

AUSTRALIAN EDUCATION TRUST
ARSN 102 955 939

Charter of the Audit and Risk Management Committee

1. PREAMBLE

The Board of Directors of BellRock Management Limited (“BML”), the responsible entity of the Australian Education Trust (“the Scheme”), has established an Audit and Risk Management Committee (“the Committee”) for the Scheme.

2. OBJECTIVES

The objectives of the Committee include:

(a) assisting the Board in discharging its obligations with respect to:

- interim and annual financial reporting and disclosures;
- risk management;
- internal control framework;

(b) overseeing the Company’s relationship with the internal auditor (if any) and external auditor; and

(c) maintaining the independence of auditors.

3. MEMBERSHIP OF THE COMMITTEE

The Committee shall comprise at least 3 members, all of whom are non-executive and a majority of whom are independent.

All members of the Committee should be financially literate (ie able to read and understand financial statements) and have familiarity with financial management. At least one member must have financial expertise (ie be a qualified accountant or other financial professional with experience of financial and accounting matters). At least 2 members must have an understanding of the industry in which the Scheme operates.

4. CHAIRMAN

The Board will appoint one member of the Committee to be Chairman of the Committee. The Chairman should be an independent member who is not Chairman of the Board of BML.

5. TERM OF MEMBERSHIP

Members of the Committee will be appointed for a term of three years, after which time they will be eligible for re-appointment by rotation. A maximum term of 6 years shall apply.

Despite the above, membership will be reviewed annually. Changes to the composition of the Committee will require formal approval by the Board.

6. MEETINGS

The Committee will meet half yearly or more frequently as required.

The Chairman of the Committee will call a meeting if formally requested to do so by any member of the Committee, the Managing Director or Chief Financial Officer of BML or the Internal Auditor (if any) or External Auditor.

A quorum will comprise any two members of the Committee.

The Managing Director and Chief Financial Officer of BML will be invited to attend all Committee meetings. Board members of BML who are not members of the Committee also have the right to attend any meeting. The Committee may invite other executives, employees and/or advisers as it deems appropriate.

The Company Secretary of BML will act as Secretary to the Committee. The Secretary is responsible for drawing up the agenda and preparing the minutes of meetings of the Committee in such form as the Chairman of the Committee determines.

7. REPORTING

The Chairman of the Committee will report the findings and recommendations of the Committee to the Board after each Committee meeting.

The Minutes of each Committee meeting will be distributed to all Committee members and other invitees to Committee meetings.

8. RESPONSIBILITIES AND FUNCTIONS

Overview

The Committee's key responsibilities and functions are to:

- oversee the preparation of financial statements and reports;
- oversee the Company's financial controls and systems;
- manage the process of identification and management of business, financial and commercial risks;
- oversee BML's relationship with the external auditor and the external audit function generally; and
- oversee BML's relationship with the internal auditor (if any) and the internal audit function generally.

Risk Management

The Committee's specific function with respect to risk management is to review and report to the Board that:

- the ongoing risk management program identifies all areas of potential risk;
- adequate policies and procedures have been designed and implemented to manage all identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness

The following are intended to form part of the normal procedures for the Committee's risk responsibility:

- monitoring financial and operational risks relevant to the Group's business activities and the management of those risks;
- reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies;
- overseeing the establishment and maintenance of processes to ensure that there is:
 - a procedure for identifying risks relevant to the Scheme's business and controlling their financial or other impacts on the Scheme;
 - an adequate system of internal control, management of business risk and safeguarding of assets;
 - a system for reporting and investigating breaches of the Scheme's compliance and risk management procedures and policies; and
 - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
- overseeing investigations of allegations of fraud or malfeasance;
- reviewing reports on insurance coverage and claims trends;
- reviewing and monitoring the propriety of related party transactions; and
- reviewing the Scheme's main corporate governance practices as required under the ASX Listing Rules for completeness and accuracy.

Audit

The Committee's specific function on audit is to review and report to the Board that:

- the system of control which management has established effectively safeguards the assets of the Scheme;
- accounting records are properly maintained in accordance with statutory requirements; and
- financial information provided to investors and the Board of BML is accurate and reliable.

The following are intended to form part of the normal procedures for the Committee's audit responsibility:

- overseeing the Scheme's financial reporting and disclosure processes and the outputs of that process;
- determining the reliability and integrity of accounting policies and financial reporting and disclosure practices;
- monitoring compliance with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- reviewing (in consultation with management, internal and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports;
- periodic evaluation of the performance of the internal and external auditors;
- reviewing , agreeing and approving the annual audit plan; and
- setting and overseeing the Company's policy (if any) on the provision of non audit services.

9. RELATIONSHIP WITH THE EXTERNAL AUDITOR

The Committee and the Board of BML have the ultimate responsibility and authority to select, evaluate and where appropriate, replace the external auditor.

The Committee has the responsibility of:

- making recommendations to the Board of BML for the appointment, remuneration and removal of the external auditor and agreeing to the terms of engagement;
- monitoring the effectiveness and independence of the external auditor; and
- ensuring the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards.

10. RELATIONSHIP WITH THE INTERNAL AUDITOR (IF ANY)

The Committee has the responsibility of:

- reviewing the internal auditor's objectives, competence and resourcing (including determining whether the internal audit function (if any) is to be provided by an internal or external party provider);
- ensuring an appropriate program of internal audit activity is conducted each financial year;
- reviewing and monitoring the progress of an internal audit and work program (without the presence of management);
- overseeing the coordination of the internal and external audit; and
- evaluating and critiquing management's responsiveness to internal audit's findings and recommendations.

11. INFORMATION

In the event that the Committee perceives a need to obtain independent advice to assist it in discharging its responsibilities, upon notifying the Board of BML of its intention to do so, the Committee may obtain independent professional advice at the reasonable expense of the Scheme.

12. ADOPTION

This policy was adopted by the Board of BML on 24 February 2005.