

Hargreave Hale AIM VCT 1 Plc
Audit Committee
Terms of Reference

Committee Members

- David Brock (Chairman)
- Aubrey Brocklebank

Membership

The committee shall be appointed by the board. All members of the committee shall be independent non executive directors of the company not connected to the investment manager. The committee shall consist of not less than two members. A quorum shall be two members.

The chairman of the committee shall be appointed by the board from amongst the independent non executive directors.

Secretarial

The company secretary of the company shall be the secretary of the committee.

The secretary will be responsible for circulating the agenda and meeting papers at least 7 days in advance of the meeting.

The secretary will be responsible for recording the minutes at each meeting.

Authority

The committee is authorised by the board to:

- Investigate any activity within its terms of reference.
- Seek any information it requires from any employee of the company.
- Obtain outside legal or independent advice, at the company's expense if it considers this necessary.

Duties

- To review, and challenge where necessary, the actions and judgements of management in relation to the company's financial statements, interim reports, preliminary announcements and related formal statements before submission to, and approval by, the board, and before clearance by the auditors. Particular attention should be paid to:
 - Critical accounting policies and practices, and any changes in them;
 - The clarity of disclosures;
 - Compliance with accounting standards;
 - Compliance with stock exchange and other legal requirements; and
 - Reviewing the principal risks facing the Company over a sufficient time period to enable a suitable viability statement to be included in the Strategic Report section of the company's financial statements.

- To review effectiveness of the systems for internal financial control;
- To monitor the integrity of the company's internal financial controls;
- To review the effectiveness of payment authorisation controls;
- To monitor the integrity of safe custody arrangements;
- To consider annually whether there is a need for an internal audit function where no such function exists;
- To oversee the company's relations with the external auditor;
- To consider, and make recommendations on the appointment, reappointment and removal of the external auditor;
- To assess the effectiveness and independence of the external auditors annually
- To review the audit agreement and authorise their remuneration;
- To consider recommendations raised by the external auditors in their management letters
- To consider other topics, as defined by the board

Frequency of meetings

Meetings shall be held not less than two times a year (to coincide with key dates in the company's financial reporting cycle)

Reporting

The Secretary shall, once approved by the chairman, circulate the minutes of the meetings to the committee members and the Board in a timely fashion.

The audit committee shall annually review its terms of reference and its own effectiveness and recommend any necessary changes to the board.

The audit committee shall prepare a report on its role and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in the annual report and accounts.