

## **Non Audit Services Policy**

The following constitutes those services that the external auditors are expected to undertake within their audit brief:

### Statutory audit

The audit of the financial statements, operating & financial review and governance disclosures of the Company, including its annual reports, preliminary results' announcements and any other formal announcements relating to its financial performance.

### Other work as auditors or reporting accountants

While it is difficult to be precise regarding the definition of work that the external auditor may undertake as auditor or reporting accountant, it includes the following:

- Accounting advice, recommendations concerning accounting policies and reviews of accounting standards;
- Interim results and any other review of the accounts for regulatory purposes;
- Assurance work relating to compliance and corporate governance, including high level controls;
- Work in connection with listing particulars and prospectuses;
- Work in connection with any merger and acquisition transaction which falls under Listing Rules class 1 and requires a circular;
- Work relating to capital raising i.e. debt, leases or equity;
- Any certification which is needed under loan agreement or bond covenants; and
- Regulatory reviews or reviews commissioned by the Audit Committee.

## **Acceptable Non-Audit Services**

In the absence of any apparent threat to independence, the following represents the types of additional non-audit services that the external auditors may be considered for:

- Tax advisory, including tax planning and compliance;
- Mergers & acquisitions, disposals and joint ventures;
- Benchmarking services;
- Completion accounts, assistance and advice;
- Non-IT consultancy services; and
- Forensic litigation services

## **Unacceptable Non-Audit Services**

The following have been identified by various regulatory authorities, including the Auditing Practices Board and the Institute of Chartered Accountants of England and Wales, as presenting a high risk of conflict and auditor independence. Consequently, these services are (unless it can be clearly shown that no threat to auditor independence is created by the auditor undertaking such activity and, indeed, it is in the best interests of the Group for such work to be undertaken by the external auditor) specifically prohibited from being contracted to the external auditor:

- Work related to the maintenance of accounting records and the initial preparation of financial statements that will ultimately be subject to external audit;
- Management of, or significant involvement in, internal audit services;
- Financial information systems design and implementation;
- Actuarial services;

- Investment advice and banking services;
- Secondments to management positions that involve any decision-making;
- Advising the Remuneration Committee (other than general assistance relating to appropriate levels of disclosures and accounting advice);
- Legal services;
- Custody of assets;
- Valuation services of a public nature; and
- Any work where a mutuality of interest is created that could compromise the independence of the external auditor.

## **Safeguards**

In order to provide safeguards to auditor independence (particularly the self-interest threat) in the provision of non-audit services the following requirements are in place:

## **Approvals**

The auditors will not be invited to tender for any non-audit services without the prior approval of the Chief Financial Officer or the Group Financial Controller. Engagements that fall within the Audit Services classification of services, as set out above, are considered to be pre-approved by the Audit Committee to a level of £100,000 but should have the pre-approval of the Chief Financial Officer. The Audit committee must pre-approve the provision of all non-audit services by the auditors in excess of £100,000.

Audit Services engagements with expected fees in excess of this amount should be approved by the Audit Committee.

All other permitted engagements in excess of £100,000 may only be awarded to the statutory auditor with prior approval of the Audit Committee before commencement of the work.

## **Reporting**

The Audit Committee will receive a report every six months analysing fees paid for other non-audit work by the external auditors or reporting accountants, with additional commentary on assignments and on work carried out or to be done relating to safeguards of independence.

## **Review**

The Audit Committee, in accordance with its Terms of Reference, will annually review the independence and objectivity of the external auditors, taking into account UK professional and regulatory requirements and taking into consideration all relationships between the Company and the auditor as a whole.

## **Disclosure**

The Company will report annually on the Group's annual expenditure with the external auditor on non-audit services and will explain how, when the external auditor provides non-audit services, auditor independence and objectivity is safeguarded and the disclosure in annual report will disclose the nature of non-audit services rendered by auditors for non audit fee.