

## FORESIGHT VCT PLC

### BOARD COMMITTEES

#### 1. TERMS OF REFERENCE FOR AN AUDIT COMMITTEE AS AT 04 June 2024

##### 1.1 Constitution

The Board resolved at the time of incorporation to establish a committee of the Board to be known as the Audit Committee.

##### 1.2 Membership

The committee shall comprise at least three directors, all of whom are independent.

At least one member of the committee should have recent and relevant financial experience to the satisfaction of the Board. The Chair of the Committee is Patty Dimond.

The members of the committee at 04 June 2024 are Patty Dimond, Margaret Littlejohns, David Ford and Dan Sandhu. A quorum is two independent members.

The Chair of the committee is appointed by the Board.

##### 1.3 Attendance of Meetings

A representative of the external auditors should attend at least one meeting a year. All Board members have the right of attendance at this meeting. However, if there are Board members who are not also members of the Committee, the committee shall meet at least once a year with those Board members.

The Company Secretary is the secretary of the committee.

##### 1.4 Frequency of meetings

Meetings will be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

##### 1.5 Authority

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 officer and all officers, advisers and service providers are directed to co-operate with any request made by the committee.

The committee is authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **1.6 Duties**

The duties of the committee are:

- 1.6.1 to identify and consider the key areas of risk in relation to the business activities and financial statements of the company' including:
- Valuation of investments,
  - Evidence of ownership of investments; and
  - Compliance with HM Revenue & Customs conditions for maintenance of approved Venture Capital Trust Status.
- 1.6.2 to consider new and emerging risks as they arise;
- 1.6.3 to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them;
- 1.6.4 to review the company's internal financial controls and, unless expressly addressed by a separate board risk committee, or by the board itself, to review the company's internal control and risk management systems;
- 1.6.5 to make recommendations to the board, for putting to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment, resignation or dismissal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- 1.6.6 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- 1.6.7 to develop and implement policy on engaging the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and to make recommendations as to the steps to be taken;
- 1.6.8 to discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination if more than one audit firm is involved;
- 1.6.9 to review the half-year and annual financial statements before submission to the Board, focussing particularly on:
- 1.6.9.1 any changes to accounting policies and practices;

- 1.6.9.2 valuation of investments and other major judgmental areas;
- 1.6.9.3 significant adjustments resulting from the audit;
- 1.6.9.4 the going concern assumption;
- 1.6.9.5 compliance with accounting standards and valuations of investments; and
- 1.6.9.6 compliance with stock exchange and legal requirements;
- 1.6.10 to ensure the interim and final accounts are fair, balanced and understandable, and to discuss problems and reservations arising from the audits, and any matters the auditor may wish to discuss (in the absence of the Manager where considered appropriate);
- 1.6.11 to monitor and review the effectiveness of any internal audit activities. If there is no internal audit function, to consider annually if there is a need for such an audit and to make a recommendation to the board.
- 1.6.12 to review the external auditor's management letter and management's response;
- 1.6.13 to consider the major findings of internal investigations and the Manager's response; and
- 1.6.14 to consider other topics, as defined by the Board.

#### **Reporting procedures**

- 1.7 The secretary will circulate the minutes of the meetings of the committee to all members of the Board.
- 1.8 These terms of reference, including the Committee's role and the authority delegated to it, should be made available to shareholders on request and on the company's website.

**Dated:** 04 June 2024