
TERMS OF REFERENCE

**Audit Committee
of
RCM Technology Trust PLC**

Amended September 2006

Adopted by the Board
29 January 2007

RCM Technology Trust PLC
Audit Committee - Terms of Reference

These terms were produced in line with the AIC Code of Corporate Governance issued in October 2003 and revised in February 2006. The AIC Code was endorsed in February 2006 by the FRC as the only code against which investment companies are required to report.

MEMBERSHIP

The Board appoints the Chairman and the members of the Audit Committee with reference to recommendations made by the nominating committee. The Chairman of the Board shall not be a member of the Committee, but should attend by invitation of the Chairman.

Having given particular consideration to those Board members with recent and relevant financial experience, Mr John Cornish was appointed as Chairman of the Committee with effect from 19 July 2005.

The Committee shall consist of not less than two independent, non-executive members and a quorum for meetings and decisions of the Committee shall be two members present.

Members shall be appointed for an initial period of 3 years, which may be renewed or extended providing the director remains independent.

MEETINGS AND ATTENDANCE

The Committee shall meet at least twice per year and at such other times as it sees fit.

A representative of the external auditors shall attend not less than one meeting per year, such meeting will include the review of the annual results. The Chairman or another member shall meet or correspond with the audit partner at least once during the year to discuss audit planning and the auditors remit.

The external auditors may request additional meetings if they consider them necessary.

The Company Secretary will be the Secretary of the Committee.

The Chairman of the Committee shall attend the Annual General Meeting of the Company to respond to any questions that may be raised as matters within the Committee's area of responsibility.

The Committee shall, at least once a year, evaluate its own performance, constitution and terms and make any necessary recommendations for change to the Board, to ensure the continued maximum effectiveness of the Committee.

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AUTHORITY

The members of the Committee are authorised by the Board to carry out any investigation relevant to its terms of reference. Members are authorised to seek any information they require from any Company officer and to obtain expert advice from the Company's external auditors, professional advisers or otherwise, and to take independent professional advice and to request any officer or adviser as they see fit, and at the expense of the Company, to attend meetings of the Committee in order to obtain such information or advice.

DUTIES

The Committee will at all times comply with the Listing Rules published by the Financial Services Authority ("the Listing Rules"), the recommendations of the Combined Code (Principles of Good Governance and Code of Best Practice - revised July 2003) and guidance from The Association of Investment Trust Companies published in February 2006.

In particular, the duties of the Committee are:

- to monitor the integrity of the financial statements and any formal announcements (*see 1 below*).
 - to review the internal financial controls and risk management systems, including the effectiveness of any internal audit activities (*see 2-3 below*).
 - in relation to the external auditors:
 - to recommend to the board their appointment, re-appointment or removal;
 - to develop and implement a policy on the engagement of the external auditors for non-audit services (*see 4-8 below*);
 - to approve their remuneration and terms of engagement;
 - to review and monitor their independence and objectivity; and
 - to review the effectiveness of the audit process.
 - to consider other topics, as defined by the Board
1. to review the interim and annual report and accounts before submission to the Board, focusing particularly on:
- 1.1 any changes in accounting policies and practices;
 - 1.2 major judgmental areas;
 - 1.3 significant adjustments resulting from the audit;
 - 1.4 the going concern assumption adopted in the annual report and accounts;
 - 1.5 compliance with accounting standards;
 - 1.6 statement concerning internal controls and risk management; and
 - 1.7 compliance with the Listing Rules and tax and legal requirements.

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2. to analyse the Board's key procedures adopted to provide effective internal control, to review the effectiveness of such procedures and make recommendations to the Board and to consider whether the Board should express an opinion on the effectiveness of the procedures; and
3. to receive and review information from the Company's investment manager on internal audit and compliance;
4. to discuss and agree with the external auditors, before the audit commences, the nature and scope of the audit, and to ensure co-ordination where more than one audit firm is involved;
5. to review annually the qualifications, expertise, resources and effectiveness of the audit process and procedures;
6. to monitor the auditors compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company to the overall income of the audit firm, office or partner;
7. to discuss problems and reservations arising from the annual audit, the interim technical review where applicable, and any other matters the external auditors may wish to discuss; and
8. where the auditors supply a substantial volume of non-audit services, to keep the nature and extent of such services under review.

REPORTING PROCEDURES

The Secretary of the Committee shall minute the proceedings and resolutions of all meetings and will produce and circulate the minutes to all Committee members, once agreed, the minutes will be circulated to all members of the Board at the next scheduled Board meeting following the Committee meeting. The Chairman of the Committee shall report formally to the Board where it is deemed necessary.

The Committee shall compile a report to shareholders on its activities to be included in the Annual Report.