Annual Report & Accounts 2014

WESTMINSTER
GROUP PLC

Worldwide World Class Protection

Security Technology | Managed Services

WESTMINSTER
GROUP PLC

The Westminster Group is a specialist security and services group operating worldwide via an extensive international network of agents and offices in over 50 countries.

The Group's operating companies are structured into two vertically integrated operating divisions, **Managed Services** and **Technology** and the Group's principal activity is the design, supply and ongoing support of advanced technology security solutions and the provision of long term managed services, consultancy and training services.

primarily to

Governments & Governmental Agencies,
Non Governmental Organisations
& Blue Chip Commercial Organisations Worldwide

with a focus on Africa, Asia, the Middle East & the Americas

HIGHLIGHTS

OPERATIONAL

- 2014 defined by the onset of the Ebola crisis in West Africa which Westminster responded to with alacrity and professionalism ensuring continuity of operations and safety of staff. Inevitably this was the prime management focus during the second half of the year.
- Financial pressures from Ebola with lower passenger volumes and increased costs largely mitigated by timely fundraising and cost reductions.
- Progress achieved on major projects prospect pipeline.

FINANCIAL

- Net Assets £2.42m (2013: £2.16m).
- Revenue £3.5m (2013: £7.4m).
- Improved gross margin of 56% (2013: 42.2%).
- £2.7m cash raised through issue of equity in anticipation of reduced contribution from Ebola affected operations and to support asset purchases for Managed Services.
- Financing charges reduced to £0.04m (2013: £0.09m) through reduced debt.
- Cash balance £1.18m (2013: £0.71m).
- Loss per share 4.94p (2013: 5.10p).

CONTRACTS

- **Africa** – In November 2014 we announced a 21 year concession agreement with $300million revenue potential over the life of the contract for operation and management of ferry terminals and provision of high quality ferry service in West Africa. Contract signed four months after initial MoU.
- **Asia** – $2.6m border crossing vehicle screening system.
- **Americas** - pilot pipeline security trial for one of the world's largest government owned petrochemical companies with over 20,000km of unprotected pipeline.
- **United States** – Letter of Intent received in September 2014 (contract subsequently signed in April 2015) for specialist detection solutions as part of a larger pilot project to protect an iconic bridge.
- **Mexico** – 10 year franchise agreement worth £1.9m in franchise fees and minimum of £1.5m of business through Westminster International from year two.
- **Americas** – $4.4m consultancy project for a government to carry out a comprehensive solutions based analysis and provide recommendations and proposals on long term solutions to improve national security.

"Our vision is to build a global business with strong brand recognition delivering niche security solutions and long term managed services to high growth and emerging markets around the world."

Peter Fowler
Chief Executive Officer

Contents

Managed Services Division

Managed services contracts and the provision of manned services

Our Managed Services Division is focussed on providing long term recurring revenue, managed services contracts and the provision of manned services, consultancy, training and other similar supporting services. The division comprises primarily of Westminster Aviation Security Services Ltd., Westminster Facilities Management Ltd., Sovereign Ferries Ltd. and Longmoor Security Ltd.

We believe that this division represents a very significant growth opportunity for Westminster. We provide long term services typically to governmental bodies in our target markets under Build Operate Transfer and/or concession arrangements. Under these contracts we use our expertise in the provision of personnel and technology solutions to take over, invest and operate the service and/or infrastructure at key sites such as an airport or a port, and bring the operation up to internationally acceptable standards. In addition our expertise in the sector enables us to advise on the correct processes, procedures and documentation required by international bodies and our comprehensive in-house training services means all local staff involved in these operations remain properly trained and certificated.

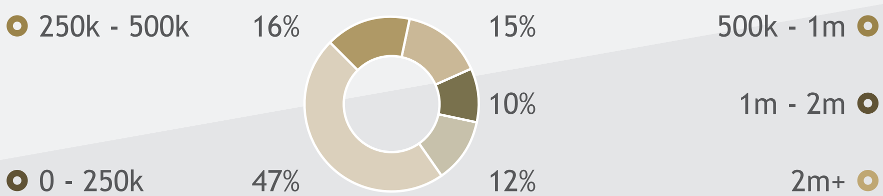
We enter into these contracts on a long term basis (typically 15-25 years) and are remunerated by a per user fee which is paid directly by the user of the facility to Westminster. For example this would mean that for an airport a security fee would be added to the passenger ticket via the IATA (International Air Transport Association) mechanism and this fee is then settled with Westminster directly providing strong cash dynamics. Once a contract is signed and is in place then the data rich nature of the aviation industry (with visibility as to schedules, load factors etc.) and the long term nature of the contract provides strong forward revenue visibility.

Westminster may pay a concession fee (based on cash collections from fees) to the port or airport authority, and this, in conjunction with our absorption of their capital and operating cost obligations, provides a strong customer advantage turning cash outflow into cash inflow.

The Managed Services Division is generating considerable interest from governments around the world particularly regarding airport security solutions and is experiencing a rapidly expanding prospect pipeline (potential projects which are in active discussions and which are at various stages of development). The division is currently at various stage discussions with a growing number of airports in a wide range of countries as can be seen from the Prospect Pipeline by Region charts above. A measure of the increasing momentum of the opportunities can be seen in the table opposite. The relevance of these numbers is the fact that the division will receive long term revenues directly proportional to the number of embarking passengers.

Prospect Pipeline
by Airport Size

(based on embarking passenger numbers)



Prospect Pipeline by Region

The Americas

22 Airports

9.7m PAX

6.9% Growth*

UK & Europe

4 Airports

4.5m PAX

4.2% Growth*

Africa

55 Airports

39.4m PAX

5.7% Growth*

Middle East, Asia & Pacific

6 Airports

11.8m PAX

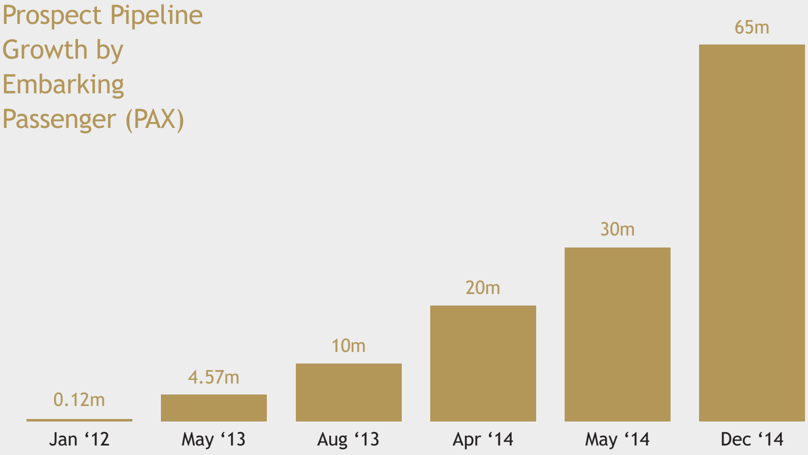
6.3% Growth*

*Air passenger growth statistics from Boeing Current Market Outlook 2013-2032

Whilst not all the opportunities under discussion will result in final contracts, with each contract being potentially worth several hundred million USD over the life of the contract and further expansion of the prospect pipeline expected, the potential for substantial growth from this division over the next few years is obvious.

The division is also actively pursuing other managed services opportunities such as ferry services, port security and other infrastructure security solutions and is developing expanded service offerings at airports.

Prospect Pipeline Growth by Embarking Passenger (PAX)



PORT I AIRPORT I UTILITIES I INFRASTRUCTURE

Technology Division

Providing advanced technology led security solutions

The Technology Division is focussed on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking and interception technologies to governments and private organisations across the world. It has an in-depth knowledge of the security technologies available which allows it to design innovative solutions using niche technologies. The division comprises primarily of Westminster International Ltd and has a long track record of providing security services and technology to a broad range of blue chip clients worldwide.

We are not a manufacturer and are product agnostic, able to promote and deliver the best solution for any given application. Indeed a key strength of Westminster's Technology division is its extensive knowledge of the security market place and manufactures of effective but often niche security equipment together with its ability to identify and design solutions for clients' diverse requirements. In fact, due to Westminster's extensive international network and market reach, niche security manufacturers regularly contact Westminster as a means of promoting their technologies to the market.

Sales are driven by growth in international security markets and the company has a large and healthy enquiry bank many of which arise from its agent network and comprehensive website (Westminster International has one of the largest security equipment and services websites in the world). The division has a large prospect pipeline (potential projects which are in active discussions and which are at various stages of development). The division is currently at various stage discussions with a growing number of project opportunities in a wide range of countries as can be seen form the Prospect Pipeline by Region charts above. A number of these potential

Vertical Integration Model

Technology Customers

Products & Services

Managed Services Projects

Airports / Ports etc

The "in house" Technology Division expertise provides the vital infrastructure for the provision of complex technology solutions for both its own sales and the delivery of managed services long term contracts. Having it in house reduces supplier exposure and cost and increases purchasing power.

Prospect Pipeline by Region

The Americas

£7m

27 Prospects

UK & Europe

£29m

78 Prospects

Africa

£23m

69 Prospects

Middle East, Asia & Pacific

£46m

122 Prospects

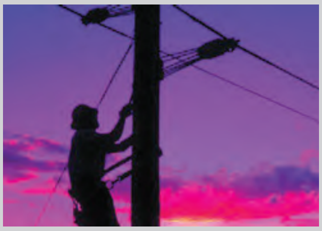
*Air passenger growth statistics from Boeing Current Market Outlook 2013-2032

projects are multimillion USD in value with several valued in the tens of million USD although such projects can take a long time, in some cases years, to negotiate and as always timing and outcome remain uncertain.

The division is successfully securing contracts for equipment and services creating a regular monthly run rate of business from clients worldwide with the added and increasing potential of large multimillion contracts being secured from time to time creating significant peaks in revenue.

There is a key vertical integration synergy with this division's expertise in consultancy and equipment being used to underpin the major growth opportunity in our managed services division as its worldwide reputation and market reach provides a platform from which the managed services division can deliver opportunities and in addition it reduces capital spend by eliminating 3rd party margins which would otherwise incur further cash spend.

FIRE I SAFETY I SECURITY I DEFENCE



2014 Events and Highlights

Ebola Crisis

West Africa hit by the largest Ebola outbreak the world has ever experienced with over 11,000 reported deaths with severe disruption and devastation to communities and the region. Westminster maintained full operations, kept its staff safe and provided assistance to the local communities and charities in the affected areas.

Westminster Construction Project Manager, Richard 'Dicky' Francis surrounded by his construction team and civic leaders building an Ebola secure treatment centre

Westminster Group Foundation

Launched Westminster Group Foundation to provide assistance and community support programmes in the various regions in which Westminster operates

Westminster staff handing out Christmas gifts to the local community

21 Year Ferry Contract

Sovereign Ferries secured 21 Year ferry contract in West Africa – new 200 seat flagship ferry vessel, Sierra Queen, now acquired and deployed

Asia Border Security

Secured vehicle screening contract for Asian Border project

Pipeline Security Trials

Successfully completed specialist pipeline security trials for major petrochemical company in the Americas

USA Iconic Bridge Security

Westminster selected to design specialist detection solution for an iconic bridge in the USA (contract awarded in April 2015)

Americas Consultancy

Secured major consultancy contract for critical infrastructure in the Americas

Franchise Agreement

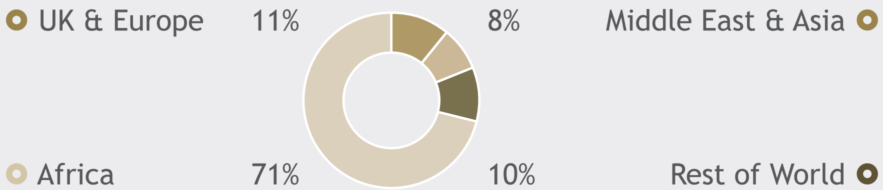
New Westminster Franchise opened in Mexico

Example Worldwide Projects

Small sample of completed projects worldwide

2014 Geographical Revenue Analysis

The Group's international business is conducted on a global scale.



Chairman's Report

"2014 was a challenging period in a number of ways, most notably as the Company battled with the impact of the unforeseeable Ebola crisis in West Africa."

Lt. Col Sir Malcolm Ross GCVO, OBE
Chairman

Overview

I am pleased to present the Final Results for Westminster Group plc for the year ended 31 December 2014.

2014 was a challenging period in a number of ways, most notably as the Company battled with the impact of the unforeseeable Ebola crisis in West Africa. This created operational pressures as we fought to both keep our airport operations open and still deliver a world class security service, whilst managing the financial pressures from the fall in passenger numbers and of course the health risk to our staff both local and expatriate.

I am pleased to say that the Westminster team were resolute in dealing with these issues and showed their true professionalism in the face of adversity. This crisis response inevitably, and rightly, absorbed management time, and whilst this has naturally affected 2014's revenue performance, a significantly reduced operating cost base helped mitigate losses.

The sales performance in the year however does not reflect the advances and achievements that the Company made in the year, both in terms of advancing new and existing opportunities and also in securing several large contracts (most notably the 21 year ferry contract in Sierra Leone) and whilst these did not reflect in 2014's results, they bode well for 2015 and beyond. We have purchased the Sierra Queen which is now in country and this will be generating revenues in 2015. We believe that this new operation has revenue and cost synergies with the Managed Services airport operation and the combination of the two bodes well, particularly as passenger volumes improve as the Ebola outbreak subsides.

Interest in our Build Operate Transfer ("BOT") model for airport security continues to grow and we have continued to progress a number of opportunities through what can frequently be frustrating governmental signoff processes. I am pleased to report that in January 2015 we signed a Memorandum of Understanding with an airport in Asia and that those discussions are progressing towards a binding long term contract for an airport order of a magnitude greater than that in West Africa. We continue to believe that this model represents an attractive proposition for airport operators as it delivers a world class security solution for no capital outlay, and we believe that this can produce returns for Westminster shareholders as evidenced by the improving financial performance before Ebola took hold.

We have a strong brand and growing international presence. In September 2014 we signed an important new 10 year Franchise Agreement in Mexico which offers tremendous scope for our business and we are in similar discussions for potential Franchises in other selected countries.

We are gaining further traction in the Americas with the successful completion of pipeline trials, our $4.4m consultancy contract awarded in December 2014 as well as from our recent contract win to help secure an iconic bridge in the United States.

We work closely with the Foreign Office and UK Diplomatic Missions in the various countries in which we operate and I am very grateful to the magnificent support these and UKTI provide our teams and operations around the world.

Our business development continues apace with both divisions focussing on large sales opportunities. We are an international company and a deliberate strategy has been to diversify our geographic risk. This has been proven by progress in the Americas and in Asia referred to above. We have strong relationships with the UK government and we continue to build on these, not only for supporting existing opportunities but as a source of new business.

Airport opportunities continue to develop and, as I have previously reported, any one of these would be a major achievement and several would transform Westminster beyond recognition.

Corporate Conduct

In our industry it is vitally important that we maintain the highest standards of corporate conduct. You will see in the Directors' report on corporate governance all the detailed measures we take to ensure that our standards, and those of our agents, can stand any scrutiny by Government or other official bodies.

Staff and Board

As ever, our staff are key to delivering success. I would like to take the opportunity to express my appreciation to all our employees, both in the UK and our ever expanding overseas workforce, who have worked extremely hard during the year.

A true measure of the quality of any organisation (be it civil or military) is how well it responds under adverse circumstances. In this respect Westminster has not been found wanting and I am proud to be the Chairman of such a company, particularly during this difficult period. I would like to pay tribute to its management and staff, especially those in West Africa, both expatriate and local, who maintained our operations and kept all our staff safe so that we can now get back to growth.

I would finally like to thank all our investors for their support and particularly to our strategic investors who are bringing their expertise to help deliver value for all.

Lt. Col. Sir Malcolm Ross GCVO, OBE
Chairman
20 May 2015

Chief Executive Officer's Strategic Report

"We have a strong management team and an experienced board of Directors with over 100 years' experience in the security sector and with strong governmental connections."

Peter Fowler
Chief Executive Officer

Business Description

Our vision is to build a global business with strong brand recognition delivering niche security solutions and long term managed services to high growth and emerging markets around the world.

Our target customer base is primarily governments and government agencies, non-governmental organisations (NGO's) and blue chip commercial organisations worldwide.

As depicted in the diagram below our business has evolved from a traditional UK focussed security business to what can be described today as a truly international business and our evolution continues as we expand our operations into new areas and new territories creating new opportunities around the world.

We deliver our wide range of solutions and services through a number of operating companies which are structured into two operating divisions, Managed Services and Technology, both primarily focussed on international business as follows:

Managed Services division:
Focussing on long term (typically 10 – 25 years) recurring revenue managed services contracts such as the management and running of complete security solutions in airports, ports and other such facilities, together with the provision of ferry services, manpower, consultancy and training services.

Technology division:
Focussing on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking, screening and interception technologies to governments and organisations worldwide.

In addition to providing our business with a broad range of opportunities these two divisions offer cost effective dynamics and vertical integration with the Technology Division providing the vital infrastructure and complex technology solutions and expertise to the Managed Services Division thereby reducing supplier exposure and cost and increasing purchasing power.

Our Business Development Strategy

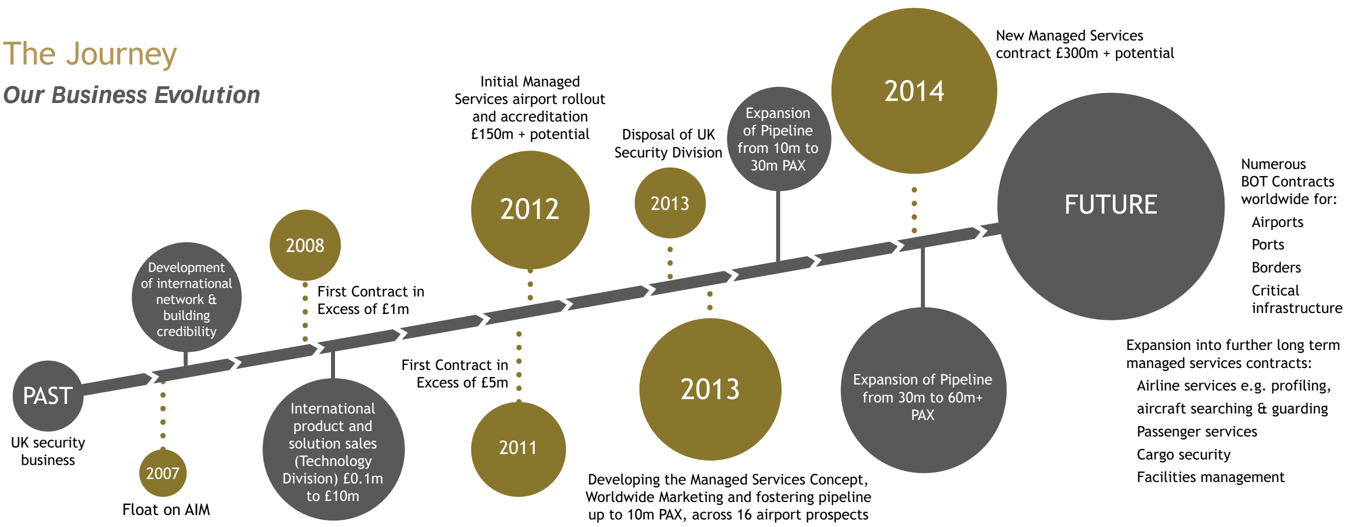
A key part of our business development strategy has been to establish a cost effective global footprint via an extensive network of agents and well placed business partners in over 50 countries with a strong focus on our target markets of Africa, Asia, the Middle East and the Americas. This extensive network, which has been time consuming and costly to establish and would be difficult to replicate, makes us a scalable business and provides us with a distinct operational and commercial advantage in our chosen markets.

This extensive network enables us to develop and pursue new business opportunities from a number of sources, introductions from the network, enquiries from our extensive group websites (Westminster operates one of the largest websites in the world for security equipment and services) and from repeat business and referrals from existing customers.

Our Technology Division has a track record of successfully delivering a wide range of complex security solutions to governments and blue chip organisations around the world and our reputation grows with each new contract delivered. This in turn underpins our strong brand and provides a platform from which we can expand our Managed Services business which offers the dramatic growth prospects and the significant recurring revenue streams we

The Journey

Our Business Evolution



are aiming for.

Our agents and business partners, all of whom operate on a commission basis payable from contract revenues only when we receive payment from the client, work with us through the sale process providing in country support, knowledge and logistics together with arranging meetings, translations where required and assisting with client discussions and negotiations. This is of particular importance where large scale multimillion USD projects are involved requiring high level meetings. We have judiciously built a network of well-placed and influential business partners around the world, some of whom have become strategic investors, who are able to organise meetings with governments and corporations at the highest levels and who are currently assisting us to negotiate a number of very high value, long term potential contracts.

With the aid of our business partners, together with strong support from the British Government through UKTI and in-country diplomatic missions, we have established high level contacts and built business relationships with numerous key decision makers in target countries around the world.

The business development process on large scale projects from project concept to contract signature can be a lengthy process and will vary from project to project depending on the government and project complexity concerned. Typically early stage meetings will involve presenting the proposed solutions and the advantages that brings to the client and country, this may involve numerous meetings with key decision makers and senior government officials from various ministries. Once the concept is approved by the client detailed discussions and contract negotiations will take place and the government's internal procurement process, which can be lengthy and at times bureaucratic, commences.

In order to deal with our expanding international business opportunities we have expanded our existing business development team with two new and experienced business development directors strategically located in the Americas and Southern Africa both of whom have wide security experience including airport security solutions. Both are developing new and existing project opportunities and helping to support the Group's sales strategy.

Doing business with any government, particularly where large scale nationally important contracts are involved, can be a time consuming process and this is certainly the case in many of our target markets where processes can be slow and bureaucratic due to the evolving nature of the governments and inherent complexities of doing business in such countries. Whilst this can be a frustration at times, particularly for our shareholders who are not privy to the many discussions and work going on behind the scenes, the market potential for our business is substantial and well worth the investment in time and expense.

Business Review

2014 was a challenging year for Westminster given the severe Ebola crisis in West Africa which was devastating for the countries concerned and which created significant operational issues for our business and absorbed significant management resource. As the crisis developed the majority of airlines ceased operating to affected areas which created financial and logistical difficulties. We faced travel restrictions on personnel and goods, increased costs and significant reductions in revenues as passenger volumes fell, at their worst point to around 30% of normal traffic. However I am proud of how we dealt with this crisis, not only in maintaining full operations in difficult circumstances helping to keep the airport open and keeping all our staff safe, but also in terms of the support we provided to the local communities devastated by this crisis as well as the various relief organisations involved. I am especially proud of the fact that despite making cost reductions of over 15% from our central overhead (including directors' costs) we, unlike many companies in the region, maintained full employment of all our local staff in West Africa, where loss of income would create real hardship.

Despite the difficulties the Ebola crisis created, and the lower than anticipated sales performance, we did however achieve a number of successes and continued to expand and progress the many business opportunities we now have. I will expand further on these in the divisional review below.

Technology Division

The Technology division produced a mixed performance during 2014. Sales were disappointing overall, with run rate product and smaller system sales flat, and delays and timing issues on major project sales. This is partly a feature of the more lumpy nature of this division's business, particularly with major multi-million USD project sales which can take months, and in some cases years, to progress and are therefore more difficult to accurately forecast. The year's result was partly attributable to associated Ebola issues such as management distraction, and partly due to a falloff in web enquiries as a result of search engine algorithm changes, which we rectified during the year by undertaking a major search engine optimisation (SEO) programme.

However the sales performance of the Division does not reflect the progress that was made with both existing and new potential project opportunities. The Division was actively involved in numerous and ongoing major contract discussions, some of which are extremely large. We have expanded our business development team to help close some of the advancing opportunities and manage our growing range of business opportunities. Whilst sales in the year were less than expected we never-the-less secured a wide range of contracts from around the world including some notable contract wins which I will expand on below.

In April 2014 we announced a $2.6m contract for the supply of a vehicle screening system for a border crossing in Asia, which had the potential to be extended to other border crossings if successful. The initial system installation was expected to be undertaken in late 2014 however due to ongoing discussions on extending the scope of works and the client's procurement process, this project is now expected to commence and be largely completed during the second half of 2015.

In August 2014 we announced that Westminster had been selected to undertake a pilot pipeline security trial for one of the world's largest government owned petrochemical companies with over 20,000km of unprotected pipeline within the Americas. This trial was successfully concluded in December 2014 and Westminster have now been selected as the preferred supplier for pipeline security utilising this specialist detection solution. Specific pipeline projects are now being identified and assessed by the client and orders are anticipated in 2015.

In our Interims in September 2014 we also announced that we had received a letter of intent to provide specialist detection solutions as part of a larger pilot project to protect an Iconic Bridge in the United States. I am delighted to have been able to announce that this initial $0.96m project became a firm contract in April 2015. The fact Westminster was selected to provide security solutions for this important and high profile project is testament to our reputation and global reach and is likely to lead to similar incremental business opportunities.

In September 2014 we announced we had signed a 10 year Franchise Agreement for Mexico which offers substantial business opportunities. The Franchisee will pay Westminster an annual franchise fee worth £1.9m over the 10 year period which commenced in October 2014 and is required to achieve at least £1.5m of business per annum with Westminster, commencing from year 2. Mexico is the second largest economy in Latin America and one of the "Mint" countries which are forecast as the next emerging economic giants. The IMF expects Mexico to be a top 10 global economy by 2018. This economic growth combined with internal security requirements make it a logical market for Westminster.

I am pleased to report that we and our Franchisee are receiving strong support from UKTI and the local British Embassy in Mexico and I was also invited to be a key speaker on airport security at the 4th Mexican Infrastructure Summit in February 2015.

In December 2014 our Technology division announced a $4.4m consultancy project for a government in the Americas to carry out a comprehensive solutions based analysis and provide recommendations and proposals on long term solutions to improve national security to assist in the fight against terrorism, drugs and human trafficking. Following this initial contract, Phase 2 of the project will be to create a 15 - 25 year national security enhancement programme, which will involve a planned roll out of both technology based enhancements and managed services solutions and which would be developed under a separate cost agreement. Initial planning and logistics have been undertaken and in-country consultancy is expected to commence in Q2 2015. We expect this project to be largely completed in 2015, although some revenue may benefit 2016.

In addition to the contracts mentioned above we also secured numerous contracts in 2014 with a combined value of $1.84m and delivered equipment and services to new and existing clients all over the world.

Managed Services Division

As previously mentioned, the Ebola crisis had a dramatic impact on our West African airport operations with over 70% reduction in revenues during the height of the crisis. Great credit is due to our management and staff who maintained full operations, kept all our staff safe and assisted with the containment and screening of people with Ebola (Westminster installed fever screening equipment in the airport at an early stage of the outbreak as well as providing essential safety equipment to our staff and others around the airport). Our efforts and investment in this respect were acknowledged by the authorities and I am pleased to report that none of our staff or their families were infected by the disease.

It is most encouraging to note, both from a business and humanitarian viewpoint, that this epidemic is now largely under control and the region is making great strides towards recovery. Passenger numbers are now improving, airlines are looking to resume flights and we expect this recovery to continue throughout the rest of 2015.

Notwithstanding the issues and difficulties created by the Ebola crisis, our Managed Services division continued to make significant progress in a number of areas.

In August 2014 we announced that we had signed a Memorandum of Understanding (MoU) for the provision of a long term ferry service and in November 2014 I was delighted to announce that we had progressed negotiations and secured a 21 year Concession Agreement for the operation and management of ferry terminals and the provision of a professional ferry service in Sierra Leone across the estuary between the capital Freetown and the International Airport on the Lungi peninsula, through Westminster's subsidiary Sovereign Ferries. This contract is significant on a number of fronts:

- The current ferry services are unable to cope with large volumes of passengers and can take over an hour to transport passengers to and from the airport. This therefore creates a bottleneck which is a potential limitation on the numbers of passengers passing through the airport. The new Sovereign Ferries service will be capable of transporting a full plane load of passengers across the estuary in around 15 minutes, in style and comfort thus significantly increasing the capacity of passengers through the airport, which in turn will benefit our airport security operations;

- The ferry service will generate revenues from passengers travelling both to and from the airport, as well as other daily traffic of people wishing to travel back and forth, and so has revenue potential greater than that of our existing airport security operations;

- The service can be expanded to cover other routes and provide cargo and charter services generating additional revenue streams;

- The contract is for 21 years and therefore offers long term revenue generation.

Following the signing of the contract in November 2014 we began working on building the required infrastructure around the service, improving the terminals, recruiting staff and viewing and acquiring suitable vessels. In March 2015 we announced that we had acquired a 200 seat flagship vessel which has been named Sierra Queen and this arrived in Sierra Leone, to considerable acclaim, at the end of April 2015. Ex-Royal Navy staff including a lead captain and engineer have been recruited to head up the operation in Sierra Leone.

I am also pleased to report that interest in our airport security services from governments and airport operators from around the world continues to grow and we are currently in various stages of discussion with an increasing number of airports and countries. Consequently, the overall prospect pipeline has grown considerably, as can be seen from the charts on page 3, with around 8.24m pax (June 2014: 3.8m pax) relating to airports we are prioritising and for which we are in greater dialogue. This is a significant improvement from last year and shows the growing momentum and interest in our services. It should be noted that a number of these prospects are at very early stages and not all will progress to detailed discussions, however it does never-the-less indicate the potential for our business model over the next few years.

This does include the Asian airport mentioned below and the East African airport project which we have been in advanced discussions with for some time. The process for this particular airport has frustratingly taken far longer than anticipated due to the government's own internal processes however the project remains active and the authorities continue to engage with us on an exclusive basis for the long term security of the airport, albeit on their timescales. It is important to understand this is not necessarily indicative of the time frame for any other opportunities we are discussing as each project has its own dynamics and complexities. The ferry contract for example was signed in under four months after signing of the original MoU.

In February 2015 we announced the signing of a new MoU with a government in Asia which is significantly larger than either the West or East African operations and which is progressing through due diligence and assessment stages. The significance of the project, apart from its size and potential, is that it is in an entirely different part of the world creating resilience for our operations against regional issues such as Ebola and demonstrates that our reputation and interest in our services is truly international.

Airport security solutions and our experience in the sector represent a significant growth area for our Managed Services division, however this is certainly not the only area of expansion. We are in discussions with a number of port operators on similar long term managed services solutions as well as continuing to look at managed services opportunities beyond security.

Westminster Group Foundation

In October 2014 we announced the launch of the Westminster Group Foundation, a registered UK charity and a development I am personally both pleased and proud of. Westminster has always endeavoured to support the communities in which it operates as well as charities both in the UK and overseas. With the growing Ebola Crisis in 2014 the launch of the Westminster Group Foundation and our Ebola Appeal was well timed to help alleviate some of the suffering of those affected, both directly and indirectly from the crisis. We have been greatly impressed by the support and generosity of many of our suppliers, advisors, shareholders and others who have contributed both financially and in kind and for which we are most grateful. We have been supplying basic medical supplies, safety equipment, clothing, blankets, furniture, water purifiers, school equipment, books and musical instruments. We have helped to create safe zone in affected areas. We have assisted other charitable organisations. We have distributed rice and other basics.

The Westminster Group Foundation is a registered UK charity, independent of Westminster Group and has its own trustees however Westminster financially supports the Foundation and provides all administration etc. so that every penny raised goes to the cause for which it was donated. Westminster staff have assisted with shipping, logistics and distribution of aid. Various members of staff have even organised events such as jam sales to raise funds. I am proud of them for all their achievements.

We are an integral part of the communities in which we operate and it is right we provide what support we can, particularly in times of crisis. I believe it is important that I provide this update on the Foundation and to see more about its activities please visit the foundation website at www.wg-foundation.org

Performance Indicators

The Key Performance Indicators by which we measure performance of our business is set out in the Chief Financial Officer's Report on page 14.

Financial Review

The financial review for the year ended December 2014 is set out in the Chief Financial Officer's Report on page 14.

Principal Risks and Uncertainties

These are referenced along with key mitigation strategies on pages 17 and 18

Business Outlook

I am pleased to report that 2015 has started on a positive note continuing the stronger finish to 2014. Our Technology division has secured approximately $2.4m of orders in the first four months including the $0.96m contract for the iconic bridge in the USA, and our Managed Services division signed the Asian Airport MoU in February 2015, both significant achievements. Our new flagship ferry vessel, Sierra Queen, has arrived in Sierra Leone and will be delivering revenues during 2015. Ebola is subsiding and passenger numbers are recovering.

In addition both divisions, Technology and Managed Services, are negotiating a number of sizeable potential projects and whilst of course there can be no certainty as to the outcome or timing of such discussions and whilst we obviously do not expect every prospect to reach contract stage, any one of these contracts can significantly add to our revenues, and several would transform our business beyond recognition.

We are pursuing opportunities and discussions to expand our Agent and Franchise network in strategic locations as well as building our influential business partner network.

We have a strong management team and an experienced board of Directors with over 100 years' experience in the security sector and with strong governmental connections. We have expanded and strengthened our business development team and are implementing new processes and procedures to monitor and increase conversion rates of our substantial prospect pipeline. We have clear strategic goals and objectives and a commitment to delivering on our vision.

2014 was a year defined largely by the Ebola crisis and our struggles to contain it. We take great pride in what we achieved, however additionally feel disappointment with the reduced sales performance in this difficult period. 2015 by contrast, given the achievements in 2014 and the momentum our business is now experiencing, gives me and the Board cause for optimism and we remain excited about our future growth prospects.

P.D. Fowler
Chief Executive Officer

20 May 2015

Chief Financial Officer's Report

"The Managed Services division after commencing with a strong start to the year was then adversely impacted by the Ebola situation in West Africa which developed during the second half of the year"

Ian Selby
Chief Financial Officer

Revenue

Revenues from our ongoing businesses were £3.5m (2013: £7.4m). The Technology division recorded revenues of £1.2m (2013: £4.4m). Orders of circa $7m were won by the Division in the period but were not delivered and were thus not recognised in 2014's revenue however provide better visibility into future performance. Run rate, smaller sized, product orders were flat but this has improved in 2015 with a notable uplift in sales, both in terms of volumes and margins. The Managed Services division after commencing with a strong start to the year was then adversely impacted by the Ebola situation in West Africa which developed during the second half of the year. This saw a reduction of up to 70% of passenger volumes (and thus ticket derived revenues) as travel was curtailed, although in 2015 volumes have significantly improved. Longmoor is transitioning from being UK centric to concentrate more on international operations which has initially reduced revenues to £0.1m (2013: £0.2m) but offers greater scope for future revenues and margins.

Gross Margin

Gross margin from our ongoing business rose to 56.0% (2013: 42.2%) due to the mix of business activities.

Operating Cost base

Our total operating and administrative costs were £4.4m (2013: £5.1m). As the Ebola crisis struck, the Company implemented a cost reduction program including certain headcount reductions, salary sacrifices as well as reducing Board remuneration and advisory costs. This program commenced at the start of the final quarter of 2014 and currently this cost base is some 18% less than during the first half of 2014. A key strategy has been to ensure that we kept full employment of our local West African workforce at a point when many overseas organisations were shedding staff during the Ebola crisis. The vast majority of Longmoor's cost base is now variable and is only incurred against specific contracts, this has reduced cost by circa £0.1m per annum since the year end.

Financing Charges

Underlying financing charges were lower than the prior year due to a much reduced average convertible loan note balance during year and fell to £0.06m from £0.13m. 2013 benefitted from a one off £0.3m refund on the Synergy loan note which was repaid in that year. Non cash amortised cost adjustments required under IFRS were a credit of £0.06m (2013: cost £0.25m). Overall finance charges fell from £0.09m to £0.04m.

Result for the Year

Our loss before taxation was £2.44m (2013: £1.99m). The direct contribution loss before depreciation from managed services contracts was £0.16m (2013: profit £0.67m). At the Interims for the period to 30 June 2014, it had made an operating EBITDA margin of 28%, being an improvement on 2013 due to increasing operational efficiency and a growing passenger numbers pre-Ebola. Inevitably the dramatic fall off in passenger volumes resulted in an adverse margin impact of approximately £0.53m in the second half of the year.

Loss per share from continuing operations was 4.9p (2013: 4.1p) and overall loss per share was 4.9 p (2013: 5.1p).

Balance Sheet

Fixed Assets, Working Capital and Cash

The Group invested £0.4m in fixed assets during the year, with a large proportion of this being allocated to the ongoing West African airport project. The freehold at the Banbury HQ stood at £1.0m following certain improvements to the site. Our debtor book represented the last 42 days of sales on average (2013: 75 days). Average creditor days at the year-end were 36 (2013: 46). Cash balances at 31 December were £1.18m (2013: £0.71m).

Shareholders' funds stood at £2.42m (£2013: £2.16m).

Financing & Options

During the year the Company issued 8,196,181 new ordinary 10p shares raising £2.7m of cash and converting £0.22m of the 2016 convertible loan notes. Equity for cash was issued at between 25p and 34p with an average share price of 35.7p per share. Of this total £1.25m was raised in August 2014 as a precaution against the onset of the Ebola crisis, and £1.0m was raised in December 2014 to help fund the boat purchase by Sovereign Ferries.

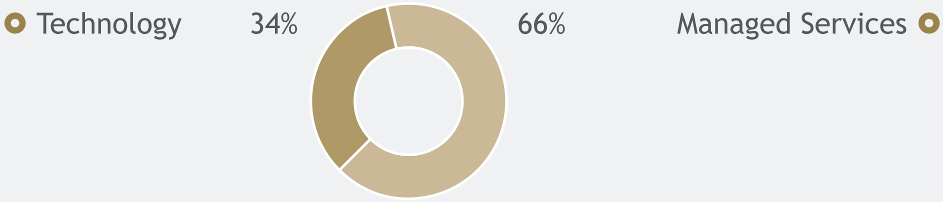
During the year the Company issued share options that vest on delivery of revenue targets to certain key business development partners. This is in line with Westminster's strategy and the alignment with strategic partners who can add significant value by business development.

In March 2014 a partner was granted 0.5m options over 10p ordinary shares. These options have a strike price of 85p each and vest on delivery of the certain incremental revenues derived from Managed Services contracts.

In July 2014 another partner was granted 0.3m options over 10p ordinary shares in Westminster. These options have a strike price of 85p each and vest on achievement of GBP5 million of new Managed Services revenues directly generated by the partner within 3 years of commencement.

2014 Divisional Analysis

The divisions through which the group operates are represented as follows.



In both situations Westminster remains in full control of the contracts and associated accounting.

A further 0.43m share options were issued to employees under the EMI scheme at 51p and in December 2014 2.93m options were issued to the Board. These have an exercise price of 28.5p but cannot be exercised below 60p per share which represents 140% premium to the placing price in December 2014 and a 66% premium to the average equity price since July 2011. At that point a further 0.15m employee options were issued on that date at 28.5p.

Key Performance Indicators

The Group constantly monitors various key performance indicators for factors effecting the overall performance. At Group level the revenues and gross margin are monitored to give a constant view of the Group's operational performance. As employment costs are the single largest cost base for the Group the number of employees and employee costs are also monitored to ensure best use of resources.

The Managed Services division derives its revenues and cash flows based on the number of passengers using a facility such as an airport, therefore the number of passengers served is monitored along with the future potential of the division with reference to the number of potential airports and PAX in the divisional pipeline.

The Technology division measures its sales activity by reference to the value of quotes issued against sales enquiries and therefore monitors the average enquiries received per month and the potential value of those enquiries. Additionally the conversion rate by quantity is monitored to counter the effects of large scale enquiries which can distort value comparisons. Finally the number of countries and number of return customers are monitored to give a view on the performance of the division both pre and post sales.

Group	2014	2013
Revenue (£'m)	3.5	7.4
Gross Margin	56%	42%
# of Employees	213	201
Average Employee Cost per annum	£12,300	£13,500

Managed Services		
Passengers Served ('000)	94	112
Potential PAX Pipeline (million annual embarking passengers)	65	30
Potential Airport Pipeline (# of airports)	87	42

Technology		
Average Enquiries Per Month	118	128
Average Value of Monthly Enquiries (£'m)	£30.2	£ 34.2
Conversion Rate by Volume	20.9%	24.7%
# of Countries Supplied	38	42
# of Return Customers	129	128

Post Balance Sheet Events

On 21 April 2015 the Company raised approximately £2.3m gross from the issue of 2 separate convertible loan notes. The full details are set out in note 30 to these preliminary results.

CTAC Litigation Update

The Company remains in negotiations with the vendors of CTAC Limited to resolve amounts due to Westminster and amounts in relation to the net asset shortfall. Whilst broad agreement has been reached we are working on certain multi-jurisdictional aspects of the case to ensure Westminster's position is appropriately protected. Proceeds will be recognised in the financial statements as we receive assets and cash.

Ian Selby
Chief Financial Officer

20 May 2015

Board of Directors

Lieutenant Colonel Sir Malcolm Ross GCVO, OBE - Non-Executive Chairman

Lieutenant-Colonel Sir Malcolm Ross GCVO, OBE, was a member of the Royal Household of the Sovereign of the United Kingdom and from 2006 to 2008, of the Prince of Wales. Sir Malcolm was educated at Eton and Sandhurst. He served in the Scots Guards, holding the posts of Adjutant at the Royal Military Academy Sandhurst, and reached the rank of Lieutenant-Colonel in 1982.

Sir Malcolm joined the Royal Household in 1987 as Assistant Comptroller of the Lord Chamberlain's Office and Management Auditor. From 1989 to 1990 he was Secretary of the Central Chancery of the Orders of Knighthood. He was Comptroller of the Lord Chamberlain's Office 1991-2005 and became Master of the Household to the Prince of Wales in 2006. Since 1988 he has been an Extra Equerry to The Queen.

Peter Fowler - Chief Executive Officer

Peter has over 40 years' experience operating within the security industry, with particular reference to the electronic protection sector. Peter started his career in the security industry in 1970, quickly progressing into senior management roles and has a long history of running successful companies having built and sold two security businesses, successfully carried out acquisitions and disposals and has held several senior positions in listed companies.

Peter joined Westminster as Managing Director in 1996, carried out an MBO of the business in 1998 and led the IPO on AIM in 2007. He is widely travelled and has developed an extensive network of contacts around the world, having met numerous senior governmental and military personnel in many of the countries in which Westminster operate.

Ian Selby - Chief Financial Officer

Ian, aged 48, is a Chartered Accountant with significant board level experience working with private and listed SME's. He was previously Group Finance Director of Zenith Hygiene Group plc, where he was instrumental in executing a successful trade sale. Previously, he was the CFO of Corero plc, a software company. He has extensive experience including M&A, fundraising, working capital improvements, debt renegotiation and operational finance management.

Earlier in his career he held international finance roles, including emerging markets in Halliburton Inc, Sybase Inc and Micro Focus plc. He qualified as a Chartered Accountant with Coopers & Lybrand Deloitte and holds a degree in Physics from the University of Birmingham.

Roger Worrall - Commercial Director

Roger has over 40 years' experience in the electrical and electronic installation and manufacturing industries.

Roger began his career in the Royal Navy before joining an electrical company specialising in large scale electrical contracting. In 1975 Roger joined Menvier (Electronic Engineers) Limited, a forerunner to Menvier-Swain Group Plc, an international supplier of fire and safety system and was appointed a director in 1987. Menvier-Swain Group Plc grew to a global group of 18 companies. Roger was involved with the integration and the subsequent rationalisation of many of these companies. Roger remained with the Menvier-Swain Group until 1999, when he joined Westminster as a Director.

Stuart Fowler BEng (Hons) - Operations Director

Stuart has many years experience of the security industry and has been particularly involved in many of the more complex integrated security systems.

Stuart studied computing and business studies at university obtaining a Bachelor of Engineering Honours degree in 1996. After university Stuart successfully implemented several software development projects for listed companies before joining Westminster in 1998. Since that time Stuart has been instrumental in the design and implementation of many larger complex systems installed by Westminster and is now responsible for the Group's operations and technical implementation worldwide.

Sir Michael Pakenham KBE, CMG - Non-Executive Director

Sir Michael Pakenham had a distinguished career in the British Diplomatic Service lasting nearly 40 years, during which time he held posts in Poland, Paris, Washington, New Delhi, Nairobi, Brussels, Luxembourg and London. Whilst in the Cabinet Office in Whitehall he served for three years as Cabinet Secretary for Defence and Overseas Affairs, as Chairman of the Joint Intelligence Committee and as intelligence Coordinator. He retired from the Service in 2003 at which point he was British Ambassador to Poland.

Sir Michael is a member of the Council of Kings College, London University and Trustee of the Chevening Estate.

Matthew Wood - Non-Executive Director

Matthew, aged 41 is an experienced non-executive director and has been providing consultancy services to the Group for some time. He is a member of the Group's audit and remuneration committees. Matt graduated with a first class honours degree in Economics in 1996 and qualified as a chartered accountant in 1999. He then joined the corporate finance department of Beeson Gregory Limited (now Evolution Securities) where he advised growing companies on a wide variety of capital market transactions, corporate development and regulatory issues. In 2006, Matt set up CMS Corporate Consultants Limited, a plc corporate advisory firm based in the City providing advisory services to small cap quoted companies, including Westminster.

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal activities

Westminster Group plc (the "Company") and its subsidiaries (together the "Group") design, supply and provide ongoing support for advanced technology security, safety, fire and defence solutions to a variety of government and related agencies, non-governmental organisations and mainly blue chip commercial organisations.

The Group operates through a network of 100 agents located in over 50 countries at 31 December 2014. These agents typically generate sales leads and work with the Group in preparing tender documentation. The majority of the agents are based in the Middle East, the Far East and Africa.

Review of business, future developments and key performance indicators

A full review of the business and future development, incorporating key performance indicators, is set out in the Chief Executive Officer's Strategic Report and the The Chief Financial Officer's and Chairman's statements on pages 10 and 15

The Directors who held office during the year were as follows

Executive Directors	Non-Executive Directors
P D Fowler	Lt Col Sir Malcolm Ross GCVO OBE
S P Fowler	The Hon Sir Michael Pakenham KBE CMG
R W Worrall	Matthew Wood BSC ACA
I R Selby	

Risk management objectives and strategy

The Group's corporate governance objective is to build a risk management framework across the Group. Local operations prepare relevant local risk registers which are then reviewed by a committee of executive Group management who then in turn report to the main Board. Clear channels of communication exist to ensure that risk management objectives are communicated across the Company and that risks are reported up to the Board and relevant management. External auditors are used where necessary and the Group will consider the need to establish an internal audit process as the Group expands. This may include operational reviews (such as compliance with aviation security standards) as well as the traditional financial and compliance aspects.

Risk Description	Mitigation Strategies
Westminster provides complex security solutions to organisations worldwide. Failure to successfully deliver these projects could cause financial loss or reputational damage.	Detailed scoping exercises are carried out ahead of a contract to ensure risks are identified at the outset. This is carried out by experts with specialist knowledge and is subject to peer review. Financial modelling is used to understand the cash dynamics across a range of possible scenarios. We ensure that there is a client obligation where appropriate to help make the project succeed and we have regular bilateral meetings with them. We seek manufacturer warranties from equipment suppliers where appropriate.
Territories in which Westminster operates can have an environment of inappropriate business ethics including bribery. Westminster's agent network allows it to extend its reach through local partners, who could have non-compatible business ethics. Such issues could cause loss of contracts, reputational damage and legal action (civil and/or criminal) to be taken against Westminster.	Westminster maintains a strict anti-bribery policy. Agents (as well as staff) are given training on this through series of Webinars. Agency and business development agreements have explicit terms regarding the need to comply with Westminster's policies and that the need to comply with local and UK law is mandatory. Westminster carries out detailed checks on partners ahead of signing major agreements.
The Group has traditionally had a cash flow profile which is highly dependent on large individual cash flows from individual projects, the timing of which can be difficult to determine. The Group's international customers can be in territories with a history of difficult payments and potential bad debt. This could stress the Group's liquidity. Occasionally the Group is required to issue performance bonds, the unfair calling of which could cause financial loss. The Group operates in multiple territories and is exposed to exchange rate movements.	The Group is increasing the proportion of its business with its managed services division which has strong cash collection dynamics and recurring revenues and this gives greater visibility as to cash flow. Letters of Credit (which are confirmed where necessary) are used to protect debt. As the Group expands the Managed Services division then its exposure to debts of individual airlines will increase, and we are actively reviewing direct payment by IATA which would remove credit risk. The Company is reviewing the use of insurance to cover unfair calling of such bonds. Natural hedging is used where possible. The Group is reviewing moving to USD reporting as it believes the majority of its revenues will be USD denominated. It is reviewing suitable hedging polices for GBP exposure (such as UK salaries).
Westminster has projects in locations which are challenging due to political, economic, climatic and health issues. This can impact on the local operation and its employees.	The protection of our staff is key. Where necessary close protection is provided, comprehensive healthcare is in place as well as insurances such as medical evacuation. Briefings are given to staff pre deployment. Disaster recovery plans are in place for key infrastructure. The Group's risk management processes were active during the 2014/5 Ebola outbreak in West Africa where screening and protective measures were introduced to help protect the airport users as well as staff.
Legal structures and governmental attitudes to contract law can be perceived in certain geographies to be somewhat different to those in the UK. This could lead to arbitrary termination of contracts without cause, seizure of assets and imposition of penalties.	Westminster believes that many territories which have historically been perceived to have a weak legal environment are now beginning to improve this as their economies develop. Westminster uses local professional advisors to ensure compliance with local law and our local partners provide a means of dealing with local issues. We believe our strong reputation with the airlines and industry bodies such as ICAO would mean that the disruption to our security operations would concern the airline industry and the users of the airport.
Westminster is a service business and this can by definition be perceived to have a lower barrier to entry. This could increase the risk of competition.	The Group believes that its strategy of being vertically integrated provides a strong differentiator. Furthermore the Group has built a strong brand and a global network of agents which has taken some considerable time and investment. Furthermore Westminster has many successful project deliveries across its divisions.

Results and dividends

The Group's results for the financial year are set out in the consolidated statement of comprehensive income.

The Directors do not recommend the payment of a dividend (2013: £nil).

Directors' interests in share capital and share options

Details of the Directors' interests in share capital and share options are contained in the Remuneration Committee report.

Other significant interests in the Company

At 30 April 2015 those shareholders, other than Directors, who had disclosed to the Company an interest of more than 3 per cent of the issued share capital, are set out as follows.

Name of shareholder or nominee	No of shares	Holding %
Hamed Al Jamal	4,000,000	7.25
Easthorpe (IOM) Ltd	2,941,176	5.33
Northcote (IOM) Ltd	2,389,602	4.33
Hargreave Hale	3,133,333	5.68

Policy on payments to suppliers

It is a policy of the Group in respect of all suppliers, where reasonably practical, to agree the terms of payment with those suppliers when agreeing the terms of each transaction and to abide by them. The ratio of amounts owed by the Group to trade creditors at the year-end to total purchases during the year was 36 days (2013: 46 days).

Share price

During 2014 the Company's share price ranged from 23.0p to 85.75p and the share price at 31 December 2014 was 28p (2013: 76p).

Directors' and officers' liability insurance

The Company, as permitted by sections 234 and 235 of the Companies Act 2006, maintains insurance cover on behalf of the Directors and Company secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Post balance sheet events

These are detailed in note 30 to the accounts.

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future. As part of its assessment, management have taken into account the profit and cash forecasts, the continued support of the shareholders and Directors and management ability to affect costs and revenues.

Management regularly forecast results, financial position and cash flows for the Group. A worst case budget for 2015 and 2016 has been prepared which includes revenues from major contracts that have already been secured by the end of 30 April 2015, the predictable regular flow of smaller contracts, a much downgraded view of new Technology Division contracts and excludes incremental Managed Services contract wins. Based upon these projections the Group has adequate working capital for the 12 months following the date of signing these accounts. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Auditor

On 1 May 2015 Chantrey Vellacott DFK LLP merged with Moore Stephens LLP. A resolution to reappoint Moore Stephens LLP as auditor will be proposed at the Annual General Meeting to be held on 30 June 2015

In so far as each of the directors is aware

- There is no relevant audit information of which the Group's auditor is unaware, and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

P D Fowler	I Selby
Director	Director

20 May 2015

Registered number 3967650

Remuneration Committee Report

Introduction

As an AIM quoted company, the preparation of a Remuneration Committee report is not an obligation. The Group has, however, sought to provide information that is appropriate to its size and organisation.

Unaudited

The Remuneration Committee of the Board was established on admission of the Company to AIM in June 2007 and consists solely of the following Executive and Non-Executive Directors:

Lt Col Sir Malcolm Ross (Chairman)
Peter Fowler
Sir Michael Pakenham
Matthew Wood

The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Chief Executive, all other Executive Directors and such other members of the executive management of the Company as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director, including, where appropriate, bonuses, incentive payments and share options.

The Committee's policy is to provide a remuneration package which will attract and retain Directors and management with the ability and experience required to manage the Group and to provide superior long-term performance. It is the aim of the Committee to reward Directors competitively and on the broad principle that their remuneration should be in line with the remuneration paid to senior management of comparable companies. There are four main elements of the remuneration package for Executive Directors: base salary, share options, benefits and annual bonus. Notice periods for Executive Directors are 12 months

- Base salary is reviewed annually and in setting salary levels the Remuneration Committee considers the experience and responsibilities of the Executive Directors and their personal performance during the previous year. The Committee also takes account of external market data, as well as the rates of increases for other employees within the Group.
- Share options are granted having regard to an individual's seniority within the business and are designed to give Directors an interest in the increase in the value of the Group.
- Benefits primarily comprise the provision of company cars, health insurance and participation in the Group life assurance scheme
- All Executive Directors and executive management participate in the Group's annual bonus scheme, which is based upon the assessment of individual performance, subject to the Group achieving profitability commensurate with its revenues and capital employed.

Meetings

The Remuneration Committee met twice during the year.

Options

The Group considers it important to incentivise employees and Directors through share incentive arrangements. The Group adopted the Share Option Scheme on 3 April 2007, under which it granted EMI options and unapproved options to certain employees and Directors over its ordinary shares. An option grant was made to the Directors in December 2014, the details of which are set out on page 56 of these accounts. In order for the Directors to benefit from this scheme a demanding share price target of 60p before vesting must be achieved. In context this threshold represents a premium of 140 per cent. to the placing price of the GBP1 million fundraising announced on 10 December 2014 and a premium of 66%. to the average equity issue price since July 2011. The Group believes that such schemes (as well as Long Term Incentive Plans) align executives with long term shareholder value.

Non-Executive Directors' remuneration

Non-Executive Directors' remuneration is determined by the Board as a whole, each refraining from determining his own remuneration. The fees paid to Non-Executive Directors are set at a level intended to attract individuals with the necessary experience and ability to make a significant contribution to the Group. The service contracts of the Non-Executive Directors specify the following:

Non-Executive Directors	Severance	Notice	Contractual fees
			£
Lt Col Sir Malcolm Ross	None	3 months	35,000
Sir Michael Pakenham	None	3 months	24,000
Matthew Wood	None	3 months	18,000

Executive and Non-Executive Directors' remuneration package and interest in share capital

Details of the Executive and Non-Executive Directors' remuneration and interest in share capital for the year ended 31 December 2014 are as follows:

Audited

	Basic salary/ fee	Benefits in kind	Group national insurance cost	Share Based Payment cost	Total cost of employment	Total 2014
Executive Directors	£'000	£'000	£'000	£'000	£'000	£'000
PD Fowler	164	-	23	-	187	170
SP Fowler	109	5	16	-	130	127
RW Worrall	105	2	15	-	122	115
IR Selby	106	4	15	-	125	125
Total Executive Remuneration	484	11	69	-	564	526
Non-Executive Directors						
Lt Col Sir Malcolm Ross	31	4	5	1	41	43
Sir Michael Pakenham	21	-	3	-	24	27
Matthew Wood	16	-	-	-	16	18
Non-Executive Remuneration	68	4	8	1	81	88
Total Board Remuneration	552	15	77	1	645	614

During the fourth quarter of the year, the Directors reduced their remuneration as part of a cost cutting process in response to the reduced margins coming from the West African airport contract as a result of the Ebola crisis.

Mr Wood is a director of CMS Corporate Consulting Limited which provided advisory services to the company during the year ended 31 December 2014 £24,178 (2013: £30,190 which included £8,190 as additional consultancy fees around a corporate transaction).

The Executive and Non-Executive Directors who held office during the year had no interests in the shares in, or debentures or loan stock of, the Company or any of its subsidiaries except for the following holdings of ordinary shares in the Company:

Executive Directors and Non-Executive Directors	Interest at end of year	Interest at beginning of year
Lt Col Sir Malcolm Ross	140,884	120,884
PD Fowler and Mrs P J Fowler	6,361,794	6,361,794
SP Fowler	541,618	541,618
RW Worrall	2,200,522	2,152,522
Sir Michael Pakenham	103,334	83,334
IR Selby	166,667	166,667
M Wood	20,000	-

In addition to the interests disclosed above, certain Executive and Non-Executive Directors have options to acquire ordinary shares in the Company granted under the Share Option Plan. Full details are as follows:

Number of options over ordinary shares of 10p each in the Company:

Directors	1 Jan 2014	Granted	31 Dec 2014	Grant price	Market price at date of grant	Date from which exercisable
Lt Col Sir Malcolm Ross	67,862	-	67,862	67.5p	67.5p	21 Jun 2009
Stuart Fowler	48,000	-	48,000	10.0p	5.7p	5 Apr 2009
Stuart Fowler	15,000	-	15,000	34.5p	34.5p	25 Sep 2011
Roger Worrall	5,000	-	5,000	34.5p	34.5p	25 Sep 2011
Sir Michael Pakenham	15,000	-	15,000	52.5p	52.5p	21 Apr 2010
Sir Michael Pakenham	2,000	-	2,000	34.5p	34.5p	25 Sep 2011
Sir Michael Pakenham	-	93,750	93,750	28.5p	25.5p	10 June 2016*
Sir Malcolm Ross	-	93,750	93,750	28.5p	25.5p	10 June 2016*
Matthew Wood	-	93,750	93,750	28.5p	25.5p	10 June 2016*
Peter Fowler	-	781,250	781,250	28.5p	25.5p	10 June 2016*
Ian Selby	-	625,000	781,250	28.5p	25.5p	10 June 2016*
Roger Worrall	-	625,000	781,250	28.5p	25.5p	10 June 2016*
Stuart Fowler	-	625,000	781,250	28.5p	25.5p	10 June 2016*

The market price of the shares at 31 December 2014 was 28p and the range during the year was 23p to 85.75p.

* These options were granted to the Directors at a price of 28.5 pence under the existing EMI Scheme. Executive Directors are issued share options under the EMI Scheme and Non-Executive Directors under an unapproved scheme, which has the same rules as the EMI Scheme but without the relevant tax concessions. The EMI Scheme has been amended from a straight forward time based vesting model to a performance based vesting model. Save for a change in control of the Company, share options granted to Directors will only vest if the Company's share price has reached 60 pence at any time but will not be exercisable until after 18 months from the date of grant. All share options have an exercise period of 10 years from grant under the rules of the EMI Scheme. The vesting price threshold of 60p represented a 140% premium to the price of the equity issued on the same day.

No directors exercised options during the year.

On behalf of the Board

Lt Col Sir Malcolm Ross

Chairman of the Remuneration Committee

20 May 2015

Corporate Governance Report

The Directors are committed to delivering high standards of corporate governance to the Group's shareholders and other stakeholders including employees, suppliers and the wider community. As an AIM quoted company, full compliance with the UK Corporate Governance Code 2012 ("the Code") is not a formal obligation. The Group has, however, sought to adopt the provisions of the Code that are appropriate to its size and organisation and establish frameworks for the achievement of this objective. The Board of Directors operates within the framework described below.

The Board

The Board sets the Group's strategic aims and ensures that necessary resources are in place in order for the Group to meet its objectives. All members of the Board take collective responsibility for the performance of the Group and all decisions are taken in the interests of the Group. Whilst the Board has delegated the normal operational management of the Group to the Executive Directors and other senior management, there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, joint ventures and investments, projects of a capital nature and all significant contracts. The Non-Executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team. The senior executives enjoy open access to the Non-Executive Directors.

The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The Chairman sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive and Non-Executive Directors. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The Chairman ensures effective communication with shareholders.

All Directors are able to allocate sufficient time to the Group to discharge their duties. There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The search for Board candidates is conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board.

The Board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' interests and the Group's assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

Organisational structure and control environment

The Board of Directors meets at least six times a year to review the performance of the Group. It seeks to foster a strong ethical culture across the Group. There are clearly defined lines of responsibility and delegation of authority from the Board to the operating subsidiaries. The Directors of each trading subsidiary meet on a regular basis with normally at least two members of the Group Board in attendance.

Internal control

The key procedures which the Directors have established with a view to providing effective internal control are as follows:

- Regular Board meetings to consider the schedule of matters reserved for Directors' consideration;
- A risk management process;
- An established organisational structure with clearly defined lines of responsibility and delegation of authority;
- Appointment of staff of the necessary calibre to fulfil their allotted responsibilities; Comprehensive budgets, forecasts and business plans approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances; and
- An Audit Committee of the Board, comprising Non-Executive Directors, which considers significant financial control matters as appropriate.

There is currently no internal audit function in view of the size of the Group, although this is kept under annual review.

Risk management

The Board has the primary responsibility for identifying the major risks facing the Group. The Board has adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, organisational and compliance issues. The Board has identified a number of key areas which are subject to regular reporting to the Board. The policies include defined procedures for seeking and obtaining approval for major transactions and organisational changes.

Risk reviews are carried out by each subsidiary and reviewed annually as part of an ongoing risk assessment process. The focus of the reviews is to identify the circumstances, both internally and externally, where risks might affect the Group's ability to achieve its business objectives. The management of each subsidiary periodically reports to the Board any new risks. In addition to risk assessment, the Board believes that the management structure within the Group facilitates free and rapid communication across the subsidiaries and between the Group Board and those subsidiaries and consequently allows a consistent approach to managing risks. Certain key functions are centralised, enabling the Group to address risks to the business present in those functions quickly and efficiently.

Corporate responsibility

The Board is very aware of the importance of its corporate responsibilities, particularly in terms of ensuring that high standards of behaviour are maintained wherever the Group is operating. The following principles and processes have been established for that purpose:

- Only supply goods and services that improve people's safety and security – no offensive activities;
- ISO 9001:2008 certified;
- ISO 14001:2004 environmental management system certification;
- Members of ADS Aerospace, Defence & Security Association;
- Operate a strict ethical policy with both staff and agents within the principles of CIS (Common Industry Standard) produced by the Aerospace and Defence Organisation of Europe;
- Comply with UK and International Export Controls criteria – key staff have attended required courses;
- Providing valuable employment and investment opportunities in third world areas;
- Promoting environmental solutions – e.g. solar street lighting, oil leak detection etc;
- Providing speakers at conferences & seminars, referenced by press & media;
- Supporting and assisting local and international charities; and
- The Group maintains a stringent anti-bribery policy and complies with both UK and local statutes

Financial planning, budgeting and monitoring

The Group operates a planning and budgeting system with an annual budget approved by the Board. There is a financial reporting system which compares results with the budget and the previous year on a monthly basis to identify any variances from approved plans. Rolling cash flow forecasts form part of the reporting system. The Group remains alert to react to other business opportunities as they arise.

Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders.

The Group monitors capital on the basis of the carrying amount of equity plus its convertible loan, less cash and cash equivalents as presented on the face of the statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities other than its convertible loan. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

There is no requirement for the Group to maintain a strong capital base for each of its UK subsidiaries and therefore each subsidiary is financed by inter-company debt from the Company. These policies have not changed in the year. The Directors believe that they have been able to meet their objectives in managing the capital of the Group.

Non-Executive Directors

The Non-Executive Directors are considered by the Board to be independent in character and judgement and there are not considered to be any circumstances that are likely to affect their judgement as Directors of the Group. The all hold shares in the Company and have been awarded share options in the Company. These interests in the share capital of the Company are not considered to be likely to affect their judgement as Directors of the Group.

Annual report

The Directors consider the annual report and accounts, taken as a whole, is far balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Statement of Directors' Responsibilities

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the loss of the Group for the period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply the consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

P D Fowler	I Selby
Director	Director
20 May 2015	

Independent Auditor's Report to the Members of Westminster Group Plc

We have audited the Group and Company financial statements (the "financial statements") of Westminster Group Plc for the year ended 31 December 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes Equity, the Consolidated and Company Statements of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Chief Executive Officer's Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

PAUL FENNER
Senior Statutory Auditor
for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
Birmingham
20 May 2015

Westminster Group PLC
Consolidated Statement of Comprehensive Income

for the year ended 31 december 2014

	Note	2014 £'000	2013 £'000
Revenue - Continuing Operations		3,489	7,427
Revenue - Discontinued Operations		-	202
REVENUE	3	3,489	7,629
Cost of sales		(1,533)	(4,434)
Gross Profit - Continuing Operations		1,956	3,138
Gross Profit - Discontinued Operations		-	57
GROSS PROFIT		1,956	3,195
Administrative expenses		(4,360)	(5,098)
LOSS FROM OPERATIONS	6	(2,404)	(1,903)
Analysis of operating loss			
Loss/ from operations		(2,404)	(1,903)
Amortisation	12	(4)	(7)
Depreciation	13	(163)	(251)
Operating loss from discontinued operations	10	-	(370)
Add back non operating cost adjustments & Operating Exceptional	4	(681)	(474)
EBITDA Loss from underlying operations		(1,556)	(801)
Financing Charges	5	(37)	(88)
LOSS BEFORE TAX		(2,441)	(1,991)
Taxation	7	9	(9)
Loss for the year from continuing operations		(2,432)	(1,630)
Loss for the year from discontinued operations	10	-	(370)
LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(2,432)	(2,000)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(2,432)	(2,000)
LOSS PER SHARE ON CONTINUING ACTIVITIES:			
Loss per share from continuing operations	9	(4.94)	(4.09)
Loss per share from discontinued operations	9	-	(1.00)
LOSS PER SHARE		(4.94)	(5.09)

The accompanying notes form part of these financial statements.

Westminster Group PLC
Consolidated and Company Statements of Financial Position

for the year ended 31 december 2014

		Group		Company	
	Note	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Goodwill	11	397	397	-	-
Other intangible assets	12	11	14	3	3
Property, plant and equipment	13	1,898	1,687	1,049	961
Investment in subsidiaries	15	-	-	7,391	5,058
TOTAL NON-CURRENT ASSETS		2,306	2,098	8,443	6,022
Inventories	19	72	103	-	-
Trade and other receivables	20	2,044	1,416	105	273
Cash and cash equivalents	22	1,180	707	798	482
TOTAL CURRENT ASSETS		3,296	2,226	903	755
TOTAL ASSETS		5,602	4,324	9,346	6,777
Share capital	23	5,515	4,695	5,515	4,695
Share premium		9,039	7,123	9,039	7,123
Merger relief reserve		299	299	299	299
Share based payment reserve		141	89	141	89
Equity reserve on convertible loan note		47	144	-	-
Revaluation reserve		134	134	134	134
Retained earnings		(12,757)	(10,325)	(6,062)	(6,035)
TOTAL SHAREHOLDERS' EQUITY		2,418	2,159	9,066	6,305
Borrowings	25	538	651	-	-
Deferred tax liabilities	18	53	53	53	53
TOTAL NON-CURRENT LIABILITIES		591	704	53	53
Deferred income	26	1,475	136	-	-
Trade and other payables	26	1,118	1,325	227	419
TOTAL CURRENT LIABILITIES		2,593	1,461	227	419
TOTAL LIABILITIES		3,184	2,165	280	472
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,602	4,324	9,346	6,777

The accompanying notes form part of these financial statements. The Group and Company financial statements were approved by the Board and authorised for issue on 20 May 2015 and signed on its behalf by`

P D Fowler
Director

I Selby
Director

Registered number 3967650

Westminster Group Plc
Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital £'000	Share premium £'000	Merger relief reserve	Share based payment reserve £'000	Revaluation reserve £'000	Equity Reserve on Convertible Loan Note £'000	Retained earnings £'000	Total £'000
AS OF 1 JANUARY 2014	4,695	7,123	299	89	134	144	(10,325)	2,159
Share based payment charge	-	-	-	52	-	-	-	52
Share issues	820	2,112	-	-	-	-	-	2,932
Cost of share issues	-	(196)	-	-	-	-	-	(196)
Arising in the year	-	-	-	-	-	(97)	-	(97)
TRANSACTIONS WITH OWNERS	820	1,916	-	52	-	(97)	-	2,691
Total comprehensive expense for the year	-	-	-	-	-	-	(2,432)	(2, 432)
AS AT 31 DECEMBER 2014	5,515	9,039	299	141	134	47	(12,757)	2,418

	Share capital £'000	Share premium £'000	Merger relief reserve	Share based payment reserve £'000	Revaluation reserve £'000	Equity Reserve on Convertible Loan Note £'000	Retained earnings £'000	Total £'000
AS OF 1 JANUARY 2013	3,257	3,654	299	56	134	-	(8,325)	(925)
Share based payment charge	-	-	-	33	-	-	-	33
Share issues	1,438	3,670	-	-	-	-	-	5,108
Cost of share issues	-	(201)	-	-	-	-	-	(201)
Arising in the year	-	-	-	-	-	144	-	144
TRANSACTIONS WITH OWNERS	1,438	3,469	-	33	-	144	-	5,084
Total comprehensive expense for the year	-	-	-	-	-	-	(2,000)	(2,000)
AS AT 31 DECEMBER 2013	4,695	7,123	299	89	134	144	(10,325)	2,159

Westminster Group Plc
Company Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital £'000	Share premium £'000	Merger relief reserve	Share based payment reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
AS OF 1 JANUARY 2014	4,695	7,123	299	89	134	(6,035)	6,305
Share based payment charge				52			52
Share issues	820	2112	-	-	-	-	2,932
Cost of share issues	-	(196)	-	-	-	-	(196)
TRANSACTIONS WITH OWNERS	820	1,916	-	52	-	-	2,788
Total comprehensive expense for the period	-	-	-	-	-	(27)	(27)
AS AT 31 DECEMBER 2014	5,515	9,039	299	141	134	(6,062)	9,066
AS OF 1 JANUARY 2013	3,257	3,654	299	56	134	(4,933)	2,467
Share based payment charge				33			33
Share issues	1,438	3,670	-	-	-	-	5,108
Cost of share issues	-	(201)	-	-	-	-	(201)
TRANSACTIONS WITH OWNERS	1,438	3,469	-	33	-	-	4,940
Total comprehensive expense for the period	-	-	-	-	-	(1,102)	(1,102)
AS AT 31 DECEMBER 2013	4,695	7,123	299	89	134	(6,035)	6,305

Consolidated and Company Cash Flow Statements

For The Year Ended 31 December 2014

	Note	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
LOSS BEFORE TAXATION		(2,441)	(1,991)	(26)	(1,103)
Adjustments	27	261	565	73	1,048
Net changes in working capital	27	535	(794)	(23)	(430)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		(1,645)	(2,220)	24	(485)
INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		(399)	(457)	(110)	(51)
Purchase of intangible assets		(1)	(5)	(1)	(2)
Proceeds from disposal of fixed assets		11	72	-	-
Advances to subsidiaries		-	-	(2,104)	(1,990)
CASH FLOW USED IN INVESTING ACTIVITIES		(389)	(390)	(2,215)	(2,043)
FINANCING ACTIVITIES:					
Gross proceeds from the issues of Ordinary shares		2,704	3,081	2,704	3,081
Costs of share issues		(128)	(201)	(128)	(201)
Proceeds from the issue of convertible loan notes		-	1,118	-	1,118
Costs Associated with the issue of convertible loan notes		-	(108)	-	(108)
Repayment of short term borrowings		-	(704)	-	(704)
Interest paid		(69)	(90)	(69)	(30)
CASH FLOW FROM FINANCING ACTIVITIES		2,507	3,096	2,507	3,156
Net change in cash and cash equivalents		473	486	(316	628
CASH AND EQUIVALENTS AT BEGINNING OF YEAR		707	221	482	(146)
CASH AND EQUIVALENTS AT END OF YEAR	22	1,180	707	798	482

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. General information and nature of operations

Westminster Group plc ("the Company") was incorporated on 7 April 2000 and is domiciled and incorporated in the United Kingdom and quoted on AIM. The Group's financial statements for the year ended 31 December 2014 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group"). Westminster Group plc and its subsidiaries design, supply and provide on-going advanced technology solutions and services to governmental and non-governmental organisations on a global basis

2. Summary of significant accounting policies

Basis of preparation

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Company has elected to prepare its parent company financial statements in accordance with IFRS as adopted by the European Union.

The financial information is presented in the Company's functional currency, which is Great British Pounds ('GBP') since that is the currency in which the majority of the Group's transactions are denominated.

As permitted by the Companies Act 2006 s408, a separate profit and loss account for the Company has not been included in these financial statements. The loss presented in the financial statements of the Company is £26,000 (2013 £1,102,000).

Basis of measurement

The financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the accounting policies below.

Consolidation

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Westminster Group plc and its subsidiaries for the year ended 31 December 2014.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Subsidiaries are fully consolidated using the purchase method of accounting from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

(iv) Company financial statements

Investments in subsidiaries are carried at cost less provision for any impairment. Dividend income is recognised when the right to receive payment is established.

Business combinations

For business combinations occurring since 1 January 2010, the requirements of IFRS 3R have been applied (see above). The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair value of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

Foreign exchange gains and losses are recognised in arriving at profit before interest and taxation (see Note 6).

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision-maker. The chief decision-maker has been identified as the Executive Board, at which level strategic decisions are made.

An operating segment is a component of the Group

- That engages in business activities from which it may earn revenues and incur expenses,
- Whose operating results are regularly reviewed by the entity's chief operating decisions maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services, net of value added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Supply of products

Revenue in respect of the supply of products is recognised when title effectively passes to the customer.

(ii) Supply and installation contracts and supply of services

Where the outcome can be estimated reliably in respect of long-term contracts and contracts for on-going services, revenue represents the value of work done in the period, including estimates of amounts not invoiced. Revenue in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion, where the stage of completion can be assessed with reasonable accuracy. This is assessed by reference to the estimated project costs incurred to date compared to the total estimated project costs. Revenue is calculated to reflect the substance of the contract, and is reviewed on a contract-by-contract basis, with revenues and costs at each divisible stage reflecting known inequalities of profitability. Where a contract is loss making, the full loss is recognised immediately. Managed Services income is recognised on the basis of the volume of passengers and freight.

(iii) Maintenance income

Revenues in respect of the supply of maintenance contracts are recognised on a straight line basis over the life of the contract. The unrecognised portion of maintenance income is included within trade and other payables as deferred income.

(iv) Close protection services

Revenues in respect of close protection services are recognised when the service is provided to the client.

v) Training courses

Revenues in respect of training courses are recognised when the trainees attend the courses.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised. Certain items have been disclosed as operating exceptional due to their size and their separate disclosure should enable better understanding of the financial dynamics.

Interest income and expenses

Interest income and expenses are reported on an accrual basis using the effective interest method.

Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

Other intangible assets

Acquired intangibles that are as a result of a business combination are recorded at fair value and, are amortised on a straight line over the expected useful lives.

Other intangible assets comprise website costs and licences. Website costs are capitalised and amortised on a straight line basis over 5 years, the expected economic life of the asset. This amortisation is charged to administrative expenses

Property, plant and equipment

Land and buildings held for use are held at their revalued amounts, being the fair value on the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the statement of comprehensive income.

Plant and equipment, office equipment, fixtures and fittings and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets to their residual value over their estimated useful lives, using the straight-line method, typically at the following rates. Where certain assets are specific for a long term contract and the customer has an obligation to purchase the asset at the end of the contract they are depreciated in accordance with the expected disposal / residual value.

	Rate
Freehold buildings	2%
Plant and equipment	20% to 25%
Office equipment, fixtures & fittings	20% to 33%
Motor vehicles	20%

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Impairment on non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Financial instruments

Financial assets

The Group's financial assets include cash and cash equivalents and loans and other receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value, plus transactions costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in value are recognised in the Statement of Comprehensive Income. Interest and other cash flows resulting from holding financial assets are recognised in the Statement of Comprehensive Income when received, regardless of how the related carrying amount of financial assets is measured.

Loans and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Cash and cash equivalents comprise cash at bank and deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial liabilities

The Group's financial liabilities comprise trade and other payables and borrowings. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expire.

The convertible loan option leads to a potentially variable number of shares, therefore it has been accounted for as a host debt with an embedded derivative. The embedded derivative is accounted for at fair value through profit and loss at each reporting date.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest it the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities are set out below.

Other financial liabilities

Other financial liabilities include other payables and bank loans and are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in “finance cost” in the Statement of Comprehensive Income. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance sheet date, with movements to the Statement of Comprehensive Income. The Group has not used forward foreign currency contracts during the year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Costs principally comprise of materials and bringing them to their present location. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Taxation

The tax expenses represent the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised as an expense or income in profit or loss, except in respect of items dealt with through equity, in which case the tax is also dealt with through equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on material differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit not the accounting profit.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are offset against cash balances and a net cash balance is presented.

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Merger relief reserve includes any premiums on issue of share capital as part or all of the consideration in a business combination.

The share based payment reserve represents equity-settled share-based employee remuneration until such share options are exercised or lapse.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment.

Retained earnings include all current and prior period retained profits and losses.

Dividend distributions payable to equity shareholders are included in liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Defined contribution pension scheme

The Group operates a defined contribution pension scheme for employees. However, no contributions have yet been made to the scheme. If contributions were made, then the assets of the scheme would be held separately from those of the Group, the pension cost would be charged against profits to represent the amounts payable by the Group or Parent Company and would be expensed as it becomes payable. The Group is subject to pension auto-enrolment from 2015 onwards. Local labour in Africa benefit from a termination payment on leaving employment. The expected value of this is accrued on a monthly basis.

Shared-based compensation (Employee Based Benefits)

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period, based on the Group's estimate of awards that will eventually vest, with a corresponding increase in equity as a share based payment reserve. For plans that include market based vesting conditions, the fair value at the date of grant reflects these conditions and are not subsequently revisited.

Fair value is determined using Black-Scholes option pricing models. Non-market based vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the number of options that are expected to vest is estimated. The impact of any revision of original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity, over the remaining vesting period.

The proceeds received when vested options are exercised, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Revenue recognition

Recognition of income is considered appropriate when all significant risks and rewards of ownership are transferred to third parties. In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion, where the stage of completion can be assessed with reasonable accuracy. In this process management make significant judgements about milestones, actual work performed and the estimated costs to complete the work. Revenue is calculated to reflect the substance of the contract, and is reviewed on a contract-by-contract basis, with revenues and costs at each divisible stage reflecting known inequalities of profitability.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Impairment

An impairment loss is recognised for the amount by which an asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year in most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Revalued freehold property

The freehold property is stated at fair value. An external, independent valuer, having an appropriate professional qualification and recent experience in the location of the property being valued, valued the property at 31 December 2010. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Standards in issue not yet effective

At the date of authorisation of these financial statements, the following amendments and interpretations to existing accounting standards have been published but are not yet effective.

- IFRS 9 Financial Instruments (effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective date 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective date1 January 2017)

Management anticipate that the above pronouncements will be adopted in the Group's accounting policies for the first period after the effective date, but will have no material impact on the Group.

3. Segment reporting

Operating segments ongoing business

The Board considers the Group on a Business Unit basis. Reports by Business Unit are used by the chief decision-maker in the Group. The Business Units operating during the year are the three operating companies Westminster Aviation, Westminster International, and Longmoor Security. This split of business segments is based on the products and services each offer. In 2013 Longmoor and Westminster Aviation both form the Managed Services Divsion and Westminster International is now referenced as the Technology division. Disposed of businesses (RMS (CTAC) and IMS are excluded from this analysis.

2014	Managed Services Aviation £'000	Technology £'000	Group and Central £'000	Managed Services Longmoor £'000	Group Total £'000
Supply of products	-	890	-	-	890
Supply and installation contracts	-	267	-	-	267
Maintenance and Services	2,180	275	-	44	2,499
Close protection services	-	-	-	-	-
Training courses	9	-	-	63	72
Intragroup sales	-	(239)	-	-	(239)
Revenue	2,189	1,193	-	107	3,489
Segmental underlying EBITDA	380	(429)	(1,558)	51	(1,556)
Operating Exceptionals (note 4)	(530)	(10)	(54)	(87)	(681)
Depreciation & Amortisation	(129)	(10)	(23)	(5)	(167)
Apportionment of central overheads	(1,063)	(498)	1,645	(84)	
Segment Operating result	(1,342)	(947)	10	(125)	(2,404)
Finance cost	-	(37)	-	-	(37)
Income tax (charge)/benefit	9	-	-	-	9
Loss for the financial year	(1,333)	(947)	(27)	(125)	(2,432)
Segment assets	1,331	1,899	2,313	59	5,602
Segment liabilities	462	1,880	821	21	3,184
Capital expenditure	280	6	110	3	399

2013	Managed Services Aviation £'000	Technology £'000	Group and Central £'000	Longmoor Managed Services £'000	Ongoing Operations £'000	Discontinued (IMS/RMS) £'000	Group Total £'000
Supply of products	-	3,769	-	-	3,769	202	3,791
Supply and installation contracts	-	1,248	-	8	1,256	-	1,256
Maintenance and Services	2,790	252	-	28	3,070	-	3,070
Close protection services	3	-	-	6	9	-	9
Training courses	1	-	-	183	184	-	184
Intragroup sales	-	(861)	-	-	(861)	-	(861)
Revenue	2,794	4,408	-	225	7,427	202	7629
Segmental underlying EBITDA	665	462	(1,804)	(127)	(804)	(370)	(1,174)
Operating Exceptionals	(310)	-	(64)	(100)	(474)	-	(474)
Depreciation & Amortisation	(182)	(30)	(41)	(4)	(257)	-	(257)
Apportionment of central overheads	(756)	(668)	1,532	(106)	-	-	-
Segment Operating result	(583)	(236)	(377)	(337)	(1,533)	(370)	(1,903)
Finance cost	-	-	(88)	-	(88)	-	(88)
Income tax (charge)/ benefit	(9)	-	-	-	(9)	-	(9)
Loss for the financial year	(592)	(236)	(465)	(337)	(1,630)	(370)	(2,000)
Segment assets	1,685	953	1,645	41	4,324	-	4,324
Segment liabilities	49	724	1,354	38	2,165	-	2,165
Capital expenditure	434	18	10	-	462	-	462

Geographical areas

The Group's international business is conducted on a global scale, with agents present in all major continents. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services.

	Group	
	2014 £'000	2013 £'000
United Kingdom & Europe	376	1,283
Africa	2,463	3,981
Middle East	287	2,365
Rest of the World	363	-
	3,489	7,629

Some of the Group's assets are located outside the United Kingdom where they are being put to operational use on specific contracts. At 31 December 2014 fixed assets with a net book value of £1,544,000 (2013: £1,302,000) were located in Africa.

Major customers who contributed greater than 10% of total Group revenue

In 2014 no single customer contributed more than 10% of the Group revenue (in 2013 two customers contributed 64% of the Groups revenue).

4. Operating exceptional items

	2014 £'000	2013 £'000
Exchange losses (gains)	(15)	(76)
(Profit)/loss on disposal of property, plant and equipment	20	5
Share based payments	52	33
Restructure costs - Longmoor. 2014 represents fixed costs eliminated in the year	87	100
Loss of margin arising from fall in passenger numbers due to Ebola crisis	537	-
West Africa airport contract set up costs and ongoing Managed Services discretionary expansion	-	310
Other restructuring	-	102
	681	474

5. Finance cost

	Group	
	2014 £'000	2013 £'000
Finance costs:		
Interest payable on bank and other borrowings	(10)	(26)
Coupon Interest payable on convertible loan notes	(88)	(125)
(Fees)/Refund on Synergy Loan Note	-	315
	(98)	164
Finance income:		
Amortised finance cost on convertible loan notes (see note 17)	61	(252)
	61	(252)
Finance costs and income, net	(37)	(88)

6. Loss from operations

The following items have been included in arriving at the loss for the financial year

	Group	
	2014 £'000	2013 £'000
Staff costs (see Note 8)	2,636	2,717
Depreciation of property, plant and equipment:		
- Owned assets	163	250
Amortisation of intangible assets	4	175
Operating lease rentals payable		
- Property	70	60
- Plant and machinery	3	5
- Other	42	42
Foreign exchange (gain)/loss	(15)	(76)

Auditor's remuneration

Amounts payable in both years relate to Moore Stephens LLP (formerly Chantrey Vellacott DFK LLP) in respect of audit services.

Audit services	2014 £'000	2013 £'000
Statutory audit of parent and consolidated accounts	17	17
Auditing of accounts of associates of the company pursuant to legislation	17	17
Taxation services including R&D tax credits	7	14
Total audit fees	41	48

7. Taxation

Analysis of (credit)/charge in year	Group	
	2014 £'000	2013 £'000
Current year		
Corporation tax	-	9
	-	9
Reconciliation of effective tax rate		
Profit/(loss) on ordinary activities before tax	(2,441)	(1,991)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013: 23.5%)	(489)	(463)
Effects of:		
(Income)/expenses not deductible for tax purposes	60	228
Capital allowances less than depreciation	85	10
Other short term timing differences	15	19
Recognised/unrecognised losses carried forward	329	206
Potential Charge in Overseas Subsidiary	(9)	9
Total tax charge/(credit)	(9)	9

Tax losses available for carry forward (subject to HMRC agreement) were £8.9m (2013: £6.5m).

8. Staff costs

Staff costs for the Group during the year

	Group	
	2014 £'000	2013 £'000
Wages and salaries	2,378	2,465
Social security costs	205	219
	2,583	2,684
Share based payments	53	33
	2,636	2,717

The Group operates a stakeholder pension scheme. The Group made no pension contributions during the year and no pension contributions were outstanding at the year-end (2013: £Nil)

Details of the Directors' remuneration are included in the Remuneration Committee Report. Key management within the business are considered to be the Board of Directors.

Average monthly number of people (including Executive Directors) employed

	Group	
	2014 Number	2013 Number
By function		
Sales	5	5
Production	178	165
Administration	23	24
Management	7	7
	213	201

9. Loss per share

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all diluted potential ordinary shares. Only those outstanding options that have an exercise price below the average market share price in the year have been included.

The weighted average number of ordinary shares is calculated as follows:

	Group	
	2014 £'000	2013 £'000
Issued ordinary shares		
Start of period	46,949	32,571
Effect of shares issued during the period	2,290	6,754
Weighted average basic and diluted number of shares for period	49,239	39,325

For the year ended 31 December 2014 and 2013 the issue of additional shares on exercise of outstanding share options would decrease the basic loss per share and there is therefore no dilutive effect. Loss per share excluding discontinued items was4.94p (2013: 4.09p)

10. Discontinued operations

On 26 March 2013, the Group entered into a sale agreement with a management buy-out team to dispose of RMS (CTAC) Integrated Solutions and International Monitoring Services Limited, which carried out all of the Groups UK alarm installation and monitoring operations. The disposal was for £200,000 to generate working cash flows for the expansion of the Groups other businesses. Consideration is paid over 12 months and if the disposed companies exceed certain revenue threshold then incremental consideration becomes payable

The results of the discontinued operations which have been included in consolidated income statement were as follows:

Group	2013 £'000	2012 £'000	2011 £'000
Revenue	202	1,552	1,312
Cost of sales	(145)	(964)	(929)
Gross profit	57	588	383
Administration expenses	(427)	(953)	(929)
Loss before tax	(370)	(365)	(546)
Loss on the disposal of discontinued operations	(370)	(365)	(546)

11. Goodwill

Group	2014 £'000	2013 £'000
	£'000	£'000
Gross carrying amount at 1 January and 31 December	1,160	1,160
Accumulated impairment at 1 January and 31 December	(763)	(763)
Carrying amount at 31 December	397	397

Goodwill on the acquisitions of Longmoor is reviewed at the end of each financial period for impairment. The entire balance relates to Longmoor Security Limited. Longmoor no longer has a fixed cost base and provides services to customers principally overseas for manned guarding. The asset has not been impaired on the basis that the expected net present value of its cash flows, when evaluated with a discount rate of 20%, are in excess of the current carrying value.

12. Other intangible assets

	Group Website and Software £'000	Company Website and Software £'000
2014		
Cost		
At 1 January 2014	106	62
Additions	1	1
Disposals	(27)	-
At 31 December 2014	80	63
Accumulated amortisation		
At 1 January 2014	92	59
Charge for the year	4	1
Accumulated depreciation on Disposals	(27)	-
At 31 December 2014	69	60
Net book value at 31 December 2014	11	3
2013		
Cost		
At 1 January 2013	113	60
Additions	5	2
Disposals	(12)	-
At 31 December 2013	106	62
Accumulated amortisation		
At 1 January 2013	85	52
Charge for the year	7	7
At 31 December 2013	92	59
Net book value at 31 December 2013	14	3

13. Property, plant and equipment

Group	Freehold property £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
2014					
Cost or valuation					
At 1 January 2014	907	505	1,014	109	2,535
Additions	96	106	197	-	399
Disposals	-	(6)	(30)	(66)	(102)
At 31 December 2014	1,003	605	1,181	43	2,832
Accumulated depreciation					
At 1 January 2014	-	268	506	74	848
Charge for the year	-	72	77	14	163
Disposals	-	(6)	(14)	(57)	(77)
At 31 December 2014	-	334	569	31	934
Net book value at 31 December 2014	1,003	271	612	12	1,898
2013					
Cost or valuation					
At 1 January 2013	892	418	672	102	2,084
Additions	15	87	342	13	457
Disposals	-	-	-	(6)	(6)
At 31 December 2013	907	505	1,014	109	2,535
Accumulated depreciation					
At 1 January 2013	-	141	429	29	599
Charge for the year	-	127	77	46	250
Disposals	-	-	-	(1)	(1)
At 31 December 2013	-	268	506	74	848
Net book value at 31 December 2013	907	237	508	35	1,687

Company	Freehold property £'000	Plant and equipment £'000	Office equipment fixtures and fittings £'000	Total £'000
2014				
Cost or valuation				
At 1 January 2014	907	21	246	1,174
Additions	96	4	10	110
Disposals	-	(5)	(18)	(23)
At 31 December 2014	1,003	20	238	1,261
Accumulated depreciation				
At 1 January 2014	-	15	198	213
Charge for the year	-	2	19	21
Depreciation on disposals	-	(5)	(17)	(22)
At 31 December 2014	-	12	200	212
Net book value at 31 December 2014	1,003	8	38	1,049
2013				
Cost or valuation				
At 1 January 2013	892	16	362	1,270
Additions	15	7	29	51
Disposals	-	(2)	(145)	(147)
At 31 December 2013	907	21	246	1,174
Accumulated depreciation				
At 1 January 2013	-	16	324	340
Charge for the year	-	1	19	20
Disposals	-	(2)	(145)	(147)
At 31 December 2013	-	15	198	213
Net book value at 31 December 2013	907	6	48	961

The freehold property was valued professionally by Berry Morris, Chartered Surveyors, on 24 February 2011. The valuation was made on the basis of recent market transactions on arm's length terms and on an alternative use basis. The Revaluation Reserve is not available for distribution to shareholders. The directors are of the opinion that the valuation has not moved materially since the last valuation was performed.

The freehold property is stated at valuation, the comparable historic cost and depreciation values are as follows:

	2014 £'000	2013 £'000
Historical cost	697	697
Accumulated depreciation		
At 1 January	60	57
Charge for the year	3	3
At 31 December	63	60
Net book value as at 31 December	634	637

The Group's land and buildings have been pledged as security for contingent liabilities incurred as part of the normal trading of Westminster International, see note 28.

14. Operating lease commitments

The Group and the Company lease various office equipment and motor vehicles under non-cancellable operating lease agreements. The total commitments under these leases can be analysed as follows:

	Group			Company
	Property £'000	Other £'000	Total £'000	Other £'000
As at 31 December 2014				
Within one year	64	71	135	36
In the second to fifth years inclusive	123	102	225	41
Total	187	173	360	77
As at 31 December 2013				
Within one year	-	43	43	20
In the second to fifth years inclusive	-	93	93	38
Total	-	136	136	58

Remaining lease terms range from 2 months to 5 years.

	Group £'000	Company £'000
Minimum lease payments under operating leases recognised as an expense in the year	40	21

15. Investment in subsidiaries

Company	2014 £'000	2013 £'000
At start and end of period	357	357
Amounts due from subsidiaries net of provisions	7,034	4,701
	7,391	5,058

The expected net present values of cash flows arising from these subsidiaries is expected to be in excess of the carrying value of these investments.

16. Subsidiary undertakings

The key subsidiary undertakings at 31 December 2014 were as follows:

Name	Country of incorporation	Principal activity	% of nominal ordinary share capital and voting rights held
Westminster International Limited	England	Advanced security technology, (Technology Division)	100
Longmoor Security Limited	England	Close protection training and provision of security services (Managed Services)	100
CTAC Limited	England	Dormant	100
Westminster Aviation Security Services Limited	England	Managed services of airport security under long term contracts. Managed Services Division	100
Westminster Facilities Management Limited	England	Dormant	100
Sovereign Ferries Limited	England	Dormant	100
Westminster Operating Limited	England	Special purpose vehicle which exists solely for listing the 2013 CLN on the CISX. Year end 31 October 14. Only transactions are intra group	100

The company has a 49% equity share in a local company which is used purely for the local presence required to deliver services. This legal entity has no revenues of its own and provides services such as local labour. Its full cost base has been included in these financial statements. This entities name cannot be disclosed due to contractual confidentiality requirements.

17. Financial assets and liabilities

Categories of financial assets and liabilities

The carrying amounts presented in the Consolidated and Company statement of financial position relate to the following categories of assets and liabilities:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Financial assets				
Loans and receivables				
- Amount owed by subsidiary undertakings (note 15)	-	-	7,034	4,701
- Trade and other receivables (note 20)	1,979	1,367	83	239
- Cash and cash equivalents (note 22)	1,180	707	798	482
	3,159	2,074	7,915	5,422
Financial liabilities				
Financial liabilities measured at amortised cost				
- Borrowings (note 25)	538	651	-	-
- Trade and other payables (note 26)	1,054	1,160	199	302
	1,592	1,811	199	302

See note 2 for a description of the accounting policies for each category of financial instruments. The fair values are presented in the related notes. A description of the Group's risk management and objectives for financial instruments is given in note 29.

Convertible Loan Notes

The group had the following convertible loan during the year note outstanding during the year the key details of which are set out below: This was varied as detailed in note 30 in April 2015.

Amount	£1.118m new fund received in June 2013 with £0.2m of the FY14 note rolling into this instrument. By the 31 December 2014 all except £575,000 had converted into equity.
Conversion Price	35p
Security	Secured fixed and floating subordinate to HSBC
Redemption Date	19 June 2016 (renegotiated to 2018 in April 2015 as per note 30)
Management Fee	£25,000 per annum
Coupon	10%
Company can force conversion	Company can force conversion if > 65p for 15 working days after 19 June 2014. Company can make repayment without penalty if > 42p for 15 working days after 19 June 2014

On initial recognition the conversion option in relation to the convertible loan leads to a potentially variable number of shares, therefore the convertible loan is accounted for as a host debt, (recorded initially at fair value, net of transaction costs and subsequently valued at amortised cost) with an embedded derivative (recorded at fair value through profit and loss and fair valued at each reporting date).

The Convertible Loan Notes have been separated into two components, the Host Debt Instrument and the Embedded Derivative on initial recognition. The value of the Host Debt Instrument will increase to the principal sum amount by the date of maturity. The effective interest cost of the Notes is the sum of that increasing value in the period and the interest paid to Noteholders. The Derivative element will vary in value according to the market price of the underlying Ordinary Shares and the period remaining for conversion amongst other factors. The valuation of embedded derivative on initial recognition was undertaken by a Black Scholes valuation model.

Host Debt	2014 £'000	2013 £'000
At 1 January	651	2,147
Issued in the Year	-	1,009
Amortised Finance Cost	46	252
Capital Adjustment regarding fees	-	(315)
Repayment	-	(858)
Conversion	(159)	(1,584)
At 31 December	538	651

Reconciliation of Conversion	2014	2013
	£'000	£'000
Amortised Loan Note Interest Cost Element	(61)	(314)
Principal Amount Converted	220	1,898
	159	1,584

Analysis of movement in debt at principal value (excluding IFRS impacts), memorandum only

	2014 £'000	2013 £'000
Opening Balance 1 January	795	2,575
Fresh Issue for Cash	-	1,117
Ref-und of previous payments	-	(296)
Repayment	-	(685)
Discount On redemption	-	(19)
Conversion into Equity	(220)	(1,897)
Closing Balance 31 December	575	795

18. Deferred tax assets and liabilities

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 20.0% (2013: 21.5%). Any changes in the future would affect these amounts proportionately. The movements in deferred tax assets and liabilities during the year are shown below.

Group & Company		
At 1 January and 31 December	2014	2013
Non current assets		
Property, plant & equipment	(53)	(53)
	(53)	(53)
Recognised as		
Deferred tax liability	(53)	(53)

19. Inventories

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Finished goods	72	103	-	-
	72	103	-	-

The cost of inventories recognised as an expense within cost of sales amounted to £520,000 (2013: £3,492,000). No reversal of previous write-downs was recognised as a reduction of expense in 2014 or 2013.

20. Trade and other receivables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts falling due within one year:				
Trade receivables, gross	1,797	2,318	10	72
Allowance for credit losses	(44)	(1,453)	-	-
Trade receivables	1,753	865	10	72
Amounts recoverable on contracts	46	4	-	-
Other receivables	180	498	73	167
Financial assets	1,979	1,367	83	239
Prepayments	65	49	22	34
Non-financial assets	65	49	22	34
Trade and other receivables	2,044	1,416	105	273

The average credit period taken on sale of goods in 2014 was 68 days (2013: 52 days). An allowance has been made for estimated irrecoverable amounts from the sale of £44,000 (2013: £1,431,000). This allowance has been based on the knowledge of the financial circumstances of individual receivables at the balance sheet date. During the year previously provided for items were written off against the relevant provision.

The following table provides an analysis of trade and other receivables that were past due at 31 December, but not impaired. The Group believes that the balances are ultimately recoverable based upon a review of past payment history and the current financial status of the customers.

	2014 £'000	2013 £'000
Not more than 3 months	1,577	728
More than 3 months but less than 6 months	3	69
More than 6 months but not more than 1 year	611	341
	2,191	**1,138**
Opening balance at 1 January	1,453	1,412
Net amounts written off	(1,409)	41
Closing balance at 31 December	**44**	**1,453**

There are no significant credit risks from financial assets that are neither past due not impaired. At 31 December 2014 £121,000 (2013: £385,000) of trade receivables were denominated in US dollars and £109,000 (2013: £145,000) in Euros, £32,000 (2013: £60,000) in Saudi Riyals and £1,535,000 (2013: £1,728,000 in sterling). The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

21. Contracts in progress

The Group had contracts in progress at 31 December as follows:

	2014 £'000	2013 £'000
Contract costs incurred plus recognised profits less recognised losses to date	524	1,256
Less: progress billings	(1,954)	(1,388)
	(1,430)	**(132)**
Recognised as:		
Due from contract customers included in trade and other receivables	45	4
Due to contract customers included in trade and other payables	(1,475)	(136)
	(1,430)	**(132)**

As 31 December 2014 retentions held by customers for contract work amounted to £nil (2013: £nil).

22. Cash and cash equivalents

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Cash at bank and in hand	1,180	776	798	481
Short-term bank deposits	-	-	-	1
	1,180	**776**	**798**	**482**
Bank overdraft	-	(69)	-	-
Cash and cash equivalents	**1,180**	**707**	**798**	**482**

All the bank accounts of the Group are set against each other in establishing the cash position of the Group. The bank overdrafts do not therefore represent bank borrowings, which is why they are presented as above for the purposes of the cash flow statement.

The Group's short term bank deposits are invested in money market deposits which match the forecasted operating cash requirements of the business. The carrying amount of bank deposits approximates to their fair value.

23. Called up share capital

Group and Company

The total number of authorised shares is 80,000,000 ordinary shares of £0.10 each (2013: 80,000,000 ordinary shares of £0.10 each). These shares carry no fixed right to income.

The total amount of issued and fully paid shares is as follows:

	2014 Ordinary shares		2013 Ordinary shares	
	Number	£'000	Number	£'000
At 1 January	46,949,234	4,695	32,608,937	3,261
Arising on conversion of Convertible Loan Notes	628,570	63	6,585,876	658
Arising on exercise of Share Options and Warrants	10,000	1	425,600	43
Other Issues for Cash	7,557,608	756	7,328,821	733
At 31 December	55,145,412	5,515	46,949,234	4,695

During the year the following equity issues took place

Date	Comment	Shares Issued	Price (p)	Gross £	Nominal £
26 Feb 14	Employee	10,000	34	3,400	1,000
24 Mar 14	Strategic Investor	389,610	77	300,000	38,961
24 Mar 14	EFF drawdown	195,000	77	150,150	19,500
07 Apr 14	CLN Conversion	628,571	35	220,000	62,857
04 Aug 14	Placing	3,125,000	40	1,250,000	312,500
10 Dec 14	Placing	3,373,000	25	843,250	337,300
10 Dec 14	EFF drawdown	475,000	33	156,750	47,500
		8,196,181		2,923,550	819,618

24. Share Options

The Company adopted the Share Option Scheme on 3 April 2007 that provides for the granting of both EMI and unapproved options (Westminster Group Individual Share Option Agreements). The main terms of the option scheme are as follows

- Although no special conditions apply to the options granted in 2007, the model form agreement allows the Company to adopt special conditions to tailor an option for any particular employee,
- The scheme is open to all full time employees and Directors except those who have a material interest in the Company. For the purposes of this definition, a material interest is either beneficial ownership of, or the ability to control directly, or indirectly, more than 30% of the ordinary share capital of the Company,
- The Board determines the exercise price of options before they are granted. It is provided in the scheme rules that options must be granted at the prevailing market price in the case of EMI options and must not be granted at an exercise price that is less than the nominal value of a share.
- There is a limit that options over unissued shares granted under the scheme and any discretionary share option scheme or other option agreement adopted or entered into by the Company must not exceed 10% of the issued share capital.
- Options can be exercised on the second anniversary of the date of grant and may be exercised up to the 10th anniversary of granting. Options will remain exercisable for a period of 40 days if the participant is a "good leaver'

Options have subsequently been granted on this basis.

Business Development Options

In July 2012 a business development partner was appointed to assist in the development of Asian, African and Middle Eastern business. As part of the remuneration agreement they were incentivised to generate direct incremental revenue for Westminster with a grant of 2.0m options over 2m 10p ordinary shares.

These options have an exercise price of 30p each. 0.3m options vested on granting and were exercised before 31 December 2013. The option charge of £23,000 recognised in 2012 was reversed in 2013. The remainder vest on achievement of incremental revenue performance milestones. 0.7m options vest on achievement of £5m of revenue directly generated by that entity within 5 years and a further 1.0m vest on delivery of £30m revenue directly generated by them within the same period.

In line with Westminster's strategy and the alignment with strategic partners, further options were granted to additional business development partners during the year ended 31 December 2014. In March 2014 an existing investor was appointed as a Business Development Partner to the Group and was granted 0.5m options over 10p ordinary shares in Westminster. They have a strike price of 85p each and vest on achievement of incremental recurring revenue performance arising from incremental business in our Managed Services division. 0.3m Options vest on achievement of £5m of new Managed Services revenues directly generated by the Business development Partner within 3 years and a further 0.2m vesting on delivery of an aggregate of £8m new recurring revenue directly generated by them within the same period. The Options have a life of 8 years from date of grant, but will lapse after three years if the above revenue criteria are not achieved.

A further 0.3m options with a strike price of 85p were granted to another business development partner on 1 July 2014. They vest on achievement of £5m of new Managed Services revenues which are directly delivered by that partner within 3 years of issue.

A condition of all of these agreements is that revenue is defined in accordance with the Group's standard revenue recognition policies and that it has also been paid in full. Westminster will be involved at all stages in client negotiations and product specifications and will have ultimate sanction over contractual terms

These options are valued by the use of the Black Scholes model using a volatility of 50% and a life of 8 years (being the point at which they lapse). The number of options vesting is based on forecast new business from that partner.

Employee Share options and weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price per share (p)
Outstanding at 1 January 2014	1,076,862	34.3
Granted	3,523,750	
Exercised	(10,000)	
Forfeited & Lapsed	(57,000)	
Outstanding at 31 December 2014	4,533,612	31.2
Exercisable at 31 December 2014	364,862	27.4

The weighted average share price at the date options were exercised was 34p (2013: 34.3p). The average life of the unexpired share options was 9.3 years (2013: 7.2 years)

The range of exercise prices and the weighted average remaining contractual life of share options outstanding at the end of the period were as follows:

Analysis of share options outstanding		31 December 2014		31 December 2013	
		Number Outstanding	Average Life Outstanding Years	Number outstanding	Average Life Outstanding Years
05-Apr-07	£0.1000	207,000	2.30	235,000	3.3
21-Jun-07	£0.6750	67,862	2.50	67,862	4.5
20-Sep-07	£0.7400	-	2.70	9,000	4.7
21-Apr-08	£0.5250	15,000	3.30	15,000	4.3
25-Sep-09	£0.3450	60,000	4.70	60,000	5.7
27-May-10	£0.3275	15,000	5.40	15,000	6.4
28-Jun-12	£0.3400	505,000	8.50	505,000	9.2
26-Feb-13	£0.3650	80,000	7.50	120,000	8.5
10-Sep-13	£0.7100	50,000	8.70	50,000	9.7
1-Jul-14	£0.5100	440,000	9.50	-	-
10-Dec-14	£0.2800	3,093,750	10.00	-	-
		4,533,612	9.1	1,076,862	7.2

The Black-Scholes option-pricing model is used to determine the fair value of share options at grant date. The assumptions used to determine the fair values of share options at grant dates were as follows

For share options granted post IPO the expected share price volatility was determined taking account of the historic daily share price movements. Since 2009, the standard deviation of the share price over the year has been used to calculate volatility. As the Company was not quoted at the dates of granting of the share options before the IPO on 21 June 2007, the calculation of the expected volatility of the shares was estimated by comparisons of the historic volatility of a sample of securities of companies of a similar size to the Company, quoted on AIM, as well as the volatility of other listed companies in similar industries.

The average expected term to exercise used in the models is based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural conditions, forfeiture and historical experience. The risk free rate has been determined from market yields for government gilts with outstanding terms equal to the average expected term to exercise for each relevant grant.

The amount recognised in profit or loss in respect of share-based payments was £52,000 (2013: £33,000).

An grant of 2,937,500 options over 10p ordinary shares was made to the Directors on 10 December 2014, In order for the directors to benefit from this scheme a demanding share price target of 60p before vesting must be achieved. In context this threshold represents a premium of 140 per cent. to the placing price of the GBP1 million fundraising announced on 10 December 2014 and a premium of 66% per cent. to the average equity issue price since July 2011

25. Borrowings

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Non-current				
Convertible loan note (note 17)	538	651	-	-
	538	651	-	-

The bank overdrafts represent overdrawn amounts in some subsidiaries, which are offset by cash balances in other subsidiaries. See note 17 for details of the convertible loan notes.

26. Trade and other payables

Current	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade payables	190	325	103	126
Accruals and other creditors	864	776	96	126
Finance lease liabilities	-	59	-	50
Financial liabilities	1,054	1,160	199	302
Other taxes and social security payable	64	165	28	116
Deferred income	1,475	136	-	-
Non-financial liabilities	1,539	301	28	116
Total current trade and other payables	2,593	1,461	227	419

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs, as well as payments received in advance on contracts. The average credit period taken for trade purchases in 2014 was 36 days (2013: 46 days). The directors consider that the carrying value of trade payables approximates to their fair value. All finance leases finished during the year ended 31 December 2014

Deferred income relates to amounts received from customers at year-end but not yet earned.

At 31 December 2014 £35,000 (2013: £59,000) of payables were denominated in US dollars, and £155,000 (2013: £269,000) in sterling.

Future minimum finance lease payments at the end of each reporting period under review are as follows

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Within one year	-	-	55	60
In the second to fifth years inclusive	-	-	-	60
	-	-	55	120

27. Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to (loss)/profit before tax to arrive at operating cash flow

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Adjustments:				
Depreciation, amortisation and impairment of non-financial assets	167	257	22	27
Loss on disposal of CTAC & other intangibles	-	176	-	-
Financing costs	37	88	-	-
Provision on intercompany debt	-	-	(1)	988
Loss /(Profit) on disposal of non-financial assets	5	11	-	-
Share-based payment expenses	52	33	52	33
Total adjustments	261	565	73	1,048
Net changes in working capital:				
(Increase)/decrease in inventories	31	(26)	-	-
(Increase)/decrease in trade and other receivables	(628)	5	168	(168)
Increase/(decrease) in trade and other payables	1,132	(772)	(191)	(262)
Total changes in working capital	535	(793)	(23)	(430)

28. Contingent assets and contingent liabilities

Westminster International has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to its contracts, which are cross guaranteed by the other Group companies. The total amount outstanding at 31 December 2014 was £366,000 (2013: £366,000). Since the year-end approximately £200,000 of these bonds has lapsed.

A claim under the Sale and Purchase Agreement is being made against the vendors of CTAC Limited which was acquired in April 2010, as the result of a deficiency in net assets as at the Completion Date. An expert was appointed by the President of the ICAEW to adjudicate on a net asset deficiency, which was quantified by them at £364,000. This is outside of any further warranty action that the company can bring against the vendors under the terms of the sale and purchase agreement. The Group continues to pursue the vendors of CTAC through the legal system and expects future progress towards resolution

The Company is party to a multilateral guarantee in respect of bank overdrafts of all companies within the Group. At 31 December 2014, these borrowings amounted to £nil (2013: £nil).

29. Financial risk management

The Group is exposed to various risks in relation to financial assets and liabilities. The main types of risk are foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Group's risk management is closely controlled by the Board and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not actively trade in financial assets for speculative purposes nor does it write options. The most significant financial risks are currency risk, interest rate risk and certain price risks.

Foreign currency sensitivity

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US dollar. The Group's policy is to match the currency of the order with the principal currency of the supply of the equipment. Where it is not possible to match those foreign currencies, the Group might consider hedging exchange risk through a variety of hedging instruments such as forward rate agreements, although no such transactions have ever been entered into.

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows. Euro assets and liabilities are not material.

Group	Short-term exposure USD £'000
31 December 2014	
Financial assets	541
Financial liabilities	(36)
Total exposure	505
31 December 2013	
Financial assets	347
Financial liabilities	(187)
Total exposure	160

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a loss of profits in 2014 of £22,000 (2013: £0.02m). Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk. Foreign currency denominated financial assets and liabilities are immaterial for the Company.

Interest rate sensitivity

The only borrowings of the Group are the convertible loans and bank overdraft and are detailed in note 17. All have fixed interest rates. Interest on the cash holdings of the Group is not material and therefore no calculation of interest rate sensitivity have been undertaken.

Credit risk analysis

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. In the case of material sales transactions, the Group usually demands an initial deposit from customers and generally seeks to ensure that the balance of funds is secured by way of a letter of credit or similar instruments.

None of the Group's financial asset are secured by collateral or other credit enhancements.

See further disclosure in note 20 of these financial statements.

Liquidity risk analysis

The Group manages its liquidity needs by monitoring scheduled debt repayments for long term financial liabilities as well as forecast cash flows due in day to day business. Net cash requirements are compared to borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

As at 31 December 2014, the Group's liabilities have contractual maturities (including interest payments where applicable) as summarised below:

Group	Current (within 6 months)	6 to 12 months	Non Current (1-5 years)	More than 5 years
31 December 2014				
Convertible Loans	24	24	575	-
Trade and Other Payables	1,402	-	-	-
Total	1,426	24	575	-

Company	Current (within 6 months)	6 to 12 months	Non Current (1-5 years)	More than 5 years
31 December 2014				
Convertible Loans	24	24	575	-
Trade and Other Payables	360	-	-	-
Total	384	24	575	-

This compares to the Group's financial liabilities in the previous reporting period as follows:

Group	Current (within 6 months)	6 to 12 months	Non Current (1-5 years)	More than 5 years
31 December 2013				
Convertible Loans	40	40	994	-
Finance Lease Liabilities	30	25	-	-
Trade and Other Payables	1,402	-	-	-
Total	1,472	65	994	-

Company	Current (within 6 months)	6 to 12 months	Non Current (1-5 years)	More than 5 years
31 December 2013				
Convertible Loans	40	40	994	-
Finance Lease Liabilities	30	25	-	-
Trade and Other Payables	360	-	-	-
Total	430	65	994	-

30. Post balance sheet events

On 22 April 2015 the company completed the following debt issues to for general balance sheet strength and will support ongoing costs and business development, particularly around the expansion of the Managed Services division. They were structured in a way so as to minimise potential dilution to equity shareholders

Variation of 2016 Convertible Secured Loan Note ("CSLN") and issue of further loan notes

On 19 June 2013, the Company issued a CSLN enabling the drawdown of a maximum of £4m, with a three year duration, a 10% annual coupon and a conversion price of 35 pence. As at that date, £1.318m of the CSLN had been drawn down. Subsequently £0.742m of this was converted into ordinary shares in the Company leaving £0.576m outstanding immediately prior to this announcement. The terms of this have been varied (as consented to by all existing loan note holders) so as to attract incoming investors (of which £0.67m subscribed on that day) , the key terms of which are set out below:

Maturity date extended by 2 years to June 2018

The conversion price (for issues after 30 April 2015) can be greater than 35p

Westminster may repay the CSLN without penalty after the first year from the date of the announcement provided that the average share price for the 15 days prior to repayment is 42 pence or more. Westminster may force conversion of the CSLN if the average share price on the 15 days before conversion is 65 pence or more. The CSLN holders may convert at any time during the term of the instrument at the holder's option. All other terms of the CSLN remain the same. These loan notes have a current capacity to issue a further £2,013,000 and are listed on the Channel Islands Stock Exchange.

Zero Coupon Convertible Unsecured Loan Notes ("CULN")

The Company also issued a further £1,650,000 (gross) CULN with Darwin Strategic Limited ("Darwin"). The CULN is unsecured, has a zero coupon attached and will be divided into 66 individual notes with a par value of £25,000 each ("Par Value").

For each £25,000 loan note issued, Westminster has received 90% of the Par Value, equivalent to £22,500 per individual loan note. During the first 12 months, any number of the loan notes is callable in cash by Westminster at 100% of Par Value (subject to the right of a loan note holder to convert with agreed limitations as below). Following the 1 year anniversary, any number of loan notes is callable at 102.5% of Par Value, equivalent to £25,625 per individual loan note. From 1 May 2016, Westminster is required to prepay 3 loan notes every month at 105% of Par Value, equivalent to £78,750 and these monthly repayments will mean no further equity issue from this instrument.

The loan notes are convertible at Darwin's election into new ordinary shares of 10p each in Westminster ("Ordinary Shares") at the conversion price, being the lesser of 39 pence per new Ordinary Share or 90% of the arithmetic average of the five lowest daily volume weighted average share price per Ordinary Share out of the ten trading days prior to conversion. The parties have also agreed to certain limitations on conversion volumes throughout the duration of the loan notes. In addition to the other redemption rights the loan notes are redeemable in the event of a change of control or the occurrence of an event of default in cash at 110% of the Par Value.

Darwin was also issued with warrants (vested immediately) to subscribe for 1,100,000 new Ordinary Shares at an exercise price of 39 pence per new Ordinary Share. The warrants can be exercised over a two year period from the date of this announcement.

Westminster and Darwin have mutually agreed to the early expiration of the previous Equity Finance Facility which was put in place in April 2013Waiting for textWaiting for text

Company Information

Directors

Executive

Peter Fowler
Stuart Fowler
Roger Worrall
Ian Selby

Non-Executives

Lt Col Sir Malcolm Ross (Chairman)
Sir Michael Pakenham
Matthew Wood

Secretary

Ian Selby

Registered office

Westminster House
Blacklocks Hill
Banbury
Oxfordshire
OX17 2BS

Principal bankers

HSBC Bank Plc
17 Market Place
Banbury
Oxfordshire
OX16 5ED

Registrars

Capita Corporate Registrars plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Nominated adviser & Stockbroker

SP Angel LLP
Prince Frederick House
35-39 Maddox Street
London
W1S 2PP

Auditor

Moore Stephens LLP
10 – 12 Russell Square
London
WC1B 5LF

Financial public relations

Winningtons
Westpoint
78 Queens Road
Bristol
BS8 1QX

Solicitors

Charles Russell LLP
7600 The Quorum
Oxford Business Park North
Oxford
OX4 2JZ

Westminster Group Plc

P +44 (0) 1295 756300 F +44 (0) 1295 756302 E info@wg-plc.com

Westminster International Ltd

P +44 (0) 1295 756300 F +44 (0) 1295 756302 E info@wi-ltd.com

Longmoor Security Ltd

P +44 (0) 1295 756380 F +44 (0) 1295 756381 E info@longmoor-security.com

Westminster Aviation Security Services Ltd

P +44 (0) 1295 756370 F +44 (0) 1295 756372 E info@wass-ltd.com

Sovereign Ferries Ltd

P +44 (0) 1295 756300 F +44 (0) 1295 756302 E info@sovereign-ferries.com

Westminster Group plc
Westminster House
Blacklocks Hill
Banbury
Oxfordshire
OX17 2BS
United Kingdom

www.wsg-corporate.com