

# QUAYLE MUNRO HOLDINGS PLC

## TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

### 1 **Constitution**

- 1.1 The Board resolved on 29 September 1993 to establish a Committee of the Board to be known as the Audit Committee.

### 2 **Membership**

- 2.1 The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not less than three members.
- 2.2 The Chairman of the Committee shall be appointed by the Board.

### 3 **Attendance at Meetings**

- 3.1 The Chief Executive, the Company Secretary and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance. Once a year, and if felt appropriate by the Committee, there may be a meeting with the external auditors without any executives present.
- 3.2 The Company Secretary shall be the secretary of the Committee.

### 4 **Frequency of Meetings**

- 4.1 Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

### 5 **Duties**

- 5.1 To review in advance and retrospectively the scope and function of the auditing activity.
- 5.2 To obtain an oral or written report from the auditors in respect of:
- i) all significant audit and accounting matters;
  - ii) any significant areas where the audit work is incomplete;
  - iii) any disagreement between them and the executives, resolved or otherwise;
  - iv) any restriction on their work;

- v) co-operation received, findings and major recommendations.
- 5.3 To approve the nomination of the auditors of the Company for election by the shareholders.
- 5.4 To review practices in relation to management follow-up on audit observations and recommendations.
- 5.5 To review the auditors' annual certificate, if other than in the normal short form, prior to its publication in the Company's annual report and accounts.
- 5.6 To review the annual and interim accounts before submission to the Board for approval giving particular consideration where necessary to:
- i) significant accounting problems;
  - ii) appropriate disclosure of information;
  - iii) compliance with accounting standards;
  - iv) changes in accounting principles or practice;
  - v) significant matters of judgment;
  - vi) significant fluctuations in accounting figures or ratios;
  - vii) unusual circumstances, commitments or contingent liabilities;
  - viii) post balance sheet events;
  - ix) any outstanding or prospective material litigation;
  - x) any major questions raised by the auditors with executives and replies received;
  - xi) any existing or prospective legislative matters bearing upon the financial operation of the Company;
  - xii) compliance with Stock Exchange and legal requirements.

## **6 Reporting Procedures**

- 6.1 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.