

AUDIT COMMITTEE ('the Committee') TERMS OF REFERENCE

(Adopted by the Board of Directors of The BSS Group PLC ('the Group') on 21 June 2006)

1. Membership:

- 1.1 Members of the Committee shall comprise all the Non-Executive Directors of the Group.
- 1.2 Only members of the Committee have the right to attend meetings of the Committee. However, other individuals such as the Chief Executive, Finance Director and Head of Internal Audit may be invited to attend all or part of any meeting, as and when appropriate.
- 1.3 The Chairman of the Committee shall be a Non-Executive Director other than the Group Chairman. The current Chairman is Mr Tony Osbaldiston.

2. Secretary

- 2.1 The Group Company Secretary should act as Secretary to the Committee ('the Secretary').

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 Committee shall meet at least twice per year, with additional meetings being arranged if required.

5. Minutes of the Meetings

- 5.1 Once agreed, the minutes of the Committee, or an extract therefrom, shall be presented to the next full board meeting of the Group for approval.

6. Annual General Meeting

- 6.1 The Chairman of the Committee, or in his absence another member of the Committee, will attend the Annual General Meeting and if necessary, respond to any shareholder questions on the Committee's activities.

7. Duties

The Committee shall carry out the duties below:

7.1 Financial Reporting

The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary and interim results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain in conjunction with management and the auditors.

7.2 Internal Controls and Risk Management Systems

The Committee shall

- keep under review the effectiveness of the Company's internal controls and risk management systems;
- evaluate whether management is setting an appropriate "control environment";
- understand the areas of greatest financial risk and evaluate whether management is managing these effectively;
- ensure that the Group complies with relevant legal and regulatory requirements.

7.3 Whistleblowing

- The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing;
- The Group Company Secretary will keep a record of all matters raised by employees;
- Any reports received by the Group Company Secretary will be reported to the Committee;
- The Committee will ensure proportionate and independent investigation of all matters raised and that appropriate follow up action is taken.

7.4 Internal Audit

The Committee shall

- ensure that an adequate, properly resourced and supported internal audit function is in place;

- monitor and review the effectiveness of the Company's internal audit function;
- review and assess the annual internal audit plan;

In addition, the Head of Internal Audit has the right of direct access to the Chairman of the Board and to the Committee.

7.5 External Audit

The Committee shall

- make recommendations to the Group, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the auditors;
- ensure that auditors are appointed,;
- oversee the relationship with the auditors including (but not limited to) monitoring their performance and assessing their independence and objectivity;
- meet separately with the auditors at least once per year;
- review the effectiveness of audits, including (but not limited to) ensuring that significant findings and recommendations are acted upon by management and deciding upon differences of opinion between management and the auditors.

8. Authority

- 8.1 The Committee shall have unfettered access to independent professional advice if required.