

WITAN INVESTMENT TRUST PLC

Terms of reference of the Audit Committee approved by the Board on 8 December 2009

Constitution, Purpose and Principle

The Audit Committee (the “Committee”) is established by the Board to assist the directors in applying financial reporting and internal control principles, and to maintain an appropriate relationship with the Group’s auditors. The Committee’s responsibilities cover the Group (being Witan Investment Trust plc and its subsidiary companies from time to time).

Authority

The Committee is authorised to:

- investigate any activity within its terms of reference;
- have access to all relevant information of the Group;
- obtain outside professional advice at the Group’s expense.

Membership

The Committee and its chairman shall be appointed by the Board and shall comprise three non-executive directors. A quorum shall be any two directors present in person. At least one member of the Committee shall have significant, recent and relevant financial experience.

Appointments will be for periods not exceeding three years, extendable by no more than two additional three-year periods.

Role and Responsibilities

The Committee shall:

1. Monitor the integrity of the financial statements of the Group, and any formal announcements relating to the Group’s financial performance, and review significant financial reporting judgements contained in them.
2. Review the Group’s internal financial controls and the Group’s internal control and risk management systems.
3. Monitor and review whether the Group requires an internal audit function and the effectiveness of the Group’s arrangements in the absence of one.
4. Make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor, and to approve the remuneration and terms of engagement of the external auditor.
5. Review and monitor the external auditor’s independence and objectivity, and the scope and effectiveness of the audit process, taking into account relevant UK professional and regulatory requirements.
6. Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance.
7. Review the major contracts undertaken by the Group for investment management, custody, investment accounting, company secretarial and other services.

8. Review the arrangements for the monitoring of investment restrictions, and their consistency and inter-action across different investment managers.
9. Review the values attributed to the Company's unquoted investments.
10. Ensure that the Group maintains appropriate and necessary compliance with the Financial Services Authority and other financial regulators.
11. Review the reporting of investment performance and the methodology in use.
12. Review the provision of directors' training.

Meetings

Meetings shall be held at least three times each year, two of these meetings to be held in the days preceding the Board meetings at which financial accounts for the year end and half year are reviewed.

No one other than the Committee members shall be entitled to attend meetings. Other directors, including the Chairman and Chief Executive Officer, together with other officers of the Company, shall attend at the invitation of the Committee. The Company's external auditors will be expected to attend at least one of the meetings each year, at which time the Committee may ask the executive team and the non-members to leave the meeting.

Reporting

The Secretary shall circulate the minutes of meetings of the Committee to all directors, and the chairman of the Committee shall report its findings and recommendations at the next Board meeting which follows its meetings.

The Committee shall review its effectiveness annually and recommend any necessary changes to the Board.

The Committee shall prepare an annual report into its activities for inclusion in the annual report and accounts of the Company, and the Committee chairman shall attend the AGM to answer, through the Chairman, any shareholder questions about the role and activities of the Committee. Should there be unresolved differences between the Committee and the Board, then such differences shall be covered in the Committee's report to shareholders.