

PANMURE GORDON & CO. PLC

**AUDIT COMMITTEE
TERMS OF REFERENCE**

1. Structure

1.1 Members

The current members of the Audit Committee are:

Anthony Cann	Non-Executive Director
Simon Heale	Non-Executive Director
Nader Shenouda	Non-Executive Director

Other directors, members of staff or representatives of the external auditor will be invited to attend as appropriate.

Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided that the majority of the Committee members remain independent. The Chairman of the Committee shall be appointed by the Board.

1.2 Chairman

Simon Heale currently acts as chairman of the Audit Committee. In his absence, the members present will choose a person to act as chairman for the meeting.

1.3 Secretary

The Company Secretary will act as Secretary to the Audit Committee.

1.4 Quorum

The quorum for a meeting of the Audit Committee shall be two.

1.5 Meetings

The Audit Committee will meet at least twice a year before approval of the interim and final results and on an ad-hoc basis as required.

2. Responsibilities of the Audit Committee

The responsibilities of the Audit Committee are:

- To monitor the integrity of the group's financial statements through review and challenge, as necessary, of the actions and judgments of management in relation to the interim and annual accounts and to recommend the interim and annual financial statements to the Board
- To review management's response to any major external audit recommendations

- To recommend to the Board the appointment and remuneration of the external auditor
- To discuss with the external auditor the nature and scope of the audit and to monitor performance thereof
- To receive, review and comment on all reporting documents arising from the external auditor's work in relation to the control environment and system of internal controls within the group
- To review the external auditor's independence and objectivity, including the volume, extent and cost of any non-audit services provided and make recommendations to the Board in respect thereof
- To review the company's procedures for handling allegations from whistleblowers
- To monitor and review the effectiveness of the company's internal audit function and to ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively
- To agree the internal audit function's programme of work and to review and comment on all internal audit reports. The Head of Internal Audit has a principal reporting line to the Chairman of the Committee
- To take primary responsibility for reviewing and considering the Group's Internal Capital Adequacy Assessment Process, taking into consideration the views of the Compliance & Risk Committee regarding the risk assessment inputs to that process.

3. Annual General Meeting

The Chairman of the Committee will attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

4. Authority

- 3.1 The Audit Committee has the authority to seek any necessary information to fulfil its responsibilities and all management and employees are directed to co-operate with any request made by the Committee.
- 3.2 The Audit Committee has the right to obtain external legal assistance and any professional advice which might be necessary for the fulfilment of its duties at the cost of the Company.

5. Minutes

Minutes of decisions will be recorded for each meeting of the Audit Committee. All minutes are to be signed by the Chairman of the meeting.