

Directors' Remuneration Report

19

Introduction

This report is prepared in accordance with Schedule 7A of the Companies Act 1985.

The Company's auditor is required to report on certain information contained within this report. Where information set out below has been audited it is indicated as such. The auditor's opinion is included within the independent auditor's report on page 21.

Consideration by the Board of matters relating to Directors' Remuneration

The Board currently comprises four Non-Executive Directors. The Board as a whole is responsible for determining directors' remuneration. In accordance with the Listing Rules the Company is not obliged to operate a Remuneration Committee by virtue of its VCT status and the fact that the Board is comprised solely of Non-Executive Directors. The Board has access to the advice and services of the Company Secretary and external professional advice at the Company's expense in respect to its determination of the directors' remuneration. During the year no such advice was sought or received by the Board, although they expect from time to time to review the fees paid to the boards of directors of other venture capital trusts.

Remuneration Policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. No aspect of directors' remuneration is performance related and directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits. It is considered appropriate that no aspect of directors' remuneration should be performance related in light of the directors' non-executive status.

It is the current intention of the Board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

Directors' Fees (audited)

Fees are either paid directly to the Directors or to third parties in consideration for the services of Directors.

	Fees paid direct	Fees paid to third parties	Fees paid in lieu of notice	Employers NIC	Total
	£	£	£	£	£
2007					
W. M. Cran	13,500	–	–	1,048	14,548
B. A. Anysz	–	–	–	–	–
R. G. Battersby	–	12,000	–	–	12,000
P. C. Smart	–	12,000	–	–	12,000
	13,500	24,000	–	1,048	38,548
2006					
W. M. Cran	2,690	–	–	250	2,940
B. A. Anysz	–	–	–	–	–
R. G. Battersby	–	9,199	3,000	–	12,199
P. C. Smart	–	12,000	–	–	12,000
C. H. B. Honeyborne	–	9,600	3,000	–	12,600
J. R. Sumner	–	9,600	3,000	–	12,600
	2,690	40,399	9,000	250	52,339

The services of B. A. Anysz are provided to the Company under the terms of the investment management agreement set out in note 3. This agreement covers all aspects of the management services provided by Rensburg Sheppards Investment Management Limited ('RSIM'). However, of the consideration paid to RSIM under the investment management agreement, none relates to making B. A. Anysz available as a Director of the Company. Consequently, the amount of consideration paid to RSIM for making available the services of B. A. Anysz is not separately identifiable.

Directors' Contracts

None of the Directors has a fixed term service contract with the Company. With the exception of Mr Anysz each has been appointed under a formal letter of appointment. P. C. Smart was appointed on 11 January 1999 whilst W. M. Cran and R. G. Battersby were appointed on 16 December 2005. All directors are entitled to and required to give three months' notice of termination of their appointment. The Company's articles of association provide that Directors shall retire at the first Annual General Meeting after their appointment. The Board has resolved that any Director who has held office for three years should be subject to re-election even where this would not be required under the articles of association. No compensation is contractually payable to Directors on leaving office.

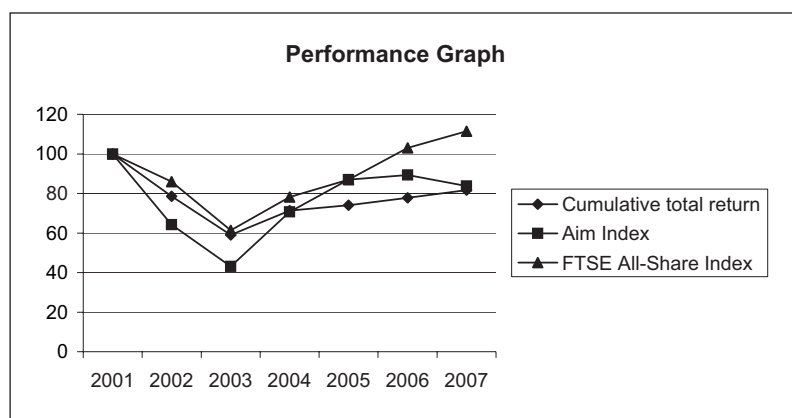
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20

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Total Shareholder Return

The following graph charts the cumulative total return (being net asset value plus cumulative dividends paid to date) to ordinary shareholders since February 2001. This return is compared to the cumulative total shareholder return on notional investments in the FTSE AIM Index and FTSE All Share Index which the Company considers are the most appropriate indices against which to measure Company performance. The data has been rebased to 100 at February 2001.



Approval of this Report

This Directors' Remuneration Report was approved by the Board on 30 May 2007 and was signed on its behalf by:

W. M. Cran
Director

An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.