

BOARD AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

1. Appointment

The Committee shall be appointed by the Board in accordance with Section B of L.I. 1509 GSE Listing regulations together with Section 17 to 20 of the Securities and Exchange Commissions, Code of Corporate Governance and is authorised to investigate any activity within its terms of reference.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to invite employees or outsiders with relevant expertise if this is necessary.

2. Membership

Membership shall consist of at least three directors. Independent non-executive directors shall constitute a majority on the committee. The Secretary of the Board shall act as Secretary to the Committee.

At least one of the independent non-executive members shall be a Chartered Accountant with recent and relevant financial experience. The Chairman of the committee shall be a Chartered Accountant and an independent non-executive director.

3. Function

The Board Audit and Risk Committee shall act in an advisory capacity to the Board. Its functions are:

3.1 General

Generally, review overall risk management and control environment, financial reporting arrangement and standards of business conduct.

1. Review the standards, scope and reports of the Internal Audit Department and the extent to which its recommendations have been implemented, and any follow-up actions required.
2. At Board meetings report on adequacy of recommendations made by audit reports and adequacy of follow-up actions.
3. Ensure that there is adequate liaison between internal and external audit.

4. Request and review any special audit which the Audit Committee deems necessary.
5. Advise the board on the appointment and the remuneration of External Auditors.
6. Review standards and scope of external audit work, management letter and determine whether the auditors should extend their work beyond that normally covered by statutory audit.
7. Recommend appropriate rewards or sanctions where necessary.

3.2 Financial Statement Review

- a) Review the financial statements prior to Board approval and publication focussing particularly on:
 - any changes in accounting policies and practices and consistency in application of Group Accounting Policies
 - major judgmental areas and areas of disagreement between management and auditors as to the value of assets and liabilities
 - significant adjustment resulting from the audit
 - the Going-Concern assumption
 - compliance with Stock Exchange
 - compliance with the accounting standards of the Institute of Chartered Accountants (Ghana) and other legal requirements.
- b) Discuss with external auditors issues that significantly affect the truth and fairness of the financial statement after the completion of the annual audit.

3.3 Risk Review

- a. Review the risks facing the company:
- b. assess the importance of each area of risk to the company's strategy and objectives;
- c. assess the extent to which risks shall be accepted, be subject to mitigation or removed;
- d. consider the effectiveness of risk mitigation measures; and
- e. make recommendations to the Board on its risk management strategy

4. Relationship with Internal Auditors

- a) The Internal Audit Manager shall have access to the Audit Committee on matters of control and audit.
- b) He shall provide the Audit Committee with annual audit plan, audit reports and a summary of work performed at each regular meeting.
- c) The Audit committee shall ensure the following;
 - i. Review the adequacy, scope, functions, capacity, effectiveness and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work;
 - ii. Ensure that the internal audit function is independent of the activities of the company and is performed with impartiality, proficiency and due professional care;
 - iii. Review the adequacy of internal controls and of the degree of compliance with material policies, laws, the code of ethics and business practices of the company and to include the outcome of its review in a report on its activities in the company's annual report;
 - iv. Make recommendations to the Board with respect to the effectiveness of internal controls;
 - v. consider and report on any related party transactions that may arise within the company or group, assessing in particular whether the price and other terms are consistent with an arm's length transaction and considering whether or not they are in the long-term interests of the company as a whole and whether or not they should be subject to the approval of the shareholders at a general meeting;

5. Relationship with External Auditor

- a) The engagement partner/manager from the external auditors shall be invited to attend Audit Committee meeting where necessary and shall be heard on any matter with affects them.
- b) The Audit committee shall;
 - i. Meet the external auditors no less frequently than annually without the presence of executive Board members;
 - ii. take reasonable steps to ensure that Auditors are properly informed, so that they can be vigilant and effective overseers of the financial reporting process and the company's internal controls;

- iii. assist the auditor and the management in protecting the auditor's independence;
- iv. include, within the Board's annual report, a report on its work. That report shall include its confirmation that the external auditor was independent, appropriately qualified and acted with due care.

6. **Meetings**

- a) The Audit Committee shall convene at least four meetings within the year.
- b) Extra meetings shall be convened at the request of the Audit Committee or at the request of the Auditors.
- c) Quorum shall be two including one non-executive director.

Approved by the Committee and Signed on its behalf by the Chairman



Chairman, Audit and Risk Committee

Angela Peasah

Name