

IOMART GROUP plc

AUDIT COMMITTEE TERMS OF REFERENCE

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1 Objectives

- 1.1 To increase shareholder confidence and the credibility and objectivity of published financial information.
- 1.2 To ensure the financial performance, position and prospects of the Group are properly monitored and reported on.
- 1.3 To assist the Board in meeting its financial reporting responsibilities and to ensure that the Group's published financial statements comply with all applicable statutory requirements and accounting standards.
- 1.4 To strengthen the independent position of the Group's external auditors by providing channels of communication between them and the non-executive directors.
- 1.5 To review the performance of the auditors.

2 Remit and Authority

- 2.1 The Audit Committee is a sub-committee of the Board of Directors and as such is answerable to the Board and will report to it on a regular basis.
- 2.2 In particular the Audit Committee has authority to carry out the following duties:
 - (a) to make recommendations to the Board on the appointment and remuneration of the external auditors, the audit fee and any questions of resignation or dismissal relating to the auditors;
 - (b) to review the half year and annual financial statements of the Group before their submission to the Board focussing in particular on:
 - significant adjustments arising from the audit;
 - the "going concern" assumption;
 - compliance with accounting standards;
 - compliance with legal requirements; and
 - any changes in accounting policies and practices of any member of the Group.
 - (c) to enter into discussions with external auditors concerning the nature and scope of the audit, the co-ordination of the audit where more than one firm is involved, any problems or reservations arising from the final audit and any interim audits and any matters which the external auditor wishes to discuss, without executive Board members present;
 - (d) to review the external auditors' management letter;
 - (e) to review the Group's statement on internal control systems prior to its endorsement by the Board;
 - (f) to review any significant findings of internal investigations and management's response;
 - (g) to ensure that any internal audit function is adequately resourced and has the appropriate standing within the Group;

- (h) to consider the effectiveness of internal financial controls and to make recommendations regarding changes where this is deemed necessary;
- (i) to investigate any matters within these terms of reference, for which task the Committee shall be provided with the necessary resources and access to information in order to carry out any such investigation (all employees being directed to co-operate with such request by the Committee) and as reasonably necessary to obtain outside legal or other independent professional advice at the expense of the Group;
- (j) to obtain external professional advice in pursuance of its duties.

3 **Membership**

- 3.1 The Audit Committee shall have a minimum of two members, all of whom shall be drawn from the non-executive directors of the Group. The membership of this Committee is to be set out in the annual report of the Group.
- 3.2 The Chairman of the Audit Committee shall be a non-executive director approved from time to time by the full Board.
- 3.3 The quorum for decisions of the Audit Committee shall be all the members.
- 3.4 Audit Committee meetings shall also be attended by the external auditor, the head of any internal audit department and the finance director of the Group. The Committee may invite any outsiders to attend its meetings as it deems appropriate.
- 3.5 Other members of the Board have the right to attend meetings of the Audit Committee.

4 **Procedure**

- 4.1 The Audit Committee shall meet not less than four times a year on one month's notice and should report the conclusions of such meetings to the Board.
- 4.2 A meeting may be requested at any time by the Chairman, Auditors or any member of Audit Committee if considered necessary.
- 4.3 At least once a year representatives of the Group's auditors will meet the Audit Committee without any other executive Directors being present except by invitation of the Audit Committee.