



**Terms of reference of the Financial Statements Committee**



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### 1. MEMBERSHIP

- 1.1. The board of directors of BSD Crown Ltd. ("**BSD Crown** " or "**the Company**") (the "**Board**") has resolved to establish a committee of the Board to be known as the Financial Statements Committee (the "**FSC**").
- 1.2. Membership of the FSC shall consist of at least three members. The members of the FSC shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the chairman of the FSC, where such chairman is then in office. Subject to the normal periodic re-election of directors, a member of the FSC shall serve a term of three years which may be extended by no more than two additional three-year periods.
- 1.3. The chairman of the FSC shall be an external director; all its members shall be directors, the majority of whom shall be independent non-executive directors and all external directors shall be members of the FSC
- 1.4. All of the FSC members should have the ability to read and understand financial accounts and at least one member should have accounting and financial expertise. The Company's Audit Committee may also serve as the Company's FSC if its members comply with the requirements set out above.
- 1.5. All members of the FSC must declare upon appointment that they have the ability to read and understand financial accounts and, where applicable, that they comply with requirements for being regarded as having accounting and financial expertise.

### 2. QUORUM

A quorum shall be the majority of the members of the FSC, for as long as the majority of members present are independent and include at least one external director. Notice of meetings of the FSC shall be given to all members and invitees within a reasonable time prior to the date of a meeting. All reasonable efforts shall be made to arrange such meetings so that all members and invitees are able to attend.

### 3. CHAIRMAN

- 3.1. The Board shall appoint one of the members of the FSC to be chairman of the Financial Statements Committee, subject to the terms set out in paragraph 1.3 above. If the chairman is not present at a meeting of the FSC, then the remaining members present shall elect one of their number to chair the meeting.

### 4. ATTENDANCE

- 4.1. The Company's external and internal auditors shall be invited and allowed to participate in all meetings of the FSC.



## Terms of reference of the Financial Statements Committee

4.2. No one other than the chairman of the FSC and its members or those directors eligible to be nominated as members of the Financial Statements Committee, shall be entitled to be present at a meeting of such Committee. Attendance at meetings of the FSC by non-members, such as the chairman of the Board, the chief executive, non-independent members of the Board or any Company adviser, shall be at the discretion of the chairman of the FSC.

4.3. The Company secretary shall be the secretary of the FSC and shall (other than where excluded from participation pursuant to paragraph 4.2 above, in which case another member of the Committee shall be the secretary for such meeting) attend all of its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to give full and proper consideration to the issues. The secretary of each Committee shall prepare minutes of the FSC meetings and shall circulate them to all members of the FSC and to the chairman and other members of the Board.

### 5. FREQUENCY OF MEETINGS

5.1. The FSC shall meet at regular intervals to deal with routine matters, at other times as determined by its respective chairman, in consultation with the Company secretary and, in any event, not less than four times in each financial year. Any member of the FSC, the Company's auditor or its internal auditors (if any) may request a meeting if he/she considers that one is necessary or expedient. To the extent allowed under the law, meetings may be held by telephone.

5.2. Meetings will be arranged to coincide with key dates within the Company's financial reporting and audit cycle where appropriate. A sufficient interval should be allowed between meetings of the FSC and meetings of the Board to allow any work arising from a meeting of the FSC to be carried out and reported to the Board as appropriate.

### 6. AUTHORITY

6.1. The FSC 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 employee or director of the Company, or any consultant or other provider of services to the Company. All employees, directors, consultants and other providers of services are directed to co-operate with requests for information made by the FSC including requests to attend meetings of the FSC.

6.2. The FSC is authorised by the Board to obtain any outside legal or other independent professional advice at the cost of the Company as it considers appropriate in relation to matters within its terms of reference and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary or expedient.

### 7. RESPONSIBILITIES

7.1. The FSC has the responsibilities set out below for the Company and also for its major



## Terms of reference of the Financial Statements Committee

subsidiary undertakings and for the group as a whole as appropriate.

### 7.2. The FSC shall:

7.2.1. satisfy itself that the annual report, annual accounts, the preliminary statement of financial results, the interim statement of financial results, announcements relating to the Company's financial performance and any other major financial statements issued by the Company follow generally accepted accounting principles and give a fair and meaningful account of the affairs of the Company, of its subsidiary undertakings and of the group as a whole as appropriate, so as to allow shareholders to assess the Company's performance, business model and strategy. The FSC should review significant financial reporting judgments contained in these statements and announcements. The Company's financial statements shall only be brought before its board of directors after the FSC has considered and formed a recommendation to the board of directors as to:

7.2.1.1. the estimations and assumptions made in connection with said statements;

7.2.1.2. internal controls connected with financial reporting;

7.2.1.3. the completeness and appropriateness of disclosure in said statements;

7.2.1.4. the accounting policies adopted and the accounting treatment implemented in relation to the Company's material affairs; and

7.2.1.5. valuations, including the estimations and assumptions underlying them, based on which said statements are made.

7.2.2. review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature. The requirements of this paragraph should be met whenever practicable (without being inconsistent with any requirement which would usually lead to reporting under the UK Listing Authority's Listing Rules);

7.2.3. meet with the Company's auditor to discuss and review, before the start of each annual audit, the nature and scope of the audit, the annual audit plan (in order to ensure that it is consistent with the scope of the audit engagement) and the level of the audit fee (in order to ensure that it is appropriate to enable an adequate audit to be conducted). The FSC shall discuss annually with the Company's auditor its qualifications, expertise, resources, independence and objectivity and the effectiveness of the audit process. The FSC shall ensure that key partners within the appointed firm are rotated at appropriate intervals;

7.2.4. ensure co-ordination where more than one audit firm is involved;



## Terms of reference of the Financial Statements Committee

- 7.2.5. request and review an annual report from the Company's auditor on its quality control procedures and review steps taken by the Company's auditor to respond to changes in regulatory and other requirements;
- 7.2.6. meet with the Company's auditor to discuss and review the findings of the audit. This shall include (but not be limited to) a discussion of:
  - 7.2.6.1. any major issues which arise during the audit;
  - 7.2.6.2. any accounting and audit judgments; and
  - 7.2.6.3. levels of errors identified during the audit;
- 7.2.7. review the Company's arrangements for its employees to raise concerns in confidence about possible wrongdoing in financial reporting or other matters. The FSC shall ensure that these arrangements allow proportionate and independent investigation of these matters and appropriate follow up action;
- 7.2.8. review, and challenge where necessary, the actions and judgments of the Company's management in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
  - 7.2.8.1. critical accounting policies and practices, any changes in them and the consistency of them on a year-on-year basis both across the Company and across the group (as appropriate);
  - 7.2.8.2. decisions requiring a major element of judgment taking into account the view of the Company's auditor;
  - 7.2.8.3. the extent to which the financial statements are affected by any significant or unusual transactions in the year under review, how they are accounted for where different approaches are possible and how they are disclosed;
  - 7.2.8.4. the clarity of disclosures and the context in which statements are made;
  - 7.2.8.5. significant adjustments resulting from the audit;
  - 7.2.8.6. the going concern assumption;
  - 7.2.8.7. compliance with accounting standards taking into account the view of the Company's auditor;
  - 7.2.8.8. compliance with stock exchange and other legal and regulatory requirements;



## Terms of reference of the Financial Statements Committee

- 7.2.8.9. reviewing all material information presented with the financial statements to the extent that it relates to audit and risk management, including the relevant sections of the operating and financial review and the corporate governance statement prior to endorsement by the Board; and
  - 7.2.8.10. reviewing the policies and process for identifying and assessing business risks and the management of those risks by the Company;
  - 7.2.9. discuss problems and reservations arising from the interim and final audits, and any matters the Company's auditor may wish to discuss (in the absence of the Company's management where necessary);
  - 7.2.10. consider the Company's management's response to any major external or internal audit recommendations;
  - 7.2.11. make available its terms of reference explaining clearly its role and the authority delegated to it by the Board;
  - 7.2.12. ensure that it receives appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
  - 7.2.13. give due consideration to legal and regulatory requirements, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
  - 7.2.14. consider any other matter specifically referred to the FSC by the Board; and
  - 7.2.15. Monitor the implementation of the Company's whistle-blowing policy, considering the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate following up action;
  - 7.2.16. Review the Company's procedures for detecting fraud; and
  - 7.2.17. Review the Company's systems and controls for the prevention of bribery and corruption and receive reports on non-compliance.
- 8. REPORTING PROCEDURES**
- 8.1. The Financial Statements Committee shall submit to the Company's board of directors its recommendations with regard to the approval of the Company's financial statements reasonable time in advance of the board meeting scheduled to discuss said statements and shall inform the board of any issues or problem it has detected in the course of its



## Terms of reference of the Financial Statements Committee

examination.

- 8.2. A summary of the Financial Statements Committee's duties and work, including the membership of the committee, the number of committee meetings held, attendance over the course of the year and reference to examination of the annual accounts, shall be included each year in the Company's annual report.
- 8.3. The Financial Statements Committee shall conduct an annual review of its constitution, its performance and effectiveness, its work and these terms of reference and make recommendations to the Board.
- 8.4. The chairman or at least one other member of the Financial Statements Committee shall attend the meeting of the Board at which the financial statements are approved.