

TERMS OF REFERENCE

Name of Committee	For Company
Audit Committee	Walker Crips Group plc ("the Company")
Constitution	
<p>The Audit Committee is to comprise of only independent non-executive Directors of the Company and is to have a minimum of two members, with at least one member having recent and relevant financial experience.</p> <p>The Chairman of the Board may not be a member of the Committee.</p> <p>The Board is responsible for appointing the members of the Committee, determining which of the members is to act as Chairman of the Committee and ensuring that the Committee as a whole has competence relevant to the sector in which the Company operates.</p>	
Authorisation	
<p>The Board is responsible for determining the Terms of Reference of the Audit Committee and approving any changes thereto.</p> <p>The Audit Committee is authorised by the Board to:</p> <ul style="list-style-type: none"> • undertake any activity within its Terms of Reference; • seek any information it requires from within the Company, its subsidiaries and associates ("the Group") and any independent professional, technical and/or legal advice or other resources from outside the Company as and when it considers this necessary, and • invite any director and or employee of any Group entity, including associate companies and self-employed associates, to attend Committee meetings to explain any aspect of the business relevant to the Committee fulfilling its responsibilities. 	
Objectives	
<p>The Committee assists the Board in its oversight, in respect of the Company and Group, of the:</p> <ul style="list-style-type: none"> • integrity and quality of financial reporting and disclosure • selection and application of accounting policies and practices • adequacy and effectiveness of the risk management systems and internal control environment • Group's compliance with legal and regulatory requirements relevant to financial reporting and accounting • appointment/re-appointment, independence and performance of the external auditor, including the quality and effectiveness of the external audit • integrity of significant financial returns to regulators • effectiveness of internal audit • Group's compliance with statutory tax obligations, and • other issues, if any, on which the Board has requested the Committee's opinion. 	

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Responsibilities

Annual Reports and Other Periodic Reports

The Committee:

- reviews significant financial reporting items, judgments and disclosures made in connection with the preparation of the Company only and Group Consolidated annual financial statements, interim reports, preliminary announcements and related formal statements
- considers, taking into account the views of the external auditor, whether the Company and Group have adopted appropriate accounting policies and made appropriate estimates and judgments
- considers the significant accounting policies adopted and any changes thereto
- reviews the clarity and completeness of disclosures in the financial statements and considers whether disclosures made are set properly in context
- reviews related information presented with the financial statements, including the strategic report, corporate governance statements relating to the audit and to risk management for consistency, clarity and relevance
- when requested by the Board, reviews the content of the annual report and accounts and advises the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy
- satisfies itself that the statements on going concern and assumptions made are soundly based
- when requested by the Board, provides advice regarding the viability statement, including how and the appropriateness of the period over which the Company's and Group's prospects have been assessed. The Committee advises the Board on whether there is a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over the selected period, highlighting any qualifications or assumptions as necessary, prior to the Board making the related statement in the Annual Report
- satisfies itself that the financial statements meet relevant statutory requirements, financial reporting standards and Stock Exchange requirements, and
- considers any unusual transactions during the period and how they are accounted for and disclosed.

Internal Controls and Risk Management Systems

The Board has delegated authority to the Committee to assist the Board in discharging its responsibilities in relation to:

- keeping the Group's internal financial controls under review
- promoting sound risk management and internal control systems, including financial controls, investment advice and suitability controls, operational controls, IT controls, data protection and security controls and compliance controls
- the protection of client assets, and
- whether the level of assurance provided on risk management and internal control systems are appropriate to help the Board satisfy itself they are operating effectively.

The Committee:

- fulfils these responsibilities through discussion with the Group CEO, Group CFO, executive directors of trading subsidiaries, external auditor, internal audit, Heads of Compliance and Group Risk and review of relevant reports and recommendations on the effectiveness of the systems established by management (including those prepared or made by Internal Audit, External Audit, the Compliance function, any ad hoc consultancy reports and the Risk Management Committee)
- reviews the systems established to identify, assess, manage and monitor financial, investment, operating and compliance risks
- reviews the Group's Conduct Risk Framework and Policy, and
- reviews and recommends to the Board any disclosures made in the annual report in relation to internal controls and risk management.

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Internal Audit

The Committee:

- reviews and approves internal audit's role and mandate
- reviews internal audit arrangements to ensure the function is adequately and appropriately resourced, has access to information necessary to perform its role effectively, has an unrestricted scope and provides independent challenge to the business, including the risk, compliance, IT, operations and finance functions. Internal audit has a direct reporting line to the Committee Chairman
- considers and approves the annual internal audit programme, ensuring it meets the needs of the Group and is aligned to the key risks of the business
- approves the arrangements for outsourcing internal audit services
- reviews and monitors the effectiveness of internal audit in the overall context of the Group's risk management system and that the quality, experience and expertise of the function are appropriate for the business
- reviews and assesses reports prepared by internal audit, and
- reviews and monitors management's responsiveness to internal audit's findings and recommendations.

External Audit

The Committee:

- has primary responsibility for the appointment of the external auditor and overseeing any selection process. It negotiates the fee and scope of the audit, initiates any tender process and formally recommends to the Board, to be put to the Shareholders for approval at the Annual General Meeting, the appointment, reappointment or removal of the external auditor. The Committee shall ensure compliance with any statutory or regulatory requirements when fulfilling this responsibility
- if the auditor resigns, investigates the issues leading to this decision and decides whether any actions are required
- reviews and approves the auditor's engagement letter
- assesses each year the qualifications, expertise and resources of the external auditors and the effectiveness and quality of the external audit process
- reviews and monitors the independence and objectivity of the external auditors, taking into consideration relevant law, regulation, ethical standards and applicable professional requirements. This includes considering how the external auditor monitors its own independence, rotation of audit partners and staff, and relative levels of audit and non-audit fees paid. It also includes discussing with the external auditor any threats to their independence and mitigating safeguards
- recommends to the Board, and monitors the implementation thereof, policies for the employment of former external audit staff and the provision of non-audit services by the external auditor
- is responsible for approving non-audit services to be undertaken by the external auditor in line with the applicable policy
- prior to the audit commencing, ensures an appropriate audit plan is in place including consideration of the audit team's experience, audit risk assessment, scope of work to be performed, materiality and factors that may affect the quality of the audit. This includes ensuring there is a proper system in place to enable coordination with the activities of internal audit and seeking assurances that management has not placed restrictions on the audit scope
- meets with the external auditors to receive their report on the audit and reviews audit findings. This includes consideration of any variations in audit scope, understanding of the significant issues (financial reporting and otherwise) and judgements that arose, weighing evidence the auditor received relating to these judgments, understanding how any risks to audit quality were addressed, the application of key accounting policies, the external auditor's perception of interactions with management, observations on internal financial reporting controls, details of any errors identified during the audit and how these have been addressed and whether any matters remain unresolved
- reviews and monitors management's responsiveness to the external auditor's findings and recommendations, and
- reviews the representation letter before making a recommendation to the Board thereon.

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Fraud

The Committee:

- reviews the Group's policies, systems and controls for preventing and detecting fraud, bribery and corruption and for complying with applicable legislation and regulations
- reviews and advises the Board on the Group's fraud risk assessment, and
- reviews reports on instances of financial crime or fraud affecting the Group.

Meetings and Quorum

- The Committee Chairman will develop Committee meeting agendas in consultation with management and external service providers as appropriate.
- The Company Secretary shall be the Secretary to the Committee.
- Only members of the Committee have the right to attend Committee meetings.
- The quorum required to conduct business is two members.
- The Committee may invite individuals such as the Chairman, CEO, CFO, other Directors, the Compliance Director, other representatives of senior management, representatives of internal audit, and senior representatives of the external auditors to attend all or relevant parts of meetings as and when appropriate or necessary.
- The Committee can call any employee to attend Committee meetings to present on relevant matters and respond to the Committee's questions.
- Meetings shall be held not less than three times a year. The external auditors, internal auditors and Committee members may request a meeting, if they consider that one is necessary.
- The Committee shall meet separately with each of the head of compliance, senior internal audit representative and senior external auditor representatives at least once per annum, without management present.
- The Secretary shall minute the proceedings and resolutions of all meetings, including the names of those present and in attendance, and circulate the minutes of meetings of the Committee to all members of the Board unless there is a conflict.
- The Secretary will ascertain at the commencement of each meeting the existence of any conflicts of interest and minute them accordingly.
- Outside of formal meetings, the Committee Chairman shall maintain a dialogue with the Board Chairman, CEO, CFO, External Audit Partner, Internal Audit and Heads of Compliance and Group Risk.

Reporting

The Committee Chairman reports to the Board on the Committee's proceedings following each meeting on all matters within its responsibilities.

The Committee makes such recommendations to the Board as it deems appropriate on any area within its remit where improvement or change is required.

The Committee will prepare a report to shareholders to be included in the Annual Report and Accounts. This will:

- explain the significant issues the Committee has considered in relation to the financial statements and how these have been addressed, having regard to matters communicated by the external auditor
- summarise the number of meetings and main work of the Committee during the year, including how the effectiveness of the external audit has been assessed (including external audit's independence and any non-audit services performed), the approach taken to the appointment/re-appointment of the external auditor, tenure of the current audit firm, when the last external audit tender was conducted and any re-tendering plans
- address how the Committee's own performance has been evaluated and how the composition requirements have been addressed

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- explain the nature and extent of any interaction with the FRC’s Corporate Reporting and Audit Quality Review Teams
- explain matters that have informed the Board’s assessment of whether the Company is a going concern, and
- explain how auditor independence and objectivity have been safeguarded if the external auditor has provided any non-audit services.

The Committee Chairman, or if unable to attend any other member of the Committee, shall attend the Annual General Meeting prepared to respond to any Shareholders’ questions on the Committee’s activities.

The Committee is authorised to publish in the annual financial report details of any matters that have arisen that cannot be resolved between the Committee and the Board.

Resources, Training and Performance Review

There are no specific budgetary considerations that affect the operation of the Audit Committee and it is provided with sufficient resources to undertake its duties. The Committee has access to the services of the Company Secretary on all audit matters and the Company Secretary will ensure the Committee members receive information and papers in a timely manner.

The Committee is authorised to:

- receive information from any employee necessary for the performance of its duties
- obtain, at the Company’s expense, external legal, accounting or other professional advice on matters within its objectives and terms of reference, and
- investigate or commission investigations into any activity relevant to its terms of reference.

Training will be provided to members of the Committee to ensure they remain equipped to fulfil the Committee’s responsibilities, including developments in corporate reporting and regulation.

The Committee will arrange for a periodic review of its performance and of its constitution and terms of reference.

Board Sign-off



David Gelber
(Board Chairman)

23 January 2020



Clive Bouch
(Audit Committee Chairman)

23 January 2020