

MOSS BROS.

GROUP PLC

AUDIT COMMITTEE TERMS OF REFERENCE

These Terms of Reference replace the previous terms of reference and were approved and adopted by the Board on 25th November 2015.

1. Constitution

The Board hereby resolves to establish a committee of the Board to be known as the Audit Committee.

2. Membership

The Committee shall be appointed by the Board and shall comprise at least two independent non-executive directors of the Company, which must include the Chairman of the Committee. A quorum shall be two independent non-executive directors. At least one independent non-executive director member of the Committee shall have recent and relevant financial experience.

The Board shall appoint the Chairman of the Committee.

The Company Secretary or their nominee shall be the Secretary of the Committee.

3. Attendance at Meetings

The Members shall normally attend meetings. The Chief Executive Officer and the Finance Director, together with a representative of the Auditors shall normally attend meetings with the agreement of the Audit Committee Chairman.

Other Board members shall also have the right of attendance if invited to attend by the Chairman of the Audit Committee. Relevant senior management may also be asked by the Committee to attend the meetings, but attendees have no right of attendance. At least once a year the Committee shall meet with the Auditors without full-time Board members present and with Executive Management without the Auditors present.

The Chairman of the Committee should attend the AGM and be prepared to respond to shareholders' questions on the activities of the Committee.

4. Frequency of Meetings

Meetings shall be held not less than three times a year. The Committee may request a meeting if they consider one is necessary.

Meetings will be arranged to tie in with the publication of the Company's financial statements.

5. Authority

The Committee is authorised by the Board under the Articles of Association of the Company to investigate any activity within its terms of reference. It is authorised to seek any information, which it requires from any employee and all employees are directly to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise when this is considered necessary.

6. Reporting Procedures

The Committee Chairman shall report to the Board on its proceedings after each meeting on matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall make a statement in the annual report about its activities, the process used to make appointments.

7. Duties

The duties of the Committee shall be:

- (a) to consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal and to keep under review the cost effectiveness of the audit and the independence and objectivity of the auditor;
- (b) to discuss with the External Auditor before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) to develop and implement the policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken whilst considering the value for money (where a material volume of such services are supplied) the non-audit services provide;
- (d) to review the half-year and annual financial statements, the accompanying reports to shareholders, the preliminary announcement of results and any other announcement regarding Moss Bros Group plc's results or other financial information to be made public, before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;

- (v) compliance with accounting standards;
- (vi) compliance with stock exchange and legal requirements;
- (e) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss in the absence of management where necessary;
- (f) to review the External Auditor's management letter and management's response;
- (g) to review the Company's statement on control systems prior to endorsement by the Board, and in particular, to review:
 - (i) the procedures for identifying business risks and controlling their financial impact on the Company;
 - (ii) the Company's policies for preventing or detecting fraud;
 - (iii) the Company's policies for ensuring that the Company complies with relevant regulatory and legal requirements;
 - (iv) the operational effective of the policies and procedures;
- (h) to review annually the need for an internal audit function and the reasons, should there not be an internal audit function, for the absence of such function. Where an internal audit function exists to ensure co-ordination between the Internal and External Auditors, and ensure that the internal audit function is operating efficiently and has appropriate standing within the Company;
- (i) to consider the major findings of internal investigations and management's response;
- (j) to consider other topics, as defined by the Board;
- (k) to consider risk management;
- (l) to ensure arrangements are in place to carry out independent investigations of any matters reported by staff concerning possible improprieties in matters of financial reporting or other matters;
- (m) to review the Company's procedures for handling allegations from whistleblowers and to oversee any investigation of activities, which are within the terms of reference and act as a court of the last resort.

7. Other Matters

The Committee should on a annual basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and ensure that its members receive adequate and appropriate training on matters relating to its terms of reference as necessary.