

# **Henderson High Income Trust plc**

## **Audit Committee**

### **TERMS OF REFERENCE**

**(amended and adopted: 29 July 2010)**

#### **Constitution**

1. The Committee is appointed as a Committee of the Board in accordance with the Articles of Association of the Company

#### **Composition**

2. The Committee shall comprise all directors who are independent of the Manager
3. A quorum is any two members present in person
4. The Committee shall appoint its own Chairman
5. Non-independent directors and employees of the Manager may be invited to attend
6. The Secretary to the Board shall act as Secretary to the Committee.

#### **Conduct of Meetings**

7. Meetings will be held twice a year, normally immediately preceding the Board meetings at which the financial accounts and preliminary announcements of results for the year end and half year are reviewed
8. A third meeting will be held, usually in November, each year to review the external audit plan and the pre-audit letter from the external auditors

#### **Authority**

9. The Committee is authorised to investigate any matters within its Terms of Reference and to:
  - a) have access to all relevant information of the Company
  - b) obtain independent professional advice at the expense of the Company
  - c) call for the attendance of officers of Henderson Global Investors or BNP Paribas Securities Services competent to discuss financial accounting matters and internal financial controls
  - d) request the attendance of the external audit lead partner, which attendance is expected to be at least annually

#### **Terms of Reference**

10. To assist all directors in discharging their duties and legal responsibilities in respect of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and the relationship with the auditors.

11. The Committee's responsibilities include:

- a) monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- b) reviewing significant financial reporting judgments contained in the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- c) reviewing the Company's internal financial controls, and its internal control and risk management systems;
- d) monitoring and reviewing the effectiveness of the manager's internal audit function;
- e) reviewing the clarity and completeness of disclosures in the financial statements;
- f) considering whether disclosures in the financial statements are set properly in context;
- g) reviewing related information presented with the financial statements, including the corporate governance statements relating to the audit and to risk management;
- h) reviewing other statements containing financial information, including the half year and annual results announcements whenever practicable (without being inconsistent with any requirement for prompt reporting under the Listing Rules);
- i) reviewing and monitoring the external auditor's independence and objectivity, and the effectiveness of the audit process;
- j) approving the terms of the audit engagement and agreeing the audit engagement letter before the start of each audit;
- k) reviewing the scope of the external audit with the auditor, and the findings of the audit work;
- l) reviewing the Company's expenses.

## Reporting

12. The Committee shall report to the Board with appropriate recommendations on:

- a) **Financial Statements** (*year end and half year*)
  - (i) the appropriateness of current accounting policies and any changes proposed thereto;
  - (ii) major judgmental areas, including the Company's unlisted investments with particular regard to the values attributed thereto.
- b) **Audit** (*year end*)
  - (i) the report of the independent auditors, nature and scope of the audit and any adjustments, problems or reservations identified during the audit;
  - (ii) the draft audit representation letter requested by the external auditor;
  - (iii) the post audit report to those charged with corporate governance;
  - (iv) the relationship with the auditors including their appointment, terms of engagement, resignation or dismissal and fee proposals;
  - (v) the review and monitoring of the auditors' independence and objectivity, and the effectiveness of the audit process;
  - (vi) the implementation of the Board's policy on the engagement of the auditors to supply non-audit services.

c) ***Corporate Governance and Internal Controls (year end)***

- (i) the Directors' Report, Statement on Corporate Governance, Statement of Directors' Responsibility;
- (ii) its review of the Risk Map, Henderson's AAF 01/06, Henderson internal controls reports as well as the key control risks;
- (iii) the Matrix of Investment Limits and Restrictions;
- (iv) the Henderson AAF01/06 style report on compliance therewith;

d) ***Other issues***

Such matters as the Committee considers should be brought to the attention of the Board.