

Terms of reference of the Audit Committee

1. Constitution

The Board of Directors (the “Board”) of Amati AIM VCT plc (the “Company”) has resolved to establish a Committee of the Board to be known as the Audit Committee (the “Committee”).

2. Membership

2.1 The members shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience, and the Committee as a whole shall have competence relevant to the sector in which the Company operates.

2.2 The Chairman of the Committee shall be appointed by the Board and is currently Brian Scouler.

2.3 The chairman of the Board can be a member of the Committee, if the chairman is independent. The chairman of the Board will not chair the Committee.

2.4 Other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary. The external auditors will be invited to attend meetings of the Committee on a regular basis.

2.5 In the absence of the Chairman the remaining members present shall elect one of their number to chair the meeting.

3. Secretary

A representative of the company secretary shall act as secretary to the Committee.

4. Quorum

A quorum will be two members.

5. Meetings

5.1 The Committee shall meet at least twice a year at appropriate times in the reporting and audit cycle.

5.2 A meeting of the Committee may be called by any of its members or at the request of the external auditors.

5.3 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee not fewer than five working days prior to the date of the meeting.

5.4 The secretary of the Committee shall minute the proceedings and resolutions of all meetings.

5.5 Copies of the minutes of the meetings shall be circulated to all members of the Committee.

6. Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting of the Company to respond to any shareholder questions on the Committee’s activities.

7. Duties

The duties of the Committee shall be:

Financial Reporting

7.1 Monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any formal announcements relating to the Company’s financial performance, reviewing significant financial reporting judgements contained in them.

Terms of reference of the Audit Committee

- 7.2 Review and challenge where necessary:
- The consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company.
 - The methods used to account for significant or unusual transactions where different approaches are possible.
 - Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
 - The clarity and completeness of disclosure in the Company's financial statements and the context in which statements are made.
 - All material information presented with the financial statements, such as the strategic report, directors' report and the corporate governance statements relating to the audit and to risk management.
 - the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer-term viability statement (including an assessment of the prospects of the Company looking forward over an appropriate and justified period).

Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

Narrative Reporting

- 7.3 Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal Controls

- 7.4 Review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems at least annually.
- 7.5 Review and approve the statements to be included in the annual report concerning the internal controls and risk management.
- 7.6 Review annually the need to appoint an internal audit function.
- 7.7 Carry out a robust assessment of the Company's emerging and principal risks and report on its assessment, including a description of its principal risks, the procedures in place to identify emerging risks and an explanation of how these risks are managed and mitigated.

Compliance, whistleblowing and fraud

- 7.8 Review the arrangements for staff of the investment manager to raise concerns in confidence about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 7.9 Review the Company's procedure(s) for detecting fraud.
- 7.10 Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

Terms of reference of the Audit Committee

External audit

- 7.11 Consider and conduct the tender process and make recommendations to the Board, for it to put to the shareholders for their approval at the AGM, in relation to the appointment, re- appointment and removal of the external auditors.
- 7.12 Ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms. In respect of such tender oversee the selection process and ensure that all tendering firms have such access as necessary to information and individuals during the duration of the tender process.
- 7.13 If an auditor resigns, investigate the issues leading to this and decide whether any action is required.
- 7.14 Oversee the relationship with the external auditor, including:
- Approval on their remuneration, whether fees for audit or non audit services and that level of fees is appropriate to enable an effective and high quality audit to be conducted.
 - Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
 - Assess annually their independence and objectivity and satisfy itself there are no relationships between the auditor and the Company which could adversely affect the auditors' independence and objectivity.
 - Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements.
 - Assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.
 - Evaluate the risks to the quality and effectiveness of the financial reporting process and consider the need to include the risk of the withdrawal of the external auditor from the market in that evaluation.
- 7.15 Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without the investment manager being present, to discuss the auditor's remit and any issues arising from the audit.
- 7.16 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- 7.17 Review the findings of the audit with the external auditor, including:
- A discussion of any major issues which arose during the audit.
 - Key accounting and audit judgements.
 - Levels of errors identified during the audit; and
 - The effectiveness of the audit process.
- 7.18 Review any representation letter(s) requested by the external auditor before they are signed by the investment manager.
- 7.19 develop and implement policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking in to account the relevant regulations and ethical guidance in this regard. And reporting to the Board on any improvement or action required.

8. Reporting responsibilities

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report formally to the Board on how it has discharged its responsibilities. The report shall include:
- The significant issues that it considered in relation to the financial statements and how these were addressed.
 - Its assessment of the effectiveness of the external audit process and its recommendation

Terms of reference of the Audit Committee

on the appointment or re-appointment of the external auditor.

Any other issues on which the Board has requested the Committee's opinion.

- 8.2 The Committee shall make whatever recommendations to the Board it seems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process, the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the AIC Code. The Committee should exercise judgement in deciding which of the issues it considers significant in relation to the financial statements but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

9. Authority

The Committee shall:

- 9.1 Have access to sufficient resources in order to carry out its duties.
- 9.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 9.3 Give due consideration to laws and regulations, the provisions of the AIC Code and the requirements of the FCA, UK Listing Authority, legal and other regulatory authorities or bodies.
- 9.4 Oversee any investigations which are within its terms of reference.
- 9.5 Arrange for periodic reviews of its own performance, and at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.
- 9.6 Have the right to seek any necessary information to fulfil the above.
- 9.7 Have the right to obtain at the Company's expense independent legal, accounting or other professional advice, on any matter it believes it necessary to do so.
- 9.8 Have the power to call any members of staff of the manager to be questioned at a meeting of the Committee as and when required.
- 9.9 Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

Last updated on 29 March 2022

Last reviewed on 30 March 2023