

Report on directors' remuneration

This report has been prepared by the Remuneration Committee on behalf of the Board for submission to shareholders.

Remuneration Committee members

The Remuneration Committee consists of John Hemingway and Norman Saunders. The Remuneration Committee meets as required during the year but at least twice a year.

Remuneration Committee Responsibilities

The Remuneration Committee provides advice and recommendations to the Board regarding the Company's framework for executive remuneration and its duties include:

- monitoring the remuneration policies applied in the Group having regard to relevant market comparisons and practice;
- considering and making recommendations on the remuneration arrangements (including bonuses, pension rights, service contracts and compensation payments) of Executive Directors of the Company. Its approach is consistent with the Group's overall philosophy that all staff should be competitively rewarded;
- considering and making recommendations on the remuneration arrangements (including bonuses, pension rights, service contracts and compensation payments) of senior executives of the Group; and
- ensuring that the remuneration policy and the Group's practices for Executive Directors facilitate the employment and motivation of top quality personnel and adequately reward individual contributions made to the Group while at the same time remaining appropriate in terms of the Group's performance.

Policy

The Company has given full consideration to the principles of and has complied as far as possible with the provisions of the Combined Code on Directors' remuneration.

A strategic aim is to align as closely as possible the interests of employees and shareholders. This is achieved by attracting, training, developing and retaining talented staff at all levels throughout the Group underpinned by the provision of highly competitive salaries and benefits to all employees.

Individual salary, bonus and benefit levels for Executive Directors and other senior executives are reviewed annually by the Remuneration Committee and are determined by reference to a range of criteria including:

- personal performance;
- level of responsibility;
- the performance of the Group relative to its competitors; and
- the practice of other listed companies, in particular those operating in similar sectors.

Remuneration packages

The remuneration package for Executive Directors comprises short term and longer term benefits and post retirement benefits. The Remuneration Committee is empowered to take external advice to help ensure the appropriateness of these benefits, where it considers it appropriate to do so.

Short term benefits comprise annual salary, provision of a company car (or car allowance), life assurance, medical expenses insurance and performance bonuses.

Directors' service agreements

Each of the Executive Directors has a service agreement which requires not more than twelve months' notice of termination.

The Non-Executive Directors have contracts with the Company terminable at six months' notice.

Pensions

Pension contributions are paid on a money purchase basis to the personal pension schemes of the Executive Directors. These arrangements are continually reviewed to ensure that they are appropriate. There is no intention to set up an occupational pension scheme.

Non-Executive Directors

The fees of Non-Executive Directors are set by the Board.

Report on directors' remuneration continued

Directors' remuneration

Details of the Directors' remuneration in respect of qualifying services are shown below

	Salary and fees £	Benefits £	Total 2011 £	Total 2010 £	Pension contributions 2011 £	Pension contributions 2010 £
Executives						
Christopher Musselle	154,612	19,065	173,677	159,178	24,930	24,930
John Jones	123,900	21,337	145,237	132,351	–	–
Michael Eyres	100,000	18,816	118,816	120,086	10,000	10,000
Non-Executives						
Michael W Stevens	100,000	–	100,000	50,000	–	–
Norman Saunders	24,120	1,099	25,219	28,097	–	–
John Hemingway	24,120	–	24,120	22,914	–	–
Total	526,752	60,317	587,069	512,626	34,930	34,930

The remuneration for Michael Stevens is payable in accordance with an agreement with Jermyn Consultancy Services Limited for the provision of his services.

Pension contributions were made in respect of 2 Directors (2010: 2).

Directors' interests

The Directors' interests in the ordinary shares of the Company are set out in the Directors' Report on page 11.

On behalf of the Remuneration Committee

John Hemingway

20 December 2011