

SWALLOWFIELD PLC
AUDIT COMMITTEE – TERMS OF REFERENCE

Revision D Nov 2009

Members:

S J Winning (Chair)
P S Gaynor

In attendance (by invitation):

CEO
Group Finance Director
External Auditors

Meetings:

Twice per Year (timetable issued in advance)
Other times as appropriate

Authority:

The Committee is authorised by the Board to investigate any matter within its terms of reference, and to require the provision of any necessary information to fulfil its role. It is authorised to seek any information from any employee and all employees are directed to co-operate with any request made. The Committee is authorised to obtain independent professional and/or legal help at the Company's expense as necessary.

Duties:

- To make recommendations to the Board for the appointment, re-appointment or removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.
- To review the effectiveness of the company's internal controls for financial reporting, corporate governance and risk management.
- To regularly consider the need for an internal audit function.
- To review arrangements by which staff may, in confidence, raise concerns about possible improprieties and ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
- To monitor the integrity of the financial statements of the company and to review the significant financial reporting judgements contained in them.
- To review and recommend changes in significant accounting policies.
- To review and make recommendations on auditors' findings or other irregularities which come to light.

Minute Taker:

Group Finance Director or other as appropriate.

Quorum:

Chair plus one other member.