

Audit Committee

Constitution

- 1 The Board intends to establish a sub-committee under Section 16 Film Board Act 1980 of the Board to be known as the Audit Committee.

Membership

- 2 The Committee shall be appointed by the Board and shall consist of not less than three members of the Board. A quorum shall be two members.
- 3 The Chairman of the Committee shall be appointed by the Board.

Attendance at meetings

- 4 The CEO, Head of Business Affairs, and Finance Manager shall also normally attend meetings.
- 5 Other Board members shall also have the right of attendance.
- 6 At least once a year the Committee shall meet with the external auditors.
- 7 The Finance Manager shall be the secretary of the committee.

Frequency of meetings

- 8 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

- 9 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 employees, who are directed to co-operate with any request made by the committee.
- 10 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 is necessary.

Duties

- 11 The duties of the committee shall be:
 - a) To consider the appointment of the external auditor, the audit fee, and any questions of engagement or dismissal.

- b) To discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure the co-ordination where more than one audit firm is involved.
- c) To review the annual financial statements before submission to the Board, focusing particularly on:
 - i. any changes in accounting policies and practises;
 - ii. major judgemental areas
 - iii. significant adjustments resulting from the audit;
 - iv. the going concern assumption
 - v. compliance with accounting standards
 - vi. Compliance with legal and taxation 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's Letter response;
- f) To review the company's statements on internal control systems prior to endorsement by the board;
- g) To review the internal audit programme;
- h) To consider the major findings of the internal investigations and management response;
- i) To consider other topics, as defined by the board.

Reporting procedures

- 12 The Secretary shall circulate the minutes of the meetings of the committee to all members of the Board, and any such shall form part of, the Board minutes.

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

1. To confirm and ensure the independence and objectivity of external auditors and review with management any arrears of disagreement and the external auditors.
2. To review and recommend approval of or otherwise the Boards major accounting policies principles and practises.
3. To review with the external auditors the interim (if any) and final results of the Boards.
4. To discuss with the scope of the external audit, the extent of their reliance on internal audit, and any matters arising from the external auditors.
5. Review the adequacy of internal control systems including the internal audit function; its professional standards; scope; resourcing; reporting arrangements; work plan and interface with the external auditors.
6. To review areas of Corporate /Commercial risks.

7. To approve the external audit fee and review any non-recurring, non-audit services to be performed by the external auditors and to appraise and report on any possible conflicts of interest.
8. To review the responses of management to major recommendations made by external or internal audit.
9. Review policies and practises involving legal compliance, ethics and other such matters and ensure these are adequate.
10. To meet with the external auditors at their request at any time claim necessary.