

# **Obair Newmarket-on-Fergus Ltd**

## **Terms of Reference of the Audit Committee**

### **1. Composition and membership of the Audit Committee**

- 1.1. The Audit Committee shall comprise at least three Non-Executive Board Members which shall be appointed by the Board.
- 1.2. One of the members will be appointed chair of the Audit Committee by the Board.
- 1.3. The members of the Audit Committee shall be appointed for such term as shall be determined by the Board.
- 1.4. The members of the Audit Committee may be removed at any time by the Board.
- 1.5. A quorum for the Audit Committee is two Audit Committee members. .
- 1.6. Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Chairperson of the meeting having a second, casting vote in the event of a tie. An Audit Committee member who remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.
- 1.7. It is the responsibility of the Chairperson of the Audit Committee to develop detailed terms of reference for the Audit Committee for approval by the Board and to ensure the effectiveness and efficiency of the Audit Committee.
- 1.8. The Secretary is appointed by the Chairperson of the Audit Committee.

### **2. Duties of the Audit Committee**

The Audit Committee shall.....

- 2.1. review in depth the annual financial statements of Obair Newmarket-on-Fergus Ltd.

In particular, the Audit Committee shall .....

- 2.1.1. review and discuss with management and the external auditors the preliminary financial statements of Obair Newmarket-on-Fergus Ltd. before reporting to the Board focusing particularly on...
  - (i) the adequacy of the adopted accounting policies and practices and the financial reporting disclosures including changes thereto;
  - (ii) areas involving significant judgement, estimation or uncertainty and the provisions in the financial statements;
  - (iii) significant proposed or implemented adjustments resulting from findings of the auditors;
  - (iv) any unusual transactions, off-balance sheet arrangements or similar matters;
  - (v) the going concern assumption;
  - (vi) external audit representation letters.

- 2.1.2. make a proposal to the Board regarding the approval of Obair Newmarket-on-Fergus Ltd. financial statements.

- 2.2. consider accounting issues arising in respect of Obair Newmarket-on-Fergus Ltd. affairs.

- 2.3. consider Obair Newmarket-on-Fergus Ltd. internal control environment.

In particular, the Audit Committee shall.....

- 2.3.1. review the management`s and the internal auditor`s reports on the effectiveness of systems for internal control and risk management;

- 2.3.2. monitor and review the scope and effectiveness of the activities of the Internal Audit function including the approval of the appointment or the dismissal of the person in charge of the Internal Audit function;

- 2.3.3. review and approve the short term and long term work plan of the Internal Audit function;

2.3.4. consider major findings of the Internal Audit function and the adequacy of management responses to these findings;

2.3.5. consider whether the controls established to prevent fraud and illegal acts seem to be adequate and make sure that all major cases of fraud or illegal acts are reported to the Chair of the Audit Committee in a timely manner.

2.4. Liaise with Obair Newmarket-on-Fergus Ltd. external auditors.

In particular, the Audit Committee shall

2.4.1. recommend to the Board the appointment, reappointment or removal of the external auditors;

2.4.2. approve the audit engagement fees and terms;

2.4.3. discuss with the external auditors the nature and scope of the audit and ensure co-operation with the internal audit function;

2.4.4. consider any findings or material weaknesses in accounting and internal control that came to the external auditors' attention;

2.4.5. agree with the external auditors that the Chair of the Audit Committee shall be informed without delay on all observations and matters which are of importance for the duties of the Audit Committee;

2.4.6. oversee the Group's relationship with the external auditors and at least annually formally review that relationship;

2.4.7. review on an annual basis the qualification, expertise, resources and the service provided by the Group's external auditor and the audit process;

2.4.8. develop and implement the Policy in relation to the provision of non-audit services by the external auditors; the aim being to ensure that the provision of such services does not impair the external auditors' independence or objectivity.

### **3. Procedures of the Audit Committee**

3.1. The meetings of the Audit Committee are convened by the Chair of the Audit Committee.

3.2. Meetings shall be held not less than 3 times in each business year. Any member of the Audit Committee, the Secretary or the external auditors may request an additional meeting if they consider this necessary.

3.3. The Chair of the Audit Committee can invite other persons to attend meetings of the Audit Committee.

3.4. At least once a year the Audit Committee will meet the external auditors without management present.

3.5. At least once a year the Audit Committee will meet the person in charge of the internal audit function without management present.

3.6. The Chair of the Audit Committee will be available to the person in charge of the internal audit function to discuss any matters of concern in relation to financial reporting matters, internal control concerns or compliance with legal and regulatory obligations, in the widest sense, should this be considered necessary by those individuals.

3.7. The Secretary of the Audit Committee shall attend to take the minutes of the meeting and provide appropriate support to the Chair and the Committee members.

3.8. The Chair reports on the activities of the Audit Committee regularly to the Board.

### **4. Corporate Governance Compliance**

4.1. The Audit Committee shall ensure that the company is compliant with Corporate Governance requirements.

### **5. Board Approval and Authority**

5.1. By approving the above Terms of Reference the Board authorises the Audit Committee to investigate any activity within these Terms of Reference, to seek any information which the Audit Committee considers necessary in fulfilling its duties, and to make any recommendations to the Board which it deems appropriate on any area within its remit where action or improvement is needed.

5.2. To the extent necessary the Audit Committee has the rights pursuant to section 4.1. towards all enterprises of Obair Newmarket-on-Fergus Ltd.