Annual Report & Accounts 2015

WESTMINSTER
GROUP PLC

Worldwide World Class Protection

Security Technology | Managed Services

Westminster Group plc

Company Registration No 03967650

Annual Report & Accounts 2015

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

- Three new large scale long term Memorandums of Understanding signed for airport security;
- Prospect list of potential long term managed services projects significantly enhanced;
- Maintained full operations and kept all staff safe during Ebola Crisis in West Africa;
- Ebola crisis waning in H2 and airlines begin to return;
- Flagship ferry vessel Sierra Queen arrives in country but suffers damage creating delays in ferry commencement;
- Second vessel, Sierra Princess, a 70 seater vessel secured;
- Technology Division sales increased by 43%;
- New Technology Division website underway.

FINANCIAL

- Revenues £3.4m (2014 : £3.5m) with £1.7m from Technology Division (£1.2m). Decrease in Managed Services revenues reflected worst period of the Ebola crisis, which is now over and making a strong recovery;
- Underlying EBITDA loss reduced by 72% to £0.44m (2014: £1.59m);
- Operating cost reductions of 8% continued into 2016;
- Debt of £3.32m (gross) issued in the year to support capital investment in Ferry project and working capital needs, £0.9m converted into equity in the year;
- Overall Loss £1.99m (2014: £2.43m);
- Loss per share reduced by 29% to 3.49p (2014: 4.94p).

POST BALANCE SHEET

- Three more signed MoU's making seven in total under discussion;
- Letter of Intent received for long term airport project with potential for over £30m annual revenues;
- Recovery in passenger numbers in West Africa enabling it to produce record financial performance, further cost reductions since January;
- Group close to EBITDA break even;
- £0.475m unsecured debt issued and a further £0.75m converted into equity;
- £1.3m new equity placed in June 2016 to provide additional working capital and to support growing airport security opportunity;
- Group now in a much stronger financial position than at the start of the year;
- Full strategic review underway.

"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 with a particular focus on long term recurring revenues business."

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.

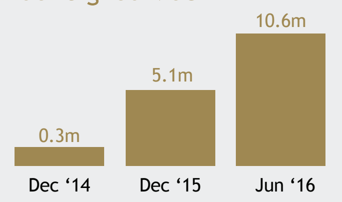
Westminster may pay a concession fee (based on cash collections from fees) to the port or airport authority, and this, in conjunction with our absorption of their capital and operating cost obligations, provides a strong customer advantage turning cash outflow into cash inflow.

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 a number of which have now advanced to signed Memorandum of Understanding (MoU) stage. A measure of the increasing momentum of the opportunities can be seen in the table below. The relevance of these numbers is the fact that the division will receive long term revenues directly proportional to the number of embarking passengers.

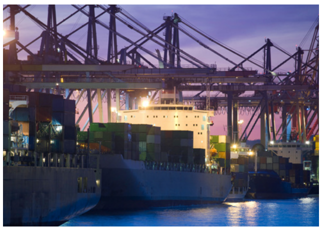
Whilst not all the opportunities under discussion will result in final contracts, with each contract being potentially worth several hundred million USD of sales value over the life of the contract and further expansion of the prospect pipeline expected, the potential for substantial growth from this 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 Passenger Growth under Signed MoU



PORT I AIRPORT I UTILITIES I INFRASTRUCTURE




Example Worldwide Projects

A sample of completed projects worldwide

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 manufacturers 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. A number of these potential 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.

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.

Chairman's Report

"I would like to extend our appreciation to all our investors for their continued support during these challenging times and also to our strategic investors who are bringing their expertise to help deliver value for all."

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 2015.

In my 2014 Statement I stated that we had faced the challenges in dealing with the Ebola crisis in West Africa and the severe impact that had on our business. 2015 has been equally if not more challenging as not only did the Ebola crisis last longer and become more destructive than anyone had anticipated but we also suffered delays with the commencement of our ferry project in Sierra Leone whilst the significant drop in oil prices had a knock on delaying factor with several of our key project opportunities.

However I am pleased to say that the Westminster team were resolute in dealing with these issues and continued to show their true professionalism in the face of adversity. Not only did we keep our airport operations open and still deliver a world class security service but we kept all of our staff and their families safe and mercifully none succumbed to the disease or related issues. Despite the significant drop in passenger traffic and loss of revenues we also maintained full employment of all our local staff which was not only morally but operationally the right thing to do. In addition we dealt with significant challenges involved in the repair of our flagship vessel the Sierra Queen and continued to develop the infrastructure and terminals preparing for service.

This crisis response inevitably, and rightly, absorbed management time, and whilst this has naturally affected 2015's revenue performance the measures we put in place to significantly reduce our operating cost base has greatly mitigated losses.

Despite these challenges I am pleased to report that the Group continued to expand its operations and presence around the world particularly in terms of its Managed Services business which is now a key focus for the business. Interest in the Group's long term airport security model continues to grow, evidenced by the increasing number and frequency of signed Memorandum's of Understanding the Group have secured from governments and airport authorities in different regions of the world.

More detail on the projects and opportunities we are undertaking is covered under the CEO's Strategic Report.

I am pleased to report we continue to work closely with and receive excellent support from 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.

Corporate Conduct

In our industry it is vitally important that we maintain the highest standards of corporate conduct. You will see in the Directors' Corporate Governance Report 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. This is an area we will be investing in as the business expands.

Staff and Board

Sir Michael Pakenham, who has been a Non-Executive Director of the Company since January 2008, will be stepping down from the main board at the AGM in June to concentrate on other duties.

Sir Michael has been a great asset and wise counsel to the company during his time with us and he has made a positive contribution to our operations both in the UK and across the globe. On behalf of the Company and the Board I wish to publically thank him for all his efforts. I am pleased to say, however, that Sir Michael will remain an advisor to the Company.

As covered in the CEO's Strategic Report we are undertaking a strategic review of our business and we will be making further changes to our Board in the near future with new appointments providing us with wider experience and expertise together with a restructuring of the Board and responsibilities to better serve the significant growth potential of our Group.

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.

In my last review I mentioned that a true measure of the quality of any organisation (be it civil or military) is how well it responds under adverse circumstances. I am happy to repeat that and in this respect Westminster has not been found wanting during this challenging period and I am proud to be the Chairman of such a company. I would therefore like to pay tribute to our management and staff, especially those in West Africa, both expatriate and local, who maintained our operations, overcame the various challenges and kept all our staff safe so that we can now benefit from the recovery and the significant opportunities we have developed. I am particularly proud and delighted to report that all our expatriate staff who maintained operations in West Africa during the Ebola crisis are each being awarded the UK Government Ebola Medal.

I would finally like to extend our appreciation to all our investors for their continued support during these challenging times and also to our strategic investors who are bringing their expertise to help deliver value for all.

Lt. Col. Sir Malcolm Ross GCVO, OBE
Chairman

08 June 2016

Chief Executive Officer's Strategic Report

"Despite challenges the Group continued to expand its international presence and large scale opportunities, particularly in our increasingly core focus airport security business."

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 with a particular focus on long term recurring revenues business.

Our target customer base is primarily governments and governmental agencies, critical infrastructure (airports, ports & harbours, borders, power plants etc.) and large scale commercial organisations worldwide.

As depicted in the figure below our business has evolved from a traditional UK focused 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 in the provision of long term security and managed services.

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

Managed Services Division:
Focusing 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:
Focusing 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. Whilst our Managed Services Division provides a long term business platform to deliver other cost effective incremental services from the Group.

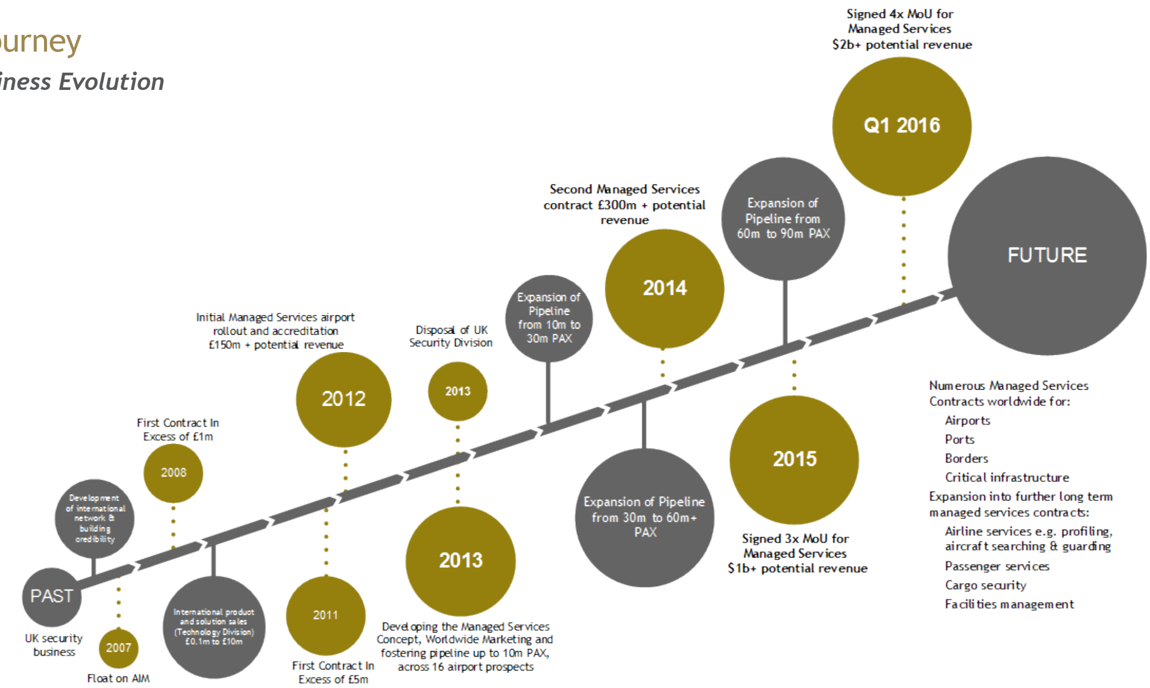
We have a track record of successfully delivering a wide range of complex security solutions to governments and blue chip organisations around the world as can be seen from page 3 and our reputation grows with each new contract delivered. This in turn underpins our strong brand and provides a platform from which we can expand our Managed Services Division which is now becoming the key focus for the Group with its dramatic growth prospects and the significant recurring revenue stream potential.

Business Review

We have now experienced two challenging and difficult years. 2014 saw the commencement of the Ebola crisis in West Africa which created operational and financial pressures as passenger volumes fell. At its worst point, passenger numbers reduced to around 30% of normal traffic with the corresponding reduction in revenues. 2015 was an equally, if not more, challenging period for our Group as not only did the Ebola crisis in West Africa last longer and become more widespread than anyone had expected, lasting throughout 2015, albeit with a growing recovery through the latter part of the year, but our flagship ferry vessel,

The Journey

Our Business Evolution



the Sierra Queen, suffered damage shortly after arrival in Sierra Leone, resulting in extended delays to the commencement of our ferry project. Additionally, the worldwide collapse in oil prices has caused delays with several of our key project opportunities as governments cut back on capital expenditure.

Whilst the majority of these issues were beyond the Company's control they have had a material impact on the financial performance of the Company with approximately £1.1m attributed loss of passengers on Ebola and a further estimated £750,000 on loss of potential ferry revenue.

Despite these challenges, however, the Group continued to expand its international presence and large scale opportunities, particularly in our increasingly core focus airport security business. I remain proud of how our management and staff have dealt with and overcome the numerous challenges we have faced over this period.

Managed Services Division

Ferry Project:

A defining issue during 2015 has been the delays in commencing the 21 year ferry project we signed in November 2014 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.

The background to this project is that the current ferry services are unreliable, unsuitable and 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.

As Westminster is providing a respected and highly professional security operation at the airport with revenues directly related to passenger numbers, we were invited to provide a safe and reliable solution to this issue. Following the signing of the contract, we recruited ex Royal Navy personnel to run the operation and began working on building the required infrastructure around the service and, improving the terminals. We acquired a 200 seat flagship vessel named Sierra Queen, capable of transporting a full plane load of passengers across the estuary quickly, in style and comfort, which arrived in country at the end of April 2015.

Unfortunately shortly after arrival the vessel suffered some damage whilst on a temporary mooring. A local marine contractor was employed to undertake repairs and some hull strengthening works, which was to be completed before the official launch ceremony on 11 June 2015.

Despite a successful launch ceremony we discovered that the vessel was not fully operational and upon examination found one of the prop shafts had been damaged. The actual damage was a minor alignment issue but no facilities were available to correct this in country and we had to organise removal and shipment back to the UK for repair which due to its size and limited flights at the time presented a huge logistical challenge.

Consequently, repair works which should have taken a few weeks, turned into several months of delay, and despite the repair costs being largely covered by insurance, as the operation had not commenced loss of business revenue was not covered which, on a conservative estimate, would have amounted to over £750,000 between Jul 15 – Dec15.

Whilst many of the issues we faced were beyond our control with hindsight it is clear we could have done some things better or differently and that we had underestimated some of the challenges involved. We have learnt lessons from past issues and we have replaced much of the initial management team involved in the ferry project. We have also engaged an experienced marine and risk management specialist to undertake a commercial and operational review of the project and advise on any further improvements etc. and to assist with future deployment.

Notwithstanding the frustrations, delays and costs suffered during this process, the ferry project remains a potentially highly valuable long term project offering significant revenue potential once fully operational.

Airport Security Projects:

Whilst there has been an understandable focus on the ferry project by many shareholders and despite the significant revenue potential the ferry operations presents, our key focus and substantial growth prospects remain with our long term managed services projects particularly our airport security solutions under Build-Operate-Transfer (BOT) or Build-Maintain-Train (BMT) programmes.

Our revenues from our West African airport operations continued to be adversely affected throughout 2015 by the Ebola crisis although thankfully for all concerned, particularly the people of affected countries, the epidemic slowly abated and was brought under control in the latter half of 2015 with the country being finally declared Ebola Free on 17 March 2016. As the crisis waned we gradually saw a return of airlines and passenger numbers. Revenues for the year were £1.7m (2014: £2.2m) with the decrease being due to the worst ravages of the crisis which greatly affected the first part of the year slowly recovering in H2. I am pleased to report that 2016 is showing much stronger recovery and hopefully pre Ebola levels will be reached before the end of the year. I am also pleased that the division has produced positive contribution since February 2015.

I am also pleased to report that in February 2016 we announced that we had been instrumental in assisting the new cargo operations at Freetown International Airport achieve RA3 accreditation status necessary to be able to ship cargo to Europe. The WASS construction and technical teams have worked hard to implement all of the security features and equipment required and WASS has produced the protocols for accepting and screening cargo using the EU approved methods of X-Ray, hand search and Free Running Explosive Detection Dogs (FREDDs) for the movement of high risk cargo, mail, and dangerous and high value goods.

In addition, WASS's Cargo Security Manager, a Certified Instructor for all levels of air cargo, has trained over 150 personnel including security officers, K9 units, ground handling agents, ramp agents, airlines and cargo agents and compiled all of the required operational documentation required by regulations.

This achievement means that FNA is one of just a few airports in West and Central Africa with such accreditation. FNA is now able to provide cargo services destined for Europe, including transit and transfer cargo and this provides considerable opportunities for FNA to become a cargo hub serving neighbouring countries and opens up new revenue streams for Westminster through cargo screening.

I am pleased to report that we have been extremely active pursuing the ever growing interest in our airport BOT and BMT programmes from governments and airport authorities all over the world and have been very successful in developing this area of our business.

Chief Executive Officer's Strategic Report continued

In February 2015 we announced the signing of a new MoU with a government in Asia for long term airport security services. As previously announced we had been waiting for a parliamentary process to enable foreign companies to enter into government Private Public Partnership and Build Operate Transfer contracts without going to tender and to pass its final reading. We have been informed the act passed its final reading in April 2016, and we are now able to progress discussions with the authorities.

On 12 October 2015 we announced the signing of a new MoU with a government owned airport authority in a new geographical location for the provision of airport security at several of the country's airports.

On 9 December 2015 we further announced yet another new MoU had been signed with a government owned airport authority for the provision of long term airport security services at a significant airport in East Africa serving several million passengers annually.

I am pleased to report that the other East African airport project which we have been in advanced discussions with for some time is still live. The process for this particular airport has frustratingly taken far longer than anticipated due to the government's own internal processes and was on standstill for most of 2015 due to political issues unrelated to our project. These issues have now been largely resolved and we are once again engaged in the negotiation process.

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 and we are looking at provision of similar long term managed services solutions for both ports and national borders.

Technology Division

Despite project delays, the Technology Division produced an improved performance during 2015 with revenues of £1.7million (2014: £1.2m) an increase of some 42%.

During the year the Technology Division secured contracts for a wide range of products and services to a wide range of clients from around the world including: protection equipment for a nuclear facility in North America; advanced screening solutions in West Africa; security solutions for a North African postal service; a museum in Egypt; various UK prisons and a Southern African police service.

Unfortunately the world-wide slump in oil prices has caused some governments to cut back or delay capital spending. This has impacted some of our major projects such as the Americas $4.4m consultancy project announced last year which is now unlikely to be completed in 2016 and the pipeline security project, where we were appointed preferred suppliers for one of the world's largest government owned petrochemical companies. Our Mexican Franchise was also affected by such cutbacks however they continue to invest in the business and remain confident on delivering their revenue commitments in due course.

As the oil price is likely to be an issue for a while, we have already discussed alternative funding solutions such as support from UK Export Finance. We are also in discussions with a commodity trader and have agreed in principle a scheme by which the client/government can pay for our services in product (e.g. oil) and funds are held in escrow for drawdown as we undertake the works, this is attracting serious interest from our clients.

Last year we secured a contract for an Iconic Bridge in the USA. This project has commenced and initial revenues received, however, the main contractor has informed the Company that the project is facing delays and, at this time, there is no confirmation as to completion timescales.

We have a major web presence through our Westminster International website which is an important source of enquiry generation for our business. In our 2014 review I mentioned the effect that changes to search engine algorithms were having on our enquiry rates. There have been ongoing algorithm changes throughout 2015. This required major changes to our legacy websites and in 2015 we therefore decided to invest in a completely new website to meet the exacting and changing requirements of our business as we move forward. The new website is now optimised for tablet and mobile devices, it is built to cater for search engines from the ground up and addresses many other limitations of the old website. The new website took 9 months to complete and was launched in June 2016 (www.wi-ltd.com).

Strategic Review

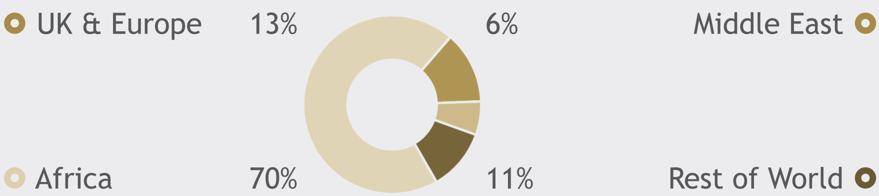
In view of the various issues and challenges of the past two years together with our increasing focus on the significant growth opportunities being developed in our airport security business we are undertaking a wide ranging strategic review of our operations to ensure we are well positioned to maximise opportunities going forward and successfully take the business to the next level. We are taking a critical look at our business including our Board and management structures, our operations, our financing and our advisory structure. At Board level we will be making a number of changes which we hope to announce in due course.

Whilst we have been successful in many areas, particularly in growing our international presence, we need to take a critical look at our business, our strategies, our structure going forward and what, with the benefit of hindsight, we could have done better in the past.

As our business evolves so too must our business strategy and our core focus is now increasingly on our long term recurring revenue managed services business and the significant growth potential that brings. Our strategic review therefore is looking at our various business segments and how they fit and support this strategy.

2015 Geographical Revenue Analysis

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



To those ends we have already streamlined some of our operations and have achieved non depreciation overhead savings of 18% in the year and a further 13% since the year end with further contingent cost savings identified. This is something we will naturally keep under regular review.

Despite the challenges of the past two years our business is facing unprecedented growth prospects, particularly with our airport security operations, and it is essential we have the right leadership, management and strategies in place to successfully deliver such growth. Accordingly the changes we are making and intend to make in the near future, to strengthen our management and broaden our range of experience and expertise together with the strategies we are putting in place, will, I believe, serve the Company well and greatly assist our growth.

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 11.

Financial Review

The financial review for the year ended December 2015 is set out in the Chief Financial Officer's Report on pages 10 and 11.

Principal Risks and Uncertainties

These are referenced along with key mitigation strategies on pages 13 and 14.

Business Outlook

I am pleased to report an encouraging start to 2016 with the end of the Ebola crisis in West Africa, an ongoing recovery in revenues and increasing interest in our long term airport security operations.

The first four months of 2016 show a continuing improvement in the profitability and cash generation of the aviation division which was loss making in the same period in 2015 due to the Ebola crisis. Revenues in the Company's airport security operation have increased by over 85% as traffic has returned. When combined with streamlined resources and operational leverage, this has led to a very significant improvement in the EBITDA performance of the Group as compared to the same period in 2015.

Our Technology business is showing signs of recovery despite delays and setbacks and in February 2016 we announced the signing of a MoU for a 20 year border security project and so far in 2016 we have continued to secure contracts for a wide range of products and services to a wide range of clients around the world. By way of example, in recent months, the Technology Division has supplied various products and services to UK prisons; security equipment to various airports in the UK and overseas; explosive detection equipment to a UN entity in Somalia; supplied screening equipment to the South African Police; as well as securing contracts with numerous other clients as far afield as the USA, Afghanistan, Kenya, Nigeria, Romania, Indonesia, Tanzania and China.

We are looking forward to our flagship vessel, Sierra Queen, being ready for service and our second vessel, Sierra Princess, arriving in June so that finally our eagerly awaited and much needed professional ferry service can commence operations.

As previously mentioned, however, our core focus is now increasingly on our long term recurring revenue managed services business and in that respect I am pleased to report that we are seeing increasing interest and making good progress on numerous fronts.

We currently have seven signed MoU's, all still active and some now at contract discussion stages, with various governments and airport authorities around the world, serving around 10.6 million embarking passengers annually. Of these, three have been signed in the first four months of 2016, one in East Africa and two in the Middle East. This is against three signed in the whole of 2015, two of which were at the end of 2015. The increasing number and frequency of signed MoU's demonstrate the momentum we are building and I am pleased to report that in May 2016 we received a letter of intent relating to one of these MoU's with potential to generate revenues in excess of £30m per annum based on the current PAX throughput and the currently anticipated fee per passenger. In addition, the Company continues to pursue a number of similar prospects around the world.

We are also in dialogue with potential joint venture (JV) partners for certain large scale projects whereby the JV partner can bring added value through financing support and regional presence in new strategic locations as well as bringing to Westminster added language and cultural enhancements. Likewise the JV partner would benefit from Westminster's widespread international presence and agent network for their own complimentary services.

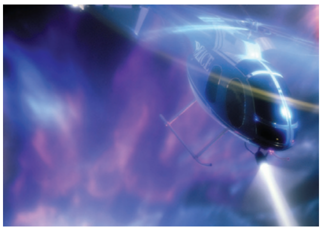
Following two years of dealing with and overcoming a range of challenging issues I believe we are now emerging leaner, stronger and as a result of the strategic review we are undertaking, better structured to ensure maximum shareholder benefit is achieved from the numerous large scale, long term and high margin opportunities we are developing and whilst there is never certainty as to timing or outcome of the various project opportunities we are pursuing we remain excited about our growth prospects.

Peter Fowler
Chief Executive Officer

08 June 2016
Approved by the Board

FIRE I SAFETY I SECURITY I DEFENCE






Chief Financial Officer's Strategic Report

"Operating EBITDA loss fell by circa 70% and we are moving towards underlying breakeven"

Ian Selby
Chief Financial Officer

Revenue

Revenues from our ongoing businesses were circa £3.4m (2014: £3.5m). The Technology Division recorded revenues of £1.7m (2014: £1.2m) and the Managed Services Division £1.7m (2014: £2.2m). Managed Services revenues were down on the prior year due to the full year of Ebola impacts in 2015 (crisis commenced July 2014) and these results clearly do not reflect the significant recovery in passenger numbers experienced in 2016 so far. Technology Division revenues reflected the run rate of smaller product sales as well as certain larger orders received in the first quarter. They do not include the delayed larger solution sales such as the Asian Scanner, Americas Consultancy and US Bridge, the vast majority of which remain unrecognised. The estimated impact of Ebola on Managed Services margins was approximately £1.12m (2014: £0.54m) reflecting the nature of the crisis which commenced in mid-2014 and affected all of 2015.

Gross Margin

Gross margin rose to 58% (2014: 56%) due to the mix of business and improving margins in both main divsions.

Operating Cost base

Our total operating and administrative costs were reduced by 17% to £3.6m (2014: £4.4m). This was achieved as previously stated through headcount reductions in expatriate staff in West Africa as well as in staff based in the UK Banbury HQ. Cost reductions have continued since the year end and our overall non-depreciation cost base in the first four months of 2016 was approximately £0.25m, marking a further reduction of 13%. We continue to bear pressure on all costs, particularly those associated with the Technology Division and the Group HQ and as part of the strategic review. Within these results an increased share option expense of £0.07m (2014: £0.05m) was recorded as was a gain from the initial receipt of settlement monies from the vendors of CTAC limited (£0.08m). As part of this a further $0.315m is due to be paid to Westminster in 2017 and whilst the Company has a debenture over this it will be recognised in the financial statements when received.

Operational EBITDA

Our loss from operations was £1.65m (2014: £2.40m). A very significant element of this was due to the impact of Ebola which began in mid-2014 and affected all of 2015. Estimated margin impacts of this were £1.12m (2014: £0.54m). When adjusted for the items in note 4 to these accounts and depreciation, the Group recorded an EBITDA loss of £0.44m (2014: £1.56m) marking a reduction of over 70%.

Financing Charges

Underlying financing charges of £0.34m (2014: £0.04m) were higher than the prior year due to an increased average debt compared to 2014. Senior Secured Convertible Notes (10% coupon) generated an underlying cash charge of £0.12m (annualised based on current debt outstanding £0.22m). The remaining £0.22m (2014: £0.06m credit) of finance charges were non-cash based and related to IFRS valuations of the convertible loan notes.

Result for the Year

Our loss before taxation was £1.99m (2014: £2.43m) and the loss per share was 3.5p (2014: 4.9p).

Statement of Financial Position

The Group made a significant investment in plant and equipment during the year in support of the Sovereign Ferries 21 year ferry opportunity in West Africa. Approximately £1.25m was spent on the vessel (Sierra Queen) and its shipment from Europe to West Africa. A further £1.02m was spent on higher than expected setup costs, vessel technical work and infrastructure investment on this delayed project. Overall our property, plant and equipment assets grew from £1.90m to £4.34m net book value.

Our debtor balance reduced from £2.04m to £0.48m with a significant part of this due to the adjustment for Americas Consultancy contract revenues which were fully deferred at December 2014 and only a small element recognised in 2015. Average days sales outstanding were 48 (2014: 36) with the increase due to certain receivables which were mainly collected early in 2016. On average the bad debt record of the managed services airport business is less than 0.3% of revenue billed since commencement.

Trade payables were broadly similar to 2014 at £1.13m and average creditor days were 32 (2014: 36) There were certain amounts overdue to HMRC at the end of the year but these were subject to payment schemes which the Group adheres to.

Long Term Debt

At the reporting period date the Group had the following convertible loan notes outstanding. The amounts quoted are face value and exclude any adjustments made for IFRS.

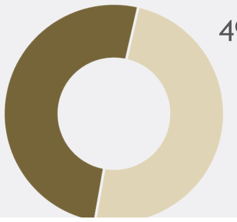
Senior Secured 2018 notes ("CLN") £2.245m (2014: £0.575m). £0.67m was issued in April 2015, when the maturity date on the original loan note was varied from June 2016 to June 2018. This carries a coupon of 10% and has a conversion price of 35p. In October 2015 a further £1.0m of this loan note was issued to strategic investors. To attract these incoming strategic investors 1,142,856 new 10p ordinary shares were issued as a bonus to these incoming investors to reduce their average price to 25p from the 35p conversion price in the instrument. The average price of 25p was an approximate 105% premium to the then market price. At that point, certain consultancy fees of £60,000 due to strategic partners were also settled by the issue of a further 400,000 new 10p ordinary shares.

Convertible Unsecured Loan Notes ("CULN"). The Company issued £1,650,000 (gross) CULN to Darwin Strategic Limited ("Darwin") in April 2015. The Group received 90% of this in cash and was able to make repayment of any amount at any point without penalty. At the time of drawdown the Group was planning to use cash flows arising from the monetisation of signed Technology Division contracts and from the commencement of ferry operations in West Africa to reduce this debt and to consequently reduce potential shareholder dilution. Due to the delays in the contracts referred to in the CEO review, the Group's cash resources did not allow repayments to be made and consequently £0.9m of loan notes were converted in the year to 6,753,270 ordinary 10p shares. At the reporting period date £0.75m was outstanding. Darwin were also issued with warrants (vested immediately) to subscribe for 1,100,000 new Ordinary Shares at an exercise price of 39p per

2015 Divisional Analysis

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

Technology 51%



49% Managed Services

new Ordinary Share. The warrants can be exercised over a two year period from 22 April 2015.

Shareholders' funds stood at £1.69m (2014: £2.42m).

Cash Flow Statement

During the year the Group had an operating cash outflow of £1.13m (2014: £1.65m) which arose from trading losses. The Group had a large capital expenditure requirement which was in the majority due to set up costs of the Sovereign Ferries project in West Africa and this comprised the vast majority of the £2.64m (2014: £0.40m) spend on plant and equipment. This was largely financed by the issue of convertible loan notes. £1.67m (gross) of the 10% 2018 secured CLN (conversion price 35p) was issued during the year and a further £1.65m of unsecured variable conversion rate loan notes were issued to Darwin Strategic in April 2015. Cash balances at the year end stood at £0.15m (2014: £1.18m). During the year the group at certain points was provided overdraft support by its bankers HSBC.

Events after the Reporting Period

In February 2016 the Group issued a further £0.475m Par Value of similar CULN to Darwin with proceeds net of expenses of circa £403,000. At that point they were issued with 589,330 detachable warrants over 10p ordinary shares. These warrants have a life of 3 years and a strike price of 20.15p A further £0.775m of the total CULN was converted into equity between 1 January 2016 and 23 May 2016 resulting in the issue of 6,659,567 new ordinary 10p shares.

For the period until the end of April 2016 according to unaudited management accounts the Group recorded an average monthly EBITDA loss of circa £40,000, although it achieved break even in April 2016. This improving performance (which excluded any adjustment for still lower passenger volumes as a result of Ebola) was due to a recovery in passenger numbers in airport managed services and a lower cost base across the Group. The Airport managed services project has been recording record contribution and the model augers well for the future. The Ferry project in West Africa has continued to experience delays in monetisation and consequently pre commencement costs of £0.375m were incurred in the first four months of 2016. The Group has had overdraft support from it's principal bankers HSBC.

On 3 June 2016 the Company announced the issue of 13,000,000 ordinary shares of 10p. 10,000,000 were issued to Hargreave Hale who also received 5,000,000 detachable and transferrable warrants over 10p ordinary shares. These have a life of 3 years from the date of issue and have an exercise price of 12p per share warrant ("Warrant") valid for 3 years from the date of issue, exercisable at 12p per share. The Warrants may not be exercised until the relevant authorities have been granted at the Company's AGM on 30 June 2016. The shares above are issued in 2 tranches

A first tranche of 9,885,895 new Ordinary Shares (the "First Tranche Shares") will be issued immediately following settlement on or by 8 June 2016, raising £988,589 before expenses.

A second tranche of 3,114,105 new Ordinary Shares (the "Second Tranche Shares") will be issued on or around 1 July 2016, subject to, inter alia , the receipt of shareholder approval of the necessary resolutions at the Annual General Meeting. This will raise a further £311,411 before expenses.

Key Performance Indicators

The Group constantly monitors various key performance indicators for factors affecting 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	2015	2014
Revenue (£'m)	3.4	3.5
Gross Margin	58%	56%
# of Employees	218	213
Average Employee Cost per annum	£10,000	£12,300
Managed Services		
Passengers Served ('000)	63	94
Signed MoUs	4	1
Signed MoUs Potential Passengers (m)	5.1	0.3
Technology		
Average Enquiries Per Month	99	118
Average Value of Monthly Enquiries	£12,553	£ 30,155
Conversion Rate by Volume	23.7%	20.9%
# of Countries Supplied	33	38
# of Return Customers	142	129

Ian Selby
Chief Financial Officer

08 June 2016
Approved by the Board

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 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.

Sir Michael stands down from the board on 30 June 2016 but will remain on the Group's advisory board.

Directors' Report (including Strategic Risk Report)

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Principal activities

Westminster Group plc ("Westminster" or 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 2015. 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 Chief Financial Officer's statement on pages 6 to 11.

The Directors who held office during the year were as follows

Executive Directors	Non-Executive Directors
Peter Fowler	Lt Col Sir Malcolm Ross GCVO OBE
Stuart Fowler	The Hon Sir Michael Pakenham KBE CMG
Roger Worrall	Matthew Wood BSC ACA (resigned 31 August 2015)
Ian 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.
The Group has a marine transport business in West Africa which involves the transportation of passengers on a ferry. There is inherent risk in any transport operation of loss of life, injury or damage to vessel or infrastructure. The vessel being out of service will mean that passengers cannot be carried and therefore there is no income to support the operation leading to increased financial pressure on the Group.	We use qualified staff and also are retaining an independent marine expert to audit our operation from a safety and compliance perspective. The Group maintains insurances including passenger, crew and hull cover. We have an in country engineering team for ongoing maintenance work. The deployment of 2 vessels in country in mid-2016 to provide resilience. The vessels are guarded by Westminster staff at their berths.

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 a 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 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.
The Group operates in multiple territories and is exposed to exchange rate movements.	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 (2014: £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 8 June 2016, 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 %
Northcote IOM	2,389,602	3.0
Mr Hamed Al Jamal	4,000,000	5.0
Hargreave Hale	10,019,228	12.5
Easthope IOM Ltd	2,941,176	3.7

Share price
During 2015 the Company's share price ranged from 12p to 31p and the share price at 31 December 2015 was 25.9p (2014: 28p).

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.

Events after the reporting period
These are detailed in note 28 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 bondholders 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 2016 and 2017 has been prepared which includes revenues from the run rate of smaller contracts, continuation of major existing contracts such as the West African airport contract and from the Sovereign Ferries operation, where a sensitivity of a go live date at the end of the third quarter of 2016 has been reflected although a commencement ahead of this is targeted. Should these revenue targets not be met the Group has a range of options which could include cost reductions and realisations of non-core assets which could reduce net debt. Incremental wins of large contracts including Managed Services have been excluded from this analysis as have any needs for incremental financing around setup costs, although it is envisaged that certain initial costs could be met from organic resources. The Directors believe that based on the strong financial dynamics of incremental Managed Services contracts that they should be able to secure financing and are already in discussions with various debt and equity providers. Based upon these projections the Group has adequate working capital for the 12 months following the date of signing these accounts. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Auditor
A resolution to reappoint Moore Stephens LLP as auditor will be proposed at the Annual General Meeting to be held on 30 June 2016.

In so far as each of the directors is aware:

- There is no relevant audit information 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

Peter Fowler	Ian Selby
Director	Director

08 June 2016

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

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 did not meet 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 51 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 percent to the placing price of the GBP1 million fundraising announced on 10 December 2014 and a premium of 66 percent to the average equity issue price between July 2011 and December 2014 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*

*Reduced by 50% since late 2014.

Matthew Wood is a director of One Advisory Limited which provided corporate advisory services to the Company. Matthew Wood stepped down from the board on 31 August 2015.

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

2015 are as follows:

Audited

2015	Basic salary/fee £'000	Benefits in kind £'000	Group national insurance cost £'000	Share Based Payment cost £'000	Total cost of employment £'000	Total 2014 £'000
Executive Directors						
Peter Fowler	158	-	21	13	192	187
Stuart Fowler	104	5	13	10	132	130
Roger Worrall	82	2	10	10	104	122
Ian Selby	88	6	11	10	115	125
Total Executive Remuneration	432	13	55	43	543	564
Non-Executive Directors						
Lt. Col. Sir Malcolm Ross	18	-	-	2	20	41
Sir Michael Pakenham	12	-	-	2	14	24
Matthew Wood (left 31 Aug 15)	15	-	-	2	17	16
Non-Executive Remuneration	45	-	-	6	51	81
Total Board Remuneration	477	13	55	49	594	645

During the final quarter of 2014 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. Share options were granted to the Directors in December 2014 and the ensuing option expense was recognised for the first time in 2015. No options were exercised during the year and no cash benefit was therefore received by the directors.

Mr Wood is a director of CMS Corporate Consulting Limited which provided advisory services to the company during the year ended 31 December 2015 £7,710 (2014: £24,178).

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 start and end of year
Lt. Col. Sir Malcolm Ross	140,884
Peter Fowler and Mrs P Fowler	6,361,794
Stuart Fowler	541,618
Roger Worrall	2,200,522
Sir Michael Pakenham	103,334
Ian Selby	166,667

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	At 1 January 2015 and 31 December 2015	Grant price	Market price at date of grant	Date from which exercisable
Lt. Col. Sir Malcolm Ross	67,862	67.5p	67.5p	21 Jun 2009
Stuart Fowler	48,000	10.0p	5.7p	5 Apr 2009
Stuart Fowler	15,000	34.5p	34.5p	25 Sep 2011
Roger Worrall	5,000	34.5p	34.5p	25 Sep 2011
Sir Michael Pakenham	15,000	52.5p	52.5p	21 Apr 2010
Sir Michael Pakenham	2,000	34.5p	34.5p	25 Sep 2011
Sir Michael Pakenham	93,750	28.5p	25.5p	10 June 2016*
Sir Malcolm Ross	93,750	28.5p	25.5p	10 June 2016*
Matthew Wood	93,750	28.5p	25.5p	10 June 2016*
Peter Fowler	781,250	28.5p	25.5p	10 June 2016*
Ian Selby	625,000	28.5p	25.5p	10 June 2016*
Roger Worrall	625,000	28.5p	25.5p	10 June 2016*
Stuart Fowler	625,000	28.5p	25.5p	10 June 2016*

The market price of the shares at 31 December 2015 was 25p and the range during the year was 12p to 31p.

(*) 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 of control in 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 and no further options were granted.

On behalf of the Board

Lt Col Sir Malcolm Ross

Chairman of the Remuneration Committee

08 June 2016

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 2014 ("the Code") is not a formal obligation , therefore the Group has not complied in full. 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. Frequent 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. The Group is engaged in a strategic review and is looking to bring on board Non-Executive directors with governmental and financial background.

Annual report

The Directors consider the annual report and accounts, taken as a whole, is fair, 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 parent 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 (IFRS). 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 and profit or loss of the Company and Group for that 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 IFRS 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 company'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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

On behalf of the Board

Peter Fowler	Ian Selby
Director	Director

08 June 2016

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

We have audited the financial statements of Westminster Group Plc for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements 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 Parent 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibility Statement on page 21, 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 the Parent 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 Report and Financial Statements 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 Parent Company's affairs as at 31 December 2015 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 Parent 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; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' 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 where under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; 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
London

08 June 2016

Westminster Group PLC
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
REVENUE	3	3,359	3,489
Cost of sales		(1,403)	(1,533)
GROSS PROFIT		1,956	1,956
Administrative expenses		(3,606)	(4,360)
LOSS FROM OPERATIONS	6	(1,650)	(2,404)
Analysis of operating loss			
Loss from operations		(1,650)	(2,404)
Add back amortisation	11	4	4
Add back depreciation	12	167	163
Add back exceptional Items	4	1,043	644
EBITDA loss from underlying operations		(436)	(1,593)
Financing Charges	5	(338)	(37)
LOSS BEFORE TAXATION		(1,988)	(2,441)
Taxation	7	(7)	9
LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(1,995)	(2,432)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(1,995)	(2,432)
LOSS PER SHARE	9	(3.49p)	(4.94p)

The accompanying notes form part of these financial statements.
All activities are derived from continuing activities.

Westminster Group PLC
Consolidated and Company Statements of Financial Position

As at 31 December 2015

		Group		Company	
	Note	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Goodwill	10	397	397	-	-
Other intangible assets	11	34	11	2	3
Property, plant and equipment	12	4,343	1,898	1,046	1,049
Investment in subsidiaries	14	-	-	9,979	7,391
TOTAL NON-CURRENT ASSETS		4,774	2,306	11,027	8,443
Inventories	18	57	72	-	-
Trade and other receivables	19	484	2,044	126	105
Cash and cash equivalents	20	150	1,180	2	798
TOTAL CURRENT ASSETS		691	3,296	128	903
TOTAL ASSETS		5,465	5,602	11,155	9,346
Share capital	21	6,345	5,515	6,345	5,515
Share premium		9,170	9,039	9,170	9,039
Merger relief reserve		299	299	299	299
Share based payment reserve		258	141	258	141
Equity reserve on convertible loan note		219	47	33	-
Revaluation reserve		134	134	134	134
Retained earnings		(14,739)	(12,757)	(6,071)	(6,062)
TOTAL SHAREHOLDERS' EQUITY		1,686	2,418	10,168	9,066
Borrowings	23	2,587	538	615	-
Deferred tax liabilities	17	53	53	53	53
TOTAL NON-CURRENT LIABILITIES		2,640	591	668	53
Deferred income	24	-	1,475	-	-
Trade and other payables	24	1,139	1,118	319	227
TOTAL CURRENT LIABILITIES		1,139	2,593	319	227
TOTAL LIABILITIES		3,779	3,184	987	280
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,465	5,602	11,155	9,346

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 08 June 2016 and signed on its behalf by:

Peter Fowler — Director

Ian Selby — Director

Registered number 3967650

Westminster Group Plc
Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	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 2015	5,515	9,039	299	141	134	47	(12,757)	2,418
Shares issued for cash	40	20	-	-	-	-	-	60
Share based payment charge	-	-	-	76	-	-	-	76
Exercise of share options	1	-	-	(1)	-	-	-	-
Lapse of share options	-	-	-	(13)	-	-	13	-
Warrants issued with loan notes	-	-	-	55	-	-	-	55
Bonus Issue	114	(114)	-	-	-	-	-	-
CLN conversion	675	225	-	-	-	(39)	-	861
Loan notes issued	-	-	-	-	-	211	-	211
TRANSACTIONS WITH OWNERS	830	131	-	117	-	172	13	1,263
Total comprehensive expense for the year	-	-	-	-	-	-	(1,995)	(1,995)
AS AT 31 DECEMBER 2015	6,345	9,170	299	258	134	219	(14,739)	1,686

	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	757	1,955	-	-	-	-	-	2,932
Cost of other share issues	-	(196)	-	-	-	-	-	(196)
Arising in the year	63	157	-	-	-	(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

Westminster Group Plc
Company Statement of Changes in Equity

For the year ended 31 December 2015

	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 2015	5,515	9,039	299	141	134	-	(6,062)	9,066
Shares issued for cash	40	20	-	-	-	-	-	60
Share based payment charge	-	-	-	76	-	-	-	76
Exercise of share options	1	-	-	(1)	-	-	-	-
Lapse of share options	-	-	-	(13)	-	-	13	-
Warrants issued with loan notes	-	-	-	55	-	-	-	55
Bonus Issue	114	(114)	-	-	-	-	-	-
CLN conversion	675	225	-	-	-	-	-	900
Loan notes issued	-	-	-	-	-	33	-	33
TRANSACTIONS WITH OWNERS	830	131	-	117	-	33	13	1,124
Total comprehensive expense for the period	-	-	-	-	-	-	(22)	(22)
AS AT 31 DECEMBER 2015	6,345	9,170	299	258	134	33	(6,071)	10,168
AS OF 1 JANUARY 2014	4,695	7,123	299	89	134	-	(6,035)	6,305
Share based payment charge	-	-	-	52	-	-	-	52
Share issues	757	1,955	-	-	-	-	-	2,712
Cost of share issues	-	(196)	-	-	-	-	-	(196)
CLN conversion	**63**	**157**	**-**	**-**	**-**	**-**	**-**	**220**
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

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2015

		Group		Company	
	Note	2015 £'000	2014 £'000	2015 £'000	2014 £'000
LOSS BEFORE TAXATION		(1,988)	(2,441)	(22)	(26)
Adjustments	25	589	261	261	73
Net changes in working capital	25	209	535	166	(23)
Equity settlement payment		60	-	60	-
NET CASH (USED IN) /FROM OPERATING ACTIVITIES		(1,130)	(1,645)	465	24
INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		(2,642)	(399)	(20)	(110)
Purchase of intangible assets		(27)	(1)	-	(1)
Proceeds from disposal of fixed assets		25	11	-	-
Advances to subsidiaries		-	-	(2,587)	(2,104)
CASH FLOW USED IN INVESTING ACTIVITIES		(2,644)	(389)	(2,607)	(2,215)
FINANCING ACTIVITIES:					
Gross proceeds from the issues of Ordinary shares		-	2,704	-	2,704
Costs of share issues		-	(128)	-	(128)
Net proceeds from the issue of convertible loan notes		3,155	-	1,346	-
Costs associated with the above issue		**(280)**	**-**	**-**	**-**
Interest paid		(131)	(69)	-	(69)
CASH FLOW FROM FINANCING ACTIVITIES		2,744	2,507	1,346	2,507
Net change in cash and cash equivalents		(1,030)	473	(796)	316
CASH AND EQUIVALENTS AT BEGINNING OF YEAR		1,180	707	798	482
CASH AND EQUIVALENTS AT END OF YEAR		150	1,180	2	798

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 2015 consolidate the individual financial statements of the Company and its subsidiaries. The Group designs, supplies 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 Parent Company has elected to prepare its financial statements in accordance with IFRS.

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 Parent Company has not been included in these financial statements. The loss presented in the financial statements of the Parent Company is £22,000 (2014 £27,000).

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 the Company and its subsidiaries for the year ended 31 December 2015.

(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

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.

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 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. 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 reporting 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	7% to 25%
Office equipment, fixtures & fittings	20% to 33%
Boat	Depreciated over 21 years.
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.

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 reporting 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 reporting 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. A valuation exercise was carried out by the Group's principal bankers and was of a broadly similar value. A full revaluation exercise will be carried out in 2016. 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 16 Regulatory Deferral Accounts (effective date 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2018)

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.

The following proposed IFRS standards have been proposed but have not yet been endorsed by the European Union.

IFRS 9 'Financial instruments' effective for periods beginning on or after January 1, 2018. The standard removed multiple classification and measurement models for financial assets requirement by IAS 39 and introduces a model that has only two classification categories: fair value and amortised cost. Classification is driven by the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The accounting and presentation for financial liabilities and for derecognising financial instruments is relocated from IAS 39 without any significant changes. IFRS 9 (2010) introduces additional changes relating to financial liabilities. IFRS 9 adds new requirements to address the impairment of financial assets and hedge accounting. The Group is currently assessing the impact of the new standard.

IFRS 15 'Revenue from contracts with customers' ; effective for periods beginning on or after January 1, 2018. The standard establishes a new five-step model that will apply to revenue arising from contacts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. This is converged standard on revenue recognition which replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and related interpretations. The Group is currently assessing the impact of the new standard. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

IFRS 16 'Leases'; effective for periods beginning on or after January 1, 2019. Under IFRS 16, a contract is, or contains a lease if the contact conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The new standard eliminates the classification of leases as either finance leases or operating leases and instead introduces an integrated lessee accounting model. Applying this model, lessees are required to recognise a lease liability reflecting the obligation to make future lease payments and a 'right-of-use' asset for virtually all lease contracts. IFRS 16 includes an optional exemption for certain short-term leases and leases of low-value assets. The Group is currently assessing the impact of the new standard.

3. Segment reporting

Operating segments

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 four operating companies Westminster Aviation, Westminster International, Sovereign Ferries and Longmoor Security. This split of business segments is based on the products and services each offer.

2015	Managed Services Aviation £'000	Technology £'000	Group and Central £'000	Managed Services Ferry £'000	Managed Services Longmoor £'000	Group Total £'000
Supply of products	-	795	-	-	-	795
Supply and installation contracts	-	1,546	-	-	96	1,642
Maintenance and services	2,450	168	-	-	4	2,622
Training courses	11	1	-	-	-	12
Intragroup sales	(812)	(804)	-	-	(96)	(1,712)
Revenue	1,649	1,706	-	-	4	3,359
Segmental underlying EBITDA	1,264	(140)	(1,616)	37	19	(436)
Exceptional Items (note 4)	(1,120)	-	77	-	-	(1,043)
Depreciation & amortisation	(94)	(10)	(22)	(37)	(8)	(171)
Apportionment of central overheads	(948)	(837)	1,878	-	(93)	-
Segment operating result	(898)	(987)	317	-	(82)	(1,650)
Finance cost	-	-	(339)	-	1	(338)
Taxation charge	(7)	-	-	-	-	(7)
Loss for the financial year	(905)	(987)	(22)	-	(81)	(1,995)
Segment assets	1,272	149	1,565	2,454	25	5,465
Segment liabilities	343	434	2,962	38	2	3,779
Capital expenditure	186	-	20	2,430	33	2,669

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
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)
Exceptional Items (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)
Taxation 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

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	2015 £'000	2014 £'000
United Kingdom & Europe	439	376
Africa	2,341	2,463
Middle East	204	287
Rest of the World	375	363
	3,359	3,489

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 2015 fixed assets with a net book value of £2,992,000 (2014: £1,544,000) were located in Africa.

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

In 2015 no single customer contributed more than 10% of the Group revenue (in 2014 no customers contributed 10% of the Groups revenue).

4. Exceptional Items

	2015 £'000	2014 £'000
Loss of margin arising from fall in passenger numbers due to Ebola crisis	1,120	537
Loss on disposal of property, plant and equipment	-	20
Restructure costs - Longmoor. 2014 represents fixed costs eliminated in the year	-	87
Receipt from vendors of CTAC (dispute on acquisition consideration price)	(77)	-
	1,043	644

5. Finance cost

Group	2015 £'000	2014 £'000
Finance costs:		
Interest payable on bank and other borrowings	(1)	(10)
Coupon interest payable on convertible loan notes	(121)	(88)
	(122)	(98)
Finance income:		
Amortised finance cost on convertible loan notes (see note 16)	(216)	61
Finance costs and income, net	(338)	(37)

6. Loss from operations

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

Group	2015 £'000	2014 £'000
Staff costs (see Note 8)	2,236	2,636
Depreciation of property, plant and equipment	167	163
Amortisation of intangible assets	4	4
Operating lease rentals payable		
Property	101	70
Plant and machinery	3	3
Other	60	42
Foreign exchange gain	(89)	(15)

Auditor's remuneration

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

	2015	2014
Audit Services	£'000	£'000
Statutory audit of parent and consolidated accounts and review of interims	23	17
Statutory audit of subsidiaries of the Company pursuant to legislation	21	17
Taxation services including R&D tax credits	7	7
Total fees	51	41

7. Taxation

Analysis of charge/(credit) in year

Group	2015	2014
	£'000	£'000
Current year		
Corporation tax	-	-
	-	-

Group	2015	2014
	£'000	£'000
Reconciliation of effective tax rate		
Loss on ordinary activities before tax	(1,988)	(2,441)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.0% (2014: 20.0%)	(398)	(489)
Effects of:		
Expenses not deductible for tax purposes	77	60
Capital allowances less than depreciation	(72)	85
Other short term timing differences	3	15
Recognised/unrecognised losses carried forward	390	329
Potential Charge in Overseas Subsidiary	7	(9)
Total tax charge/(credit)	7	(9)

Tax losses available for carry forward (subject to HMRC agreement) were £10.9m (2014: £8.9m).

8. Staff costs

Staff costs for the Group during the year

Group	2015	2014
	£'000	£'000
Wages and salaries	1,999	2,378
Social security costs	165	205
	2,164	2,583
Share based payments	72	53
	2,236	2,636

Approximately £250,000 of these costs were capitalised as part of the setup costs of the Sierra Leonean ferry project.

The Group operates a stakeholder pension scheme. The Group made pension contributions totalling £7,000 during the year and pension contributions totalling £1,000 were outstanding at the year-end (2014: £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
	2015	2014
By function	Number	Number
Sales	3	5
Production	189	178
Administration	20	23
Management	6	7
	218	213

9. Loss per share

Loss per share is calculated by dividing the loss 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 dilutive 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:

	2015	2014
Issued ordinary shares	'000	'000
Start of year	55,145	46,949
Effect of shares issued during the year	2,029	2,290
Weighted average basic and diluted number of shares for year	57,174	49,239

For the year ended 31 December 2015 and 2014 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 was 3.49p (2014: 4.94p).

10. Goodwill

Group	2015	2014
	£'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 arose on the acquisition of Longmoor and 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.

11. Other intangible assets

2015	Group Website and Software	Company Website and Software
	£'000	£'000
Cost		
At 1 January 2015	80	63
Additions	27	-
At 31 December 2015	107	63
Accumulated amortisation		
At 1 January 2015	69	60
Charge for the year	4	1
At 31 December 2015	73	61
Net book value at 31 December 2015	34	2

2014	Group Website and Software	Company Website and Software
	£'000	£'000
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
Disposals	(27)	-
At 31 December 2014	69	60
Net book value at 31 December 2014	11	3

12. Property, plant and equipment

Group 2015	Freehold property £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 January 2015	1,003	605	1,181	43	2,832
Additions	11	2,436	93	102	2,642
Disposals	-	(9)	(4)	(27)	(40)
At 31 December 2015	1,014	3,032	1,270	118	5,434
Accumulated depreciation					
At 1 January 2015	-	334	569	31	934
Charge for the year	-	104	45	18	167
Disposals	-	-	(4)	(6)	(10)
At 31 December 2015	-	438	610	43	1,091
Net book value at 31 December 2015	1,014	2,594	660	75	4,343

Group 2014	Freehold property £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
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

Included within Plant and Equipment are ferry setup costs of £1.02m. Depreciation on this will commence at the point the ferry service becomes operational in 2016.

Company	Freehold property	Plant and equipment	Office equipment fixtures and fittings	Total
2015	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2015	1,003	20	238	1,261
Additions	11	-	9	20
Disposals	-	-	(2)	(2)
At 31 December 2015	1,014	20	245	1,279
Accumulated depreciation				
At 1 January 2015	-	12	200	212
Charge for the year	-	3	19	22
Disposals	-	-	(1)	(1)
At 31 December 2015	-	15	218	233
Net book value at 31 December 2015	1,014	5	27	1,046

Company	Freehold property	Plant and equipment	Office equipment fixtures and fittings	Total
2014	£'000	£'000	£'000	£'000
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
Disposals	-	(5)	(17)	(22)
At 31 December 2014	-	12	200	212
Net book value At 31 December 2014	1,003	8	38	1,049

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. A subsequent valuation was carried out in early 2016 for the purposes of evaluating overdraft facilities by the Group's bankers and this indicated no material change in valuation. A full market valuation exercise will be conducted in 2016.

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

	2015 £'000	2014 £'000
Historical cost	697	697
Accumulated depreciation		
At 1 January	63	60
Charge for the year	3	3
At 31 December	66	63
Net book value as at 31 December	631	634

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 26.

13. 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:

As at 31 December 2015	Group		Group	
	Property £'000	Other £'000	Total £'000	Other £'000
Within one year	60	57	117	30
In the second to fifth years inclusive	107	38	145	12
Total	167	95	262	42

As at 31 December 2014	Group		Group	
	Property £'000	Other £'000	Total £'000	Other £'000
Within one year	64	71	135	36
In the second to fifth years inclusive	123	102	225	41
Total	187	173	360	77

Remaining lease terms range from 2 months to 5 years.

Company	2015 £'000	2014 £'000
Minimum lease payments under operating leases recognised as an expense in the year	164	38

14. Investment in subsidiaries

Company	2015 £'000	2014 £'000
At start and end of year	357	357
Amounts due from subsidiaries net of provisions	9,622	7,034
	9,979	7,391

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.

15. Subsidiary undertakings

The subsidiary undertakings at 31 December 2015 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	Marine Transport West Africa	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
Longmoor (Sierra Leone) Limited	Sierra Leone	Dormant	100
Westminster Management Services Limited	Sierra Leone	Local presence required to deliver services	100
Westminster Sierra Leone Limited	Sierra Leone	Local presence required to deliver services	49

The full cost base of Westminster Sierra Leone Limited has been included in these financial statements on the basis that the company has no revenue of its own. The remaining 51% is owned by Nahsac, a local partnership.

16. 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	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Financial assets				
Loans and receivables				
Amount owed by subsidiary undertakings (note 14)	-	-	9,622	7,034
Trade and other receivables (note 19)	403	1,979	101	83
Cash and cash equivalents (note 20)	150	1,180	2	798
	553	3,159	9,725	7,915
Financial liabilities measured at amortised cost				
Borrowings (note 23)	2,587	538	520	-
Trade and other payables (note 24)	961	1,054	239	199
	3,548	1,592	759	199

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 27.

Convertible Loan Notes

The group had the following convertible loan notes outstanding during the year the key details of which are set out below:

	Secured Convertible Loan Notes ("CLN")	Convertible Unsecured Convertible Loan Notes ("CULN")
Amount	£2.245m	£1.65m drawn down £0.75m outstanding at 31 Dec 2015
Conversion Price	35p	Variable see below
Security	Secured fixed and floating subordinate to HSBC	Unsecured
Redemption Date	19 June 2018	Conversions allowed within certain market driven parameters
Management Fee	£25,000 per annum	nil
Coupon	10%	nil
Conversion Detail	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	The conversion price for these loan notes is calculated as the lessor of i) 39 pence and ii) 90% of the arithmetic average of the five lowest daily volume weighted average share price calculations per ordinary share out of the ten trading days prior to conversion.

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).

Host Debt	2015			2014
	CLN	CULN	Total	
	£'000	£'000	£'000	£'000
	Group	Company	Group	Group
As at 1 January	538	-	538	651
Issued in the year	1,391	1,218	2,609	-
Amortised finance cost	175	162	337	88
Interest paid	(132)	-	(132)	(78)
Conversions	-	(860)	(860)	(123)
As at 31 December	1,972	520	2,492	538

Reconciliation on Conversion	2015	2014
	Group and Company	Company Only
	£'000	£'000
Amortisation of Loan Note Interest Cost Element	(40)	(97)
Principal Value	900	220
	860	123

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.

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

Group Numbers	2015			2014
	CLN	CULN	Total	Secured
	£'000	£'000	£'000	£'000
Opening balance 1 January	-	575	575	795
Fresh issue	1,650	1,670	3,320	-
Conversion into equity	(900)	-	(900)	(220)
Closing balance 31 December	750	2,245	2,995	575

17. Deferred tax assets and liabilities

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 18% (2014: 20.0%). 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	2015	2014
At 1 January and 31 December	£'000	£'000
Non current assets		
Property, plant & equipment	(53)	(53)
	(53)	(53)
Recognised as		
Deferred tax liability	(53)	(53)

18. Inventories

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Finished goods	57	72	-	-
	57	72	-	-

The cost of inventories recognised as an expense within cost of sales amounted to £1,361,000 (2014: £520,000). No reversal of previous write-downs was recognised as a reduction of expense in 2015 or 2014.

19. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables, gross	294	1,797	-	10
Allowance for credit losses	(69)	(44)	-	-
Trade receivables	225	1,753	-	10
Amounts recoverable on contracts	4	46	-	-
Other receivables	174	180	101	73
Financial assets	403	1,979	101	83
Prepayments	81	65	25	22
Non-financial assets	81	65	25	22
Trade and other receivables	484	2,044	126	105

The average credit period at the end of the year was 48 days (2014: 68 days). An allowance has been made for estimated irrecoverable amounts from the sale of £69,000 (2014: £44,000). This allowance has been based on the knowledge of the financial circumstances of individual receivables at the reporting 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.

	2015	2014
	£'000	£'000
Not more than 3 months	217	1,577
More than 3 months but less than 6 months	7	3
More than 6 months but not more than 1 year	70	217
	294	1,797

Allowances for credit losses	2015	2014
	£'000	£'000
Opening balance at 1 January	44	1,453
Net amounts written off	(8)	(1,409)
Impairment loss	33	-
Closing balance at 31 December	69	44

There are no significant credit risks from financial assets that are neither past due nor impaired. At 31 December 2015 £232,000 (2014: £121,000) of trade receivables were denominated in US dollars and £nil (2014: £109,000) in Euros, £nil (2014: £32,000) in Saudi Riyals and £62,000 (2014: £1,535,000) in sterling. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

20. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	203	1,180	2	798
Bank overdraft	(53)	-	-	-
Cash and cash equivalents	150	1,180	2	798

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.

21. Called up share capital

Group and Company

The total number of authorised shares is 80,000,000 ordinary shares of £0.10 each (2014: 80,000,000 ordinary shares of £0.10 each). These shares carry no fixed right to income. The Company proposes to abolish the authorised share capital limit at the AGM of 30 June 2016.

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

	2015		2014	
Ordinary shares	Number	£'000	Number	£'000
At 1 January	55,145,412	5,515	46,949,234	4,695
Issued on conversion of Convertible Loan Notes	6,753,270	675	628,570	63
Issued on exercise of Share Options and Warrants	13,000	1	10,000	1
Other Issues for cash	400,000	40	7,557,608	756
Bonus issue	1,142,856	114	-	-
At 31 December	63,454,538	6,345	55,145,412	5,515

During the year the following equity issues took place

Date	Comment	Shares Issued	Issue Price £
08-Jun-15	Darwin Conversion	1,355,245	0.1844685
30-Sep-15	Darwin Conversion	2,767,674	0.1264600
28-Oct-15	Strategic Investor Consulting Fees	400,000	0.1500000
28-Oct-15	Strategic Investor (Bonus Issue)	1,142,856	Nil
30-Oct-15	Darwin Conversion	2,630,351	0.1140530
23-Dec-15	Employee Share Options	13,000	0.1000000

22. 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 2m 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 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.

Darwin Options

Along side the issue of the £1.65m CULN detailed in note 16 Darwin were issued with 1.1m detachable warrants over 10p ordinary shares. They have a strike price of 39p, a life of 2 years and were exercisable with immediate effect.

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 2015	4,533,612	34.0
Granted	-	
Exercised	(13,000)	
Forfeited & Lapsed	(170,000)	
Outstanding at 31 December 2015	4,350,612	31.4
Exercisable at 31 December 2015	756,862	32.6p

The weighted average share price at the reporting date was 31.4p (2014: 34.0p). The average life of the unexpired share options was 8.2 years (2014: 9.3 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:

		2015		2014	
Grant Date	Exercise Price	Number Outstanding	Average Life Outstanding Years	Number Outstanding	Average Life Outstanding Years
05-Apr-07	£0.1000	194,000	2.3	207,000	3.3
27-May-10	£0.3275	15,000	5.4	15,000	6.4
25-Sep-09	£0.3450	60,000	4.7	60,000	5.7
21-Apr-08	£0.5250	15,000	3.3	15,000	4.3
21-Jun-07	£0.6750	67,862	2.5	67,862	3.5
28-Jun-12	£0.3400	60,000	7.5	80,000	8.5
10-Sep-13	£0.7100	50,000	7.7	50,000	8.7
26-Feb-13	£0.3650	405,000	6.5	505,000	7.5
01-Jul-14	£0.5100	390,000	9.0	440,000	10.0
10-Dec-14	£0.2800	3,093,750	9.0	3,093,750	10.0
		4,350,612	8.2	4,533,612	9.3

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 £72,000 (2014: £52,000).

23. Borrowings

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Non-current				
Convertible loan notes (note 16)	2,492	538	520	-
Other	95	-	95	-
	2,587	538	615	-

The bank overdrafts represent overdrawn amounts in some subsidiaries, which are offset by cash balances in other subsidiaries. See note 16 for details of the convertible loan notes.

24. Trade and other payables

Current	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade payables	366	190	123	103
Accruals and other creditors	615	864	116	96
Financial liabilities	981	1,054	239	199
Other taxes and social security payable	158	64	80	28
Deferred income	-	1,475	-	-
Non-financial liabilities	158	1,539	80	28
Total current trade and other payables	1,139	2,593	319	227

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 2015 was 32 days (2014: 36 days). The directors consider that the carrying value of trade payables approximates to their fair value.

Deferred income relates to amounts received from customers at year-end but not yet earned. At the year end the company had no customers were cash had been received and income not recognised, consequently both trade debtors and deferred income had fallen compared with the prior year.

At 31 December 2015 £91,000 (2014: £35,000) of payables were denominated in US dollars, and £275,000 (2014: £155,000) in sterling.

There were no finance leases outstanding at the end of 2015.

25. 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 before taxation to arrive at operating cash flow:

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Adjustments:				
Depreciation, amortisation and impairment of non-financial assets	171	167	23	22
Financing costs	338	37	162	-
Provision on intercompany debt	-	-	-	(1)
Loss on disposal of non-financial assets	4	5	-	-
Share-based payment expenses	76	52	76	52
Total adjustments	589	261	261	73
Net changes in working capital:				
Decrease in inventories	15	31	-	-
Decrease/(increase) in trade and other receivables	1625	(628)	(21)	168
Decrease/(increase) in trade, deferred income and other payables	(1,431)	1,132	187	(191)
Total changes in working capital	209	535	166	(23)

26. 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 2015 was £40,000 (2014: £366,000).

As part of the settlement with the vendors of CTAC Limited which was announced in July 2015 a first payment of approximately $123,000 has been received. A further payment of $315,000 is due for payment in 2017 and this is secured against certain assets held by the vendors of CTAC limited. It has not been reflected in these financial statements and will be reflected when monies are received.

The Company is party to a multilateral guarantee in respect of bank overdrafts of all companies within the Group. At 31 December 2015, these borrowings amounted to £50,000 (2014: £nil).

27. 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 2015	
Financial assets	232
Financial liabilities	(91)
Total exposure	141
31 December 2014	
Financial assets	541
Financial liabilities	(36)
Total exposure	505

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a loss of profits in 2015 of £0.01m (2014: £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 16. 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 19 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 2015, the Group's financial 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)
31 December 2015			
Convertible loans	114	114	2,582
Trade and other payables	961	-	-
Total	1,075	114	2,582

Company	Current (within 6 months)	6 to 12 months	Non Current (1-5 years)
31 December 2015			
Convertible loans	-	-	-
Trade and other payables	239	-	-
Total	239	-	-

Convertible loans held by the Company do not include the CULN which is expected by the directors to convert into equity.

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)
As at 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)
31 December 2014			
Convertible loans	24	24	575
Trade and other payables	360	-	-
Total	384	24	575

28. Post balance sheet events

Since 1 January 2016 the Company issued the following ordinary shares of 10 pence each arising on conversions of CULN by Darwin

Date	Number of ordinary 10p shares issued	Amount of CULN converted	Conversion Price per Share (pence)
25 January 2016	966,978	£150,000	15.5512
15 March 2016	1,590,836	£200,000	12.5720
4 April 2016	1,601,753	£175,000	10.9255
18 April 2016	2,000,000	£200,000	10.000
19 May 2016	500,000	£50,000	10.000

On 22 February the Company issued a further £475,000 of CULN to Darwin Strategic raising approximately £403,000 net of expenses and redemption premium. On that day a 589,330 detachable and fully vested warrants over 10p ordinary shares were issued to Darwin. They have a strike price of 20.15p and a life of 3 years from date of grant.

On 3 June 2016 the Company announced the issue of 13,000,000 ordinary shares of 10p. 10,000,000 were issued to Hargreave Hale who also received 5,000,000 detachable and transferrable warrants over 10p ordinary shares. These have a life of 3 years from the date of issue and have an exercise price of 12p per share warrant over 10p ordinary Shares ("Warrant") valid for 3 years from the date of issue, exercisable at 12p per share. The Warrants may not be exercised until the relevant authorities have been granted at the Company's AGM on 30 June 2016. The shares above are issued in 2 tranches:

A first tranche of 9,885,895 new Ordinary Shares (the "First Tranche Shares") will be issued immediately following settlement on or by 8 June 2016, raising £988,589 before expenses.

A second tranche of 3,114,105 new Ordinary Shares (the "Second Tranche Shares") will be issued on or around 1 July 2016, subject to, inter alia , the receipt of shareholder approval of the necessary resolutions at the Annual General Meeting. This will raise a further £311,411 before expenses.

The remaining 3 million first tranch shares were issued to another institutional investor

Company Information

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Stuart Fowler	Sir Michael Pakenham
Roger Worrall	
Ian Selby	

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