



Terms of Reference

Board Committees

Committee:

AUDIT & RISK MANAGEMENT

a. Number of Non-Executive Members

Five Non-Executive Director

b. Attendance at meetings

The Managing Director, Finance Director, Internal Audit Manager, Compliance Officer and a representative of the external auditors shall normally attend all meetings at the invitation of the Committee. Other Board and staff members shall attend if invited by the Committee.

At least once a year, and at any other time as the Committee shall see fit, it shall meet separately with the external audit partner in the absence of Executive Directors and members of management

c. Quorum

Three Non-Executive Members

d. Frequency of Meetings

Four times a year and on such occasions as the Board may determine

e. Terms of Reference

The purpose of the Committee is to assist the Board in discharging its responsibilities for the integrity of the Company's financial statements and for ensuring the effectiveness of systems of internal control. The Committee shall assist the Board in providing leadership, direction, and oversight with regard to the Company's governance and regulatory policies and procedures, including those relating to compliance, risk management, financial malpractice and internal non-financial controls.

The Committee is authorised by the Board to investigate, or cause to be investigated, any activity within these terms of reference. The Committee may seek any information it requires from any employee of the Company and all employees are directed to co-operate with any request made by the Committee. The Committee may obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.

1. To monitor the integrity of the financial statements of the company, reviewing significant financial reporting judgements contained in them. The Committee shall pay particular attention to:
 - a. Critical accounting policies and practices, and any changes to them
 - b. Decisions requiring a major element of judgement
 - c. The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - d. The clarity of disclosures
 - e. Significant adjustments resulting from the audit
 - f. The going concern assumption
 - g. Compliance with accounting standards
 - h. Compliance with FSA and other legal requirements
2. To review the company's internal financial controls and the internal control and risk management systems.
3. To monitor and review the effectiveness of the company's internal audit function, including ensuring that the function is properly resourced and has appropriate standing within the Company.

4. To make recommendations to the Board in relation to the appointment, re-appointment and/or removal of the external auditor and to approve their remuneration and terms of engagement.
5. To review and monitor the external auditor's independence, objectivity and effectiveness 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 audit firm. To ensure that the nature and extent of non-audit work does not impair the auditor's independence and objectivity.
6. To discuss with the auditor the nature, scope and effectiveness of the annual audit process taking account of relevant UK professional and regulatory requirements and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements.
7. To approve the auditor's engagement letter and any amendments thereto, and to review the auditor's management letter and any management responses thereto.
8. Recommend to the Board the Company's attitude towards governance and regulatory compliance;
9. Provide oversight of the Company's governance and regulatory processes and procedures and monitor their effectiveness; review the governance and regulatory annual operating plan, ensuring that the function is adequately resourced and that it has appropriate standing within the Company;
10. Keep under review developments and prospective changes in the regulatory environment;
11. Review regularly the Company risk profile and monitor the significant risks;
12. Monitor significant governance and regulatory issues affecting the Group, noting any material compliance/regulatory breaches or other issues arising, and to monitor their resolution, including overseeing the risk mitigation programmes agreed with the Financial Services Authority;
13. To review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in the matters of financial reporting and other matters. To ensure that arrangements are in place for the proportionate and independent investigation of such matters and appropriate follow up action.
14. To monitor UIA's compliance with service standards and best practice.

Other Issues

1. At least one member of the Committee to have recent and relevant financial experience.
2. The Annual Report and Accounts should include a separate section describing the role of the committee and the work undertaken in discharging its duties.