



TERMS OF REFERENCE

Audit and Risk Committee (the "Committee") of Wilmcote Holdings Plc (the "Company")

References to the "Board" shall mean the full Board of Directors.

MEMBERSHIP

- The Board has resolved to establish a committee of the Board to be known as the Audit and Risk Committee.
- The Committee shall comprise at least three members. The Committee shall, where possible, include one member of the Nomination and Remuneration committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Remuneration committee in consultation with the chairman of the Committee.
- The Board intend for the Committee to include two Independent Non-Executive Directors ("INED"), once a second INED is appointed to the Board.
- The membership of the Committee, and requirements of membership, will be revisited post platform acquisition when the composition of the Board will be amended and at any other time that the Nomination and Remuneration committee consider it appropriate. Collectively the Committee shall have recent and relevant financial experience, extensive business experience, knowledge of financial markets, understanding of management practices and operational risks, both generally and in the Company's industry, and knowledge of any relevant specialist regulatory or legal requirements.
- Only members of the Committee have the right to attend Committee meetings. However, the chief financial officer (when one is appointed) and external audit lead partner will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- The Board shall appoint the chairman of the Committee (the "Chairman"). In the absence of the Chairman at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.
- The Company Secretary, or their nominee, shall be the Secretary of the Committee ("Secretary") and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

ROLE OF THE COMMITTEE

As set out in the QCA Code (the "Code") the overarching role of the Committee is as follows:

- Review and challenge the risk identification and risk management processes across the business;
- Manage relations with external auditors to ensure that the annual audit is effective, objective, independent and of a high quality;
- Ensure that the relationship with the external auditor is appropriate and the service is appropriately priced;
- Review the company's draft corporate reporting, including the annual report and accounts independent of the executive directors and the external auditors; and
- Communicate effectively to shareholders the extent of the Committee's activities.

MEETINGS

- The quorum for the Committee meetings shall be two.
- The Committee shall meet formally at least twice a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- Outside of the formal meeting programme, the Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the external audit lead partner.
- Meetings of the Committee shall be convened by the Secretary at the request of any of its members or at the request of the external audit lead partner or in the case of the Company having an internal audit function. Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers shall be forwarded to each member of the Committee and others attending the meeting approximately 3 working days prior to the date of the meeting.

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- The Secretary shall keep appropriate records of all meetings of the Committee with appropriate minutes of the proceedings and resolutions.
- Draft minutes of Committee meetings shall be circulated to the Chairman for review and then to all members of the Committee. Once approved, minutes shall be circulated to all other members of the Board upon their request unless in the opinion of the Chairman it would be inappropriate to do so.

DUTIES

The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the Company, major subsidiary undertakings and the Company's group (the "Group") as a whole.

Financial reporting

- The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on any significant financial reporting issues and judgements which they contain, having regard to matters communicated to it by the auditor;
- In particular, the Committee shall review and challenge where necessary:
 - o consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Group;
 - o the methods used to account for significant or unusual transactions where different approaches are possible;
 - o any significant adjustments resulting from the audit;
 - o the going concern assumption;
 - o whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor on the financial statements; and
 - o all material information presented with the financial statements, such as the strategic report, the corporate governance statements relating to the audit and to risk management and any separately presented Audit and Risk Committee report included in the financial statements.
- Consider the impact of new accounting standards, and where these are expected to have a material impact on results, discuss with management how best to communicate the impact to shareholders;
- The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.
- Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board. Where requested by the Board, the Committee should review the contents of the annual report and accounts and advise the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal controls and risk management systems

The Committee shall:

- keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems; and
- review and approve the statements to be included in the annual report concerning the Group's exposure to risk, internal controls and risk management.

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Compliance, whistleblowing and fraud

The Committee shall:

- review the adequacy and security of the Group's arrangements for its employees and contractors 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;
- review the Group's procedures for detecting fraud; and
- review the Group's systems and controls for the prevention of bribery and the prevention of the criminal facilitation of tax evasion and receive reports on non-compliance

Internal Audit

The Committee shall review the need for a separate internal audit function, considering the nature and complexity of the business.

External Audit

The Committee shall:

- consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting of the Company, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- if the external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- oversee the relationship with the external auditor including (but not limited to):
 - o approving their remuneration, including both fees for audit and non-audit services, and ensuring that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - o approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - o assessing annually the external auditor's independence and objectivity taking into account relevant UK and Jersey law, regulation, the Ethical Standard published by the FRC, and other professional requirements and the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
 - o satisfy itself that there are no relationships between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
 - o monitor the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements including the guidance on the rotation of audit partner and staff;
 - o monitor the level of fees paid by the company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;

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- o assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - o a discussion of any major issues which arose during the audit;
 - o the auditor's explanation of how the risks to audit quality were addressed;
 - o the auditor's view of their interactions with senior management;
 - o key accounting and audit judgements;
 - o levels of errors identified during the audit; and
 - o the effectiveness of the audit process;
- review any representation letter(s) requested by the external auditor before they are signed by management;
- review the management letter and management's response to the external auditor's findings and recommendations; and
- review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

REPORTING RESPONSIBILITIES

- The Chairman shall report formally to the Board on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
 - o the significant issues that the Committee considered in relation to the financial statements and how these were addressed;
 - o its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - o any other issues on which the Board has requested the Committee's opinion.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include a summary of its role, details of members and meetings held, any significant issues considered in relation to the annual report, and an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements, and how these issues were addressed, having regard to matters communicated to the Committee by the external auditor and other information requirements set out in the Code.
- In the compiling the reports referred to above the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

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OTHER MATTERS

The Committee shall:

- have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
- be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the AIM Rules, and any other applicable rules, as appropriate;
- oversee any investigation of activities which are within its terms of reference;
- work and liaise as necessary with other board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees; and
- arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary or desirable to the Board.

AUTHORITY

The Committee is authorised to:

- seek any information it requires from any employee of the Company in order to perform its duties;
- obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- call any employee to be questioned at a meeting of the Committee as and when required; and
- have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.