any activity within its terms of reference and seek directly any information it requires from any employee of the Company. All employees are directed to co-operate with any such request by the Committee.

**Chair:** Chris Knight

**Member:** Colin Harris