

RENN UNIVERSAL GROWTH INVESTMENT TRUST PLC
Terms of Reference and Responsibilities of the Audit Committee

1. Membership and Attendance

- 1.1 The Audit Committee shall be appointed by the Board and shall comprise of a chairman and at least one other Director.
- 1.2 All members of the Audit Committee shall be independent non-executive directors. At least one member of the Audit Committee should have recent or relevant financial expertise. The Chairman of the Board can be a member of, but not chair, the Committee, provided he or she was considered independent on appointment.
- 1.3 The Board shall appoint the Audit Committee Chairman who shall be an independent non-executive director. In the absence of the Audit Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.
- 1.4 The Audit Committee shall invite a representative of the auditors to attend meetings at least annually.

2. Company Secretary

- 2.1 The Company Secretary or their nominee shall act as the Secretary of the Audit Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

4. Frequency of Meetings

- 4.1 The Audit Committee shall meet twice a year and at such other times as the Chairman of the Audit Committee shall require.

5. Minutes of meetings

- 5.1 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.2 Minutes of committee meetings shall be circulated promptly to all member of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

6. Annual General Meeting

- 6.1 The Chairman of the Audit Committee shall attend the Annual General Meeting to respond to any shareholder questions on the Audit Committee's activities.

7. Duties

- 7.1 Internal Control and Risk Assessment

7.1.1 The Audit Committee shall keep under review the effectiveness of the Company's financial reporting and internal control policies and procedures with respect to the Company's record keeping, asset management and operations for the identification, assessment and reporting of risks.

7.1.2 The Audit Committee shall monitor adherence to best practice in corporate governance.

7.2 Internal Audit

7.2.1 The Manager's Compliance Officer shall have the right of direct access to the Chairman of the Audit Committee.

7.2.2 The Audit Committee shall review the confirmation that the Manager has complied with relevant compliance requirements each year.

7.3 External Audit

7.3.1 The Audit Committee shall consider and make recommendations to the Board as regards the appointment, re-appointment, remuneration of and the provision of non-audit services by the Company's external auditors.

7.3.2 The Audit Committee will review and approve the terms of the Auditor's engagement letter.

7.3.3 The Audit Committee will mediate in relation to any disagreements between the Manager and the auditors.

7.3.4 The Audit Committee shall meet with the auditors at least once a year, post-audit at the reporting stage, to review any matters arising in the course of the audit with respect to accounting or internal control systems, and to ensure that the Auditor's management letters and the Manager's responses are reviewed.

7.3.5 The Audit Committee shall keep under review the relationship with the auditors including (but not limited to):

7.3.5.1 the independence, objectivity and effectiveness of the external auditors, taking into account relevant UK professional and regulatory requirements;

7.3.5.2 the consideration of audit fees to be paid as well as any other fees payable to auditors in respect of non-audit activities; and

7.3.5.3 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit

7.3.5.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business)

7.3.5.5 considering the risk of withdrawal of the company's present auditor from the market

7.3.6 The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.

7.4 Financial Statements

7.4.1 The Audit Committee shall keep under review the consistency of accounting policies both on a year-to-year basis and across the Company.

7.4.2 The Audit Committee shall review and challenge, where necessary, the Company's financial statements taking into account:

- 7.4.2.1 the extent to which the financial statements are affected by any unusual transactions;
- 7.4.2.2 the clarity of disclosures;
- 7.4.2.3 significant adjustments resulting from the audit;
- 7.4.2.4 the going concern assumption;
- 7.4.2.5 compliance with accounting standards;
- 7.4.2.6 compliance with UKLA Listing Rules and other legal requirements; and
- 7.4.2.7 the Company's statement on internal control systems, prior to n endorsement by the Board, and the policies and process for identifying and assessing business risks and the management of those risks by the Company.

7.5 Reporting Responsibilities

- 7.5.1 The Audit Committee or its Chairman shall discuss formally with the Board, at least once a year, the relationship with the external auditors.
- 7.5.2 In the light of its other duties, the Audit Committee shall make whatever recommendations to the Board it deems appropriate.
- 7.5.3 The committee shall compile a report to shareholders on its activities to be included in the company's annual report.

7.6 Other Matters

- 7.6.1 The Audit Committee shall give due consideration to the provisions of the Combined Code and the requirements of the UKLA's Listing Rules, Prospectus and Disclosure and Transparency Rules as appropriate.
- 7.6.2 The Audit Committee shall be responsible for facilitating the co-ordination of the activities of the auditors.
- 7.6.3 The Audit Committee will ensure that financial information used within the business or published is reliable.
- 7.6.4 The Audit Committee will oversee any investigation of activities, which are within its terms of reference and refer matter of serious concern to the Board.
- 7.6.5 The Audit Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it and its members are operating at maximum effectiveness and make recommendations to the Board.

8. Authority

The Committee is authorised:

- 8.1 to seek any information it requires from its service providers in order to perform its duties
- 8.2 to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference.