



LONGHORN PUBLISHERS LIMITED

**TERMS OF REFERENCE FOR THE
AUDIT AND RISK COMMITTEE**

FEBRUARY 2015

1) PURPOSE

The Audit and Risk Committee (the “committee”) shall be a standing committee appointed by the Board of Directors to assist the Board in discharging its responsibilities relative to financial reporting and regulatory conformance.

The primary function of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its responsibility to oversee:-

- 1.1 Financial reporting and approval of the annual audited financial statements and reports;
- 1.2 The Company’s risk management process and adequacy of internal controls;
- 1.3 Performance and independence of the Internal and External Auditors.

2) AUTHORITY

- 2.1 The Committee is authorized by the Board to seek any information it requires from any Board Member or employee of the Company in order to perform its duties.
- 2.2 The Committee is authorized by the Board to investigate any activity within its terms of reference.
- 2.3 The Committee is authorized by the Board to obtain, at the expense of the Company, outside legal or other independent professional advice and to arrange for the attendance at meetings, of experts with relevant experience and expertise if it considers this necessary.
- 2.4 The Committee shall undertake an annual self-review of its objectives, responsibilities and performance. Such objectives shall also be reviewed by the Board.
- 2.5 The Committee shall maintain direct lines of communication with the External Auditors, the Managing Director, the Head of Finance and Strategy, the Internal Auditors and with management generally including those responsible for non-financial risk management.
- 2.6 The Managing Director and the Head of Finance and Strategy shall be responsible for drawing to the Committee’s immediate attention all material matter that relates to the financial condition of the Company, any material breakdown in internal controls, and any material event of fraud or malpractice.

3) STRUCTURE AND COMPOSITION.

- 3.1 The size of the Board Committee shall be at least three independent and non-executive directors. The members of the Audit and Risk Committee shall be appointed by the Board of Directors and may be replaced by the Board of Directors according to the Board charter.
- 3.2 The Chairperson of the Audit and Risk Committee shall be an independent and non-executive director who is not the chairperson of the Board of Directors.

- 3.3 At least one of the Committee members shall hold a professional qualification in audit or accounting and be in good standing with the respective professional body.
- 3.4 The Managing Director shall not be a member of the Committee but shall attend all meetings to respond to any questions that may be raised by the Committee.
- 3.5 The Secretary of the Committee shall be the Internal Auditor.
- 3.6 The Committee may have in attendance such members of management including the Head of Finance and Strategy, and such other persons including the external auditors, as it considers necessary to provide appropriate information and explanations.
- 3.7 All directors shall be entitled to attend meetings of the Committee provided that executive directors shall not be entitled to attend those meetings, which the Committee chooses to hold without any company executives present.

4) QUORUM AND ATTENDANCE AT MEETINGS

- 4.1 The quorum for meetings of the Committee shall be two members and may be revised by the Committee as the size of the Committee increases.
- 4.2 Every Committee member has a duty to attend Committee meetings regularly and to effectively participate in the conduct of the business of the Board.
- 4.3 Every member of the Committee should attend at least 75% of the Audit and Risk Committee meetings of the Company in any financial year. Attendance is disclosed in the Annual Report.
- 4.4 At a full meeting of the Audit and Risk Committee, the members shall review the suitability of a member who has failed to comply with the 75% attendance rule, without compelling reason.

5) MEETINGS

- 5.1 The Committee shall hold meetings not less than three times a year having regard to the company's reporting and audit cycle.
- 5.2 The meetings shall be held in person, by video conference and/or other remote meeting technologies agreeable to all Committee members.
- 5.3 Any member of the Committee, the Managing Director, the Head of Finance and Strategy or the external auditors may request a meeting at any time if they consider it necessary.
- 5.4 The Committee shall provide the opportunity at each regularly scheduled meeting and other appropriate times for separate executive sessions with management, internal auditors and independent auditors.
- 5.5 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, all other members of the Board, the Managing Director, the Head of Finance and Strategy and the external auditors.
- 5.6 Minutes of all meetings shall be kept by the Head of Finance and Strategy.

6) DUTIES AND RESPONSIBILITIES

The principal role of the board Audit and Risk committee will be to assist the Board in raising the standards of corporate governance and internal controls in the following areas:-

6.1 Financial Reporting and Disclosure Matters

- 6.1.1 Review the quarterly, half-yearly and year-end financial statements of the Company.
- 6.1.2 Ensure that the accounts are prepared in a timely and accurate manner in accordance with the International Financial Reporting Standards.
- 6.1.3 Review the published financial statements and recommend their approval to the Board of Directors.
- 6.1.4 Review and discuss with management and the external auditor any significant events or transactions affecting the Company's financial reporting.
- 6.1.5 Consider findings from the external and internal auditors on material weaknesses in accounting and financial control systems.
- 6.1.6 review of accounting policies;
- 6.1.7 oversight of compliance with statutory responsibilities relating to financial and other requirements;

6.2 Risk Management and Internal Controls

- 6.2.1 Review and assess the Company's risk management process and the adequacy of the overall control environment.
- 6.2.2 Review reports on Internal Audits and ensure appropriate action is taken to address weaknesses identified.
- 6.2.3 Receive reports from the Internal Audit Manager on any material fraud identified.
- 6.2.4 Ensure that appropriate standards of corporate governance and ethics are in place.
- 6.2.5 Review compliance with the Code of Ethics and laws relating to prevention and combating of corruption, money laundering to ensure best practice in corporate governance.
- 6.2.6 Consider the major findings of internal investigations and management's responses.
- 6.2.7 Identify regulatory risks and control their impact on the Company, including reviewing correspondence from regulatory authorities and management's responses.
- 6.2.8 Consider the effectiveness of the organization's internal control system, including information technology security and control.

- 6.2.9 Solicit recommendations from the External Auditors for the improvement of Longhorn's internal control procedures or particular areas where new or more details controls or procedures are desirable

6.3 External Auditor Oversight Responsibilities

- 6.3.1 Review the independence, objectivity and effectiveness of the External Auditor including their quality control procedure and steps taken to respond to changes in regulatory and other requirements.
- 6.3.2 Review the scope and extent of both audit and non-audit services provided to the company by the external auditors and any associated fees and terms of engagement.

6.4 Internal Audit Oversight Responsibilities

- 6.4.1 Oversee the activity and credentials of the Company's Internal Audit Department, including the review of the Terms of Reference, plans, resource requirements, staffing and organizational structure.
- 6.4.2 Review any appraisal or assessment of the performance of members of the Internal Audit function.
- 6.4.3 Approve any appointment or termination of senior staff members of the Internal Audit function.
- 6.4.4 Approve the annual audit plan ensuring its consistency with the Company Business Plan.
- 6.4.5 Receive reports on the status of significant findings, recommendations and management's response.
- 6.4.6 Consider other issues as defined by the Board including regular review of the capacity of the Internal Audit function.

In addition, the Committee shall examine any other matters referred to it by the Board.

7) REPORTING

The Committee shall:-

- 7.1 After each Committee meeting report to the Board of Directors about Committee activities, issues, and related recommendations.
- 7.2 Provide an open avenue of communication between Internal Audit, the External Auditors, and the Board of Directors.
- 7.3 Report annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- 7.4 Review any other reports the Company issues that relate to Committee's responsibilities.

8) PERFORMANCE OF THE AUDIT AND RISK COMMITTEE

- 8.1 The Audit and Risk Committee should perform a self-assessment at least once a year and agree on actions to improve its effectiveness.
- 8.2 If deemed necessary, external training will be arranged for existing and any new members introduced to the Audit and Risk Committee. This will be arranged through the Chairperson of the Committee.
- 8.3 The Committee should agree on a code of conduct to ensure that there is no conflict of interest in performance of its duties.

9) REVIEW OF THE TERMS OF REFERENCE

- 9.1 These Committee's Terms of Reference shall be subject to review by the Board every two years or at any other time as is deemed necessary.
- 9.2 Any proposed changes to these Terms of Reference shall be submitted to the Board of Directors for approval.