

**JD Wetherspoon plc (The Company)
Audit Committee Terms of Reference**

Membership

The Committee shall comprise at least 3 members, all independent non-executive directors. It is preferable that at least one member should have recent and relevant financial experience. The quorum is the Committee Chairman and at least one other member, or any 3 members.

Mark Reckitt Chairman
Liz McMeikan
Debra van Gene
Sir Richard Beckett

Sally Kenward Secretary

Meetings

The Committee meets at least 4 times per year. Attendees should be limited to those who are familiar with, or responsible for, the topics on the agenda. Attendees usually include the external auditors, the Head of Internal Audit, the Finance Director and Personnel and Legal Director. Others may attend Committee meetings by invitation.

The Committee reports 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. Minutes are issued to the Board.

The annual report contains a separate section describing the work of the Committee in discharging its responsibilities. The Committee Chairman attends the AGM prepared to respond to any shareholder questions on the Committee's activities.

Role

The Committee assists the Board in fulfilling its oversight responsibilities. Its primary functions are:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them.
- to review the Company's internal financial controls and the systems of internal control and risk management.
- to maintain an appropriate relationship with the Company's auditors and to review the independence objectivity and effectiveness of the audit process.

Terms of Reference**Audit Process**

- 1 To provide an open avenue of communication between the external auditors, the internal auditors and the Board, meeting separately with both at least annually without management.
- 2 To keep under review the scope and results of the audit and its cost effectiveness and to report periodically to the Board on significant findings.
- 3 To meet, as required, with the external auditors, the internal auditors and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Audit Committee.

External Auditors

- 4 To recommend to the Board, for annual shareholder approval, the appointment, re-appointment and removal of the external auditors, and to assess their qualifications, expertise, resources, effectiveness, independence and objectivity and to review the auditor's quality control procedures and steps taken by the auditors to respond to changes in regulatory or other requirements.
- 5 To approve the terms of engagement and the remuneration to be paid to the external auditors in respect of audit services provided. To review the nature and extent of non-audit work undertaken by the external auditors. In some cases the nature of advice may make it more timely and cost-effective to select them. They may also be appointed for consultancy work but only after rigorous checks to confirm they are the best provider including competitive tender and does not impair the external auditor's independence. To confirm that the Committee approval process for non-audit fees has operated for the period under review.
- 6 To review with the Finance Director and the external auditors the scope and results of the external audit and any significant findings reported to the Committee in the management letter, receiving updates from management on action taken.

Internal Auditors

- 7 To ensure that the internal audit department is adequately resourced and continues to have appropriate standing within the Company, and to keep under review its members' independence and objectivity.
- 8 To review with the external auditors and Head of Internal Audit, the internal audit programme and any significant findings, including fraud, illegal acts, deficiencies in internal control or similar issues and review management's responsiveness to the auditors findings and recommendations.
- 9 To monitor and review the effectiveness of the internal audit function.

Internal Control and Risk Management

- 10 To review the Group's system of internal control, including financial, operational, compliance controls and risk management (including the effectiveness thereof), prior to endorsement by the Board.
- 11 To review the effectiveness of the Company's whistle-blowing arrangements.

Financial Reporting

- 12 To monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them.
- 13 To review any changes in accounting principles, to determine the appropriateness, not just the acceptability, of accounting principles and financial disclosure practices.

General

- 14 To investigate any matter brought to its attention, within the scope of its duties, with the power to retain independent professional advice.
- 15 To review and update annually its terms of reference, recommending any changes to the Board and to evaluate its own performance on a regular basis.