

Next Fifteen Communications Group plc
Audit Committee
Terms of Reference

Membership

1. The members of the Committee shall be appointed by the Board.
2. The Committee shall comprise of a chairman and at least 1 other member who shall be appointed by the Board. Whilst the Committee itself would normally be made up entirely of non-executive directors, other individuals may be co-opted as and when appropriate e.g. the Company's executive directors and a representative of the external auditor.
3. The Board shall appoint the Committee Chairman who should be a non-executive director.
4. The Company Secretary or his or her nominee shall be the Secretary of the Committee.

Meetings

1. The Committee shall meet formally at least twice a year.
2. A meeting of the Committee may be called by any member of the Committee or by the Secretary or by the external auditor.
3. The quorum necessary for the transaction of the business of the Committee may be fixed from time to time by the Board and, unless fixed, shall be two including one non-executive director.
4. At least once a year the Committee shall meet the external auditors without executive directors present.
5. The Committee or its Chairman shall meet with the Board of Directors at least once a year to discuss such matters as the annual report, the relationship with the external auditors and alike.
6. The Secretary shall keep appropriate records of all meetings of the Committee with appropriate minutes of the proceedings and resolutions.
7. Copies of the minutes of the meetings shall be circulated to all members of the Committee and to the chairman of the Board.

Duties

- 1 The Committee shall:
 - 1.1 make recommendations to the Board of the Company on the appointment of external and internal auditors;
 - 1.2 review the relationship with external auditors including the terms of engagement of the external auditors (including fees for audit and non-audit work);
 - 1.3 review the effectiveness of the external auditors;
 - 1.4 review the Company's financial reporting and internal control procedures;
 - 1.5 review and challenge where necessary the Company's financial statements taking into account, in particular:
 - 1.5.1 critical accounting policies and practices and any changes in them;
 - 1.5.2 major judgmental areas
 - 1.5.3 significant adjustments resulting from the audit;
 - 1.5.4 the going concern assumption
 - 1.5.5 compliance with accounting standards;
 - 1.5.6 compliance with AIM rules and other regulatory and legal requirements
 - 1.5.7 clarity of disclosures
 - 1.6 consider whether a process should be undertaken to consider the appointment of an alternative external auditor;
 - 1.7 discuss and agree with the external auditor, prior to the audit, the nature and scope of the audit;
 - 1.8 review from time to time the independence and objectivity of the external auditor taking into account relevant professional and regulatory requirements
 - 1.9 agree a policy on the engagement of the external auditor to provide non-audit services, taking into account relevant guidelines and regulatory requirements;
 - 1.10 discuss problems arising from the audit and any matters the auditor may wish to discuss;
 - 1.11 review on behalf of the Board at least annually the Company's requirement to have an internal audit function;
 - 1.12 review on behalf of the Board the Group's system of internal control and risk management systems and make recommendations to the Board;
 - 1.13 review the consistency of accounting policies both on a year to year basis and across the Company/Group;

- 1.14 review the Group's operating and financial and accounting policies and practices;

Authority

The Committee shall:

1. oversee any investigation of activities which are within its terms of reference;
2. have the right to seek any necessary information to fulfil the above;
3. have the right to obtain outside legal help and any professional advice, at the Company's expense, which might be necessary for the fulfilment of its duties;
4. have the power to call any member of staff to be questioned at a meeting of the Committee as and when required.