

# **Personal Assets Trust plc**

## **Audit Committee (Terms of Reference)**

### **Constitution**

The Board resolves to establish a Committee of the Board to be known as the Audit Committee.

### **Membership**

The Audit Committee shall be appointed by the Board from amongst the independent non-executive directors of the Company. It shall consist of not fewer than three members. At least one member of the Audit Committee shall have recent and relevant financial experience. A quorum shall be two members.

The Chairman of the Audit Committee shall be appointed by the Board.

The Chairman of the Company shall not be a member of the Audit Committee.

### **Meetings**

The Audit Committee shall meet at least twice a year. The Audit Committee shall have the opportunity to meet the auditors without management being present. The auditors may request a meeting if they consider that one is necessary.

The Company Secretary shall be the Secretary of the Committee.

### **Authority**

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Audit Committee is authorised to obtain outside legal or other independent professional advice at the Company's expense where necessary.

### **Duties**

The duties of the Audit Committee are:

- a) To make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to determine the remuneration and terms of engagement of the external auditor.
- b) 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.
- c) 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.

- d) To monitor the integrity of the annual and interim financial statements before submission to the Board, and any formal announcements relating to the Company's financial performance, focusing particularly on:
  - i) any changes in accounting principles, policies and practices;
  - ii) major judgmental areas;
  - iii) material adjustments resulting from audit;
  - iv) the going concern assumption;
  - v) compliance with accounting standards and all relevant statutory requirements; and
  - vi) compliance with the UK Listing Authority.
- e) To discuss problems and reservations arising from the interim reviews and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- f) To review reports from the auditors including the auditors' report to the Board.
- g) To review the Company's statement on internal control systems prior to endorsement by the Board; and in particular, to review:
  - i) the procedures for identifying business risks and controlling their impact on the Company;
  - ii) the Company's policies for preventing or detecting fraud;
  - iii) the Company's policies for ensuring that it complies with relevant regulatory and legal requirements;
  - iv) the Company Secretary's and Investment Adviser's reports on internal control systems and other service providers on their internal control systems.
- h) To consider annually whether there is a need for an internal audit function specific to the Company.
- i) To consider other topics, as defined by the Board.

### **Reporting Procedures**

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

The work of the Audit Committee in discharging its responsibilities shall be disclosed in the Company's Annual Report.

The Chairman of the Audit Committee shall attend the AGM and answer questions through the Chairman of the Board, on the Audit Committee's activities and responsibilities.

**Membership:** S W Paul (Chairman)  
J M G Hamilton Sharp  
G J Neilly  
F P Rushbrook