

BOXHILL TECHNOLOGIES PLC

AUDIT COMMITTEE

Terms of Reference for an Audit Committee

Constitution

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

Membership

2. The Committee shall be appointed by the Board from amongst the Non-Executive Directors (where practical) of the Company and shall consist of not less than two members. A quorum shall be two members.
3. The Chairman of the Committee shall be appointed by the Board.

Attendance at meetings

4. The Finance Director and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.
5. The Company Secretary shall be the Secretary, of the Committee.

Frequency of meetings

6. Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

Authority

7. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
8. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

9. The duties of the Committee shall be:

- (a) to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- (b) to discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) to review the half-year and annual financial statements before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices
 - (ii) major judgemental areas
 - (iii) significant adjustments resulting from the audit
 - (iv) the going concern assumption
 - (v) compliance with accounting standards
 - (vi) compliance with stock exchange and legal requirements.
- (d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (e) to review the external auditor's management letter and management's response;
- (f) to review the Company's statement on internal control systems prior to endorsement by the Board;
- (h) to consider the major findings of internal investigations and management's response;
- (i) to consider other topics, as defined by the board.

Reporting procedures

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