

Audit and Finance Committee Terms of Reference

1. Membership

1.1. Members of the Committee shall be appointed by the Board and shall be made up of at least three members, the majority of whom should be independent non-executive directors. At least one member of the committee should have recent and relevant financial experience.

1.2. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Committee members remain independent.

1.3. The Board shall appoint the Committee Chairman who should be an independent non-executive director.

2. Secretary

2.1. The Chief Operating Officer or their nominee shall act as the Secretary of the Committee.

3. Quorum

3.1. The quorum necessary for the transaction of business shall be two, both of whom must be independent non-executive directors.

4. Frequency of Meetings

4.1. The Committee shall meet four times a year and at such other times as the Chairman of the Committee shall require.

5. Notice of Meetings

5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.

5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate.

6. Minutes of Meetings

6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2. The Secretary should ascertain, at the beginning of the each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

7. Annual General Meeting

7.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any questions from members on the Committee's activities.

8. Duties

The Committee should carry out the duties below for London & Partners and any subsidiary companies as appropriate.

8.1 Financial Management and Reporting

8.1.1 The Committee shall monitor the integrity of the financial statements of the company, including its annual and any interim reports, reviewing significant financial reporting issues and judgements which they contain.

8.1.2 The Committee shall review and challenge where necessary:

8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the company;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the clarity of disclosure in the company's financial reports and the context in which statements are made; and

8.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);

8.1.3 The Committee shall:

8.1.3.1 Monitor the income and expenditure against authorised budgets;

8.1.3.2 recommend the company's budget to the Board;

8.1.3.3 recommend any submission for grant to the Board;

8.1.3.4 monitor the reporting and adherence requirements associated with the Greater London Authority grant;

8.2 Internal Control and Risk Assessment

The Committee, on behalf of the board, shall receive and review regularly reports on the group's financial reporting policies and internal controls, and undertake an annual assessment of significant risks faced by the group and the effectiveness of internal controls in managing those risks. The Committee shall also review the proposed statements for inclusion in the annual report and accounts on the directors' review of the company's system of internal controls and risk management prior to endorsement by the board.

8.3 Whistle blowing

8.3.1 The Committee shall review the company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

8.4 Internal Audit

8.4.1 The Committee shall consider the need for a separate internal audit function at least once a year.

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8.5 External Audit

The Committee shall:

8.5.1 consider and make recommendations to the board, to be put to members for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

8.5.2 oversee the relationship with the external auditor;

8.5.3 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

8.5.4 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

8.5.4.1 a discussion of any major issues which arose during the audit;

8.5.4.2 any accounting and audit judgements, and

8.5.4.3 levels of errors identified during the audit.

8.5.4.4 The Committee shall also review the effectiveness of the audit;

8.5.5 review any representation letter(s) requested by the external auditor before they are signed by management;

8.5.6 review the management letter and management's response to the auditor's findings and recommendations; and

8.5.7 develop and implement a policy on the supply of non audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

8.2. The Committee may approve the incurring of expenditure on behalf of the company within the overall limits of a budget that has been approved by the Board.

9. Reporting Responsibilities

9.1. The Committee Chairman shall report to the Board on its proceedings on all matters within its duties and responsibilities.

9.2. Any resolution passed or decision taken by the Committee shall be reported to the Board.

9.3. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10. Authority

10.1. The Committee is authorised to:

10.1.1. seek any information it requires from any employee of the company in order to perform its duties.

10.1.2. to obtain, at the company's expense, outside legal or professional advice on any matters within its terms of reference.

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Remuneration Committee – TERMS OF REFERENCE

1. Membership

- 1.1. The Committee shall be appointed by the Board from amongst the non-executive directors of the company and shall consist of not less than three members
- 1.2. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Committee members remain independent.
- 1.3. The Board shall appoint the Committee Chairman.

2. Secretary

- 2.1. The Chairman of the Committee shall appoint the secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two both of whom must be independent non-executive directors.

4. Frequency of Meetings

- 4.1. The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board if not represented on the Committee.

7. Duties

- 7.1 The Committee shall:
 - 7.1.1 recommend to the Board the Company's policy on remuneration of the, Chief Executive and Management Committee - "the team";
 - 7.1.2. determine the remuneration of "the team";
 - 7.1.3. consider and approve the Chief Executive's recommendations regarding the remuneration packages of the members of the Executive Team;
 - 7.1.4. advise on and monitor a suitable performance related formula which needs to be achievable and motivating;
 - 7.1.5. approve any changes to other terms and conditions for "the team" including pensions and contractual notice arrangements;

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7.1.6. approve any ex gratia payments to retiring members of the Management Committee and to approve proposed termination payments and other associated benefits;

7.1.7. approve the adoption of standard forms of service agreement and to approve any material exception made to the standard form.

7.2 The Committee shall consult with the Audit and Finance Committee on the financial implications of any adjustments to remuneration or terms and conditions before they are recommended to the Board.

8. Reporting Responsibilities

8.1. The Committee Chairman shall report to the Board on its proceedings on all matters within its duties and responsibilities.

9. Authority

9.1. The Committee is authorised to:

9.1.1. seek any information it requires from any employee of the company in order to perform its duties.

9.1.2. to obtain, at the company's expense, outside legal or professional advice on any matters within its terms of reference.