WESTMINSTER
GROUP PLC

Annual Report and Financial Statements

2019

Worldwide **World Class Protection**

MANAGED SERVICES / SECURITY TECHNOLOGY

The Westminster Group Plc is a trusted global brand delivering strategic security solutions, managed services and best in class equipment to keep people safe, secure assets and maximise prosperity in high growth and emerging markets around the world.

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Mission Statement

Westminster believes all citizens of the world have the right to personal safety and security and to be free from the threats of crime and terrorism particularly when travelling.

The Mission of Westminster Group Plc. is therefore to improve security and the quality of life for people throughout the world, regardless of race, colour or creed and will do so by the provision of advanced security solutions and long-term managed services.

Westminster will endeavour to achieve this goal by acting in a professional and responsible manner, treating our employees, customers, suppliers and partners with equal courtesy and respect at all times.

Vision Statement

Our vision is to build a global business with strong brand recognition delivering advanced security solutions and long-term managed services to high growth and emerging markets around the world, with a particular focus on long term recurring revenue business enhancing shareholder value.

Highlights

63%

growth in revenue

80%

technology revenue increase

115%

improvement in EBITDA^

50%

managed services revenue increase

46%

increase in recurring revenue^

261

staff worldwide

Operational

- EBITDA^ profit of £0.1m from underlying continuing and discontinued operations (2018 restated* loss of £0.4m)
- Strong performance by both Managed Services and Technology Divisions
- Secured new Managed Services project in Tema Port, Ghana
- Secured a $3.48m USD contract for the provision of advanced container screening solutions to two separate ports in an Asian country
- West Africa airport operations performed at record levels
- Acquired French security and support services company, Euro Ops
- Successfully delivered the remainder of the $4.5m USD vehicle screening contract in the Middle East, that the Company secured in 2018
- Significant progress with several large-scale project opportunities
- Supplied products and solutions to 66 countries across the world
- Formed Strategic Joint Venture, Westminster Arabia, in Saudi Arabia
- Entered into strategic alliance with the Gulf Aviation Academy in Bahrain
- Entered into strategic alliance with the Tunisian Academy for Civil Aviation Safety and Security Training
- Provided training throughout 2019 to various airports, including several major hubs, across the Middle East, Africa and Asia
- Board strengthened in terms of skills and experience with the appointment of two new Non-Executive Directors Charles Cattaneo in January 2019 and Mawuli Ababio in November 2019

Financial

- Revenues up by 63% to £10.9m (2018: £6.7m)
- Recurring Revenue^ (such as Managed Service contracts) in the year up by 46% to £5.6m (2018: £3.8m)
- Fourth consecutive year of double-digit revenue growth
- EBITDA^ profit from underlying continuing and discontinued operations of £0.1m (2018: restated* loss £0.4m)
- Total Equity / Net Assets grows from £1.1m in 2018 to £1.9m in 2019

Post Period End

- 2020 commenced on a strong and profitable note with Q1 orders and revenues ahead of budget
- Q1 2020 revenues increased by 22% to over £4.5m (Q1 2019: £3.7m) and profitable both before and after tax
- Q1 2020 passenger numbers for our West Africa airport operations at record levels before airport closed end of March due to Coronavirus
- 5-year main contract signed relating to Ghana port managed services project awarded in June 2019
- Completed balance of $3.48m USD of advanced container screening solutions for two ports in Asia secured in 2018
- Reduced the Group's convertible loan notes by £561,250 to £1,683,750, maturity date for the balance extended to 1 May 2021
- Coronavirus (COVID-19) Pandemic causing disruption to airport security and training operations but effect mitigated by significant increase in fever screening product sales

** restated as a result of the implementation of IFRS16*
^ This is an Alternative Performance Measure refer to Note 2 for further details

Who We Are

Westminster Group Plc is a British security and defence organisation with international offices, agents and partner companies in over 50 countries. We solve security, safety and defence problems for governments, military, non-governmental organisations (NGOs), air and seaports, critical infrastructure and major organisations and corporations worldwide.

The Group's principal activity is the design, supply and on-going support of advanced technology security solutions, encompassing a wide range of surveillance, detection, tracking and interception technologies and the provision of long-term managed services contracts such as the management and running of complete security services and solutions in airports, ports and other such facilities together with the provision of manpower, consultancy and training services.

The Group's various operating companies are structured into two vertically integrated operating divisions, Managed Services and Technology all focussed on deliver products, services and solutions to our three key market sectors - LAND - SEA – AIR.

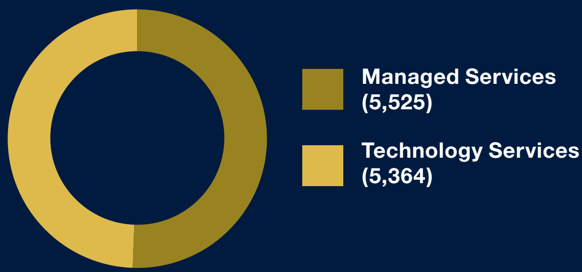
66

countries in 2019

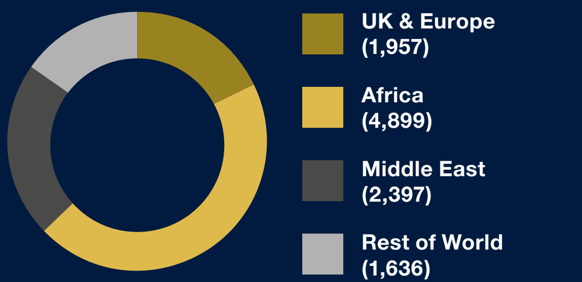
50+

agents and offices

Divisional Revenue Split (£'000)

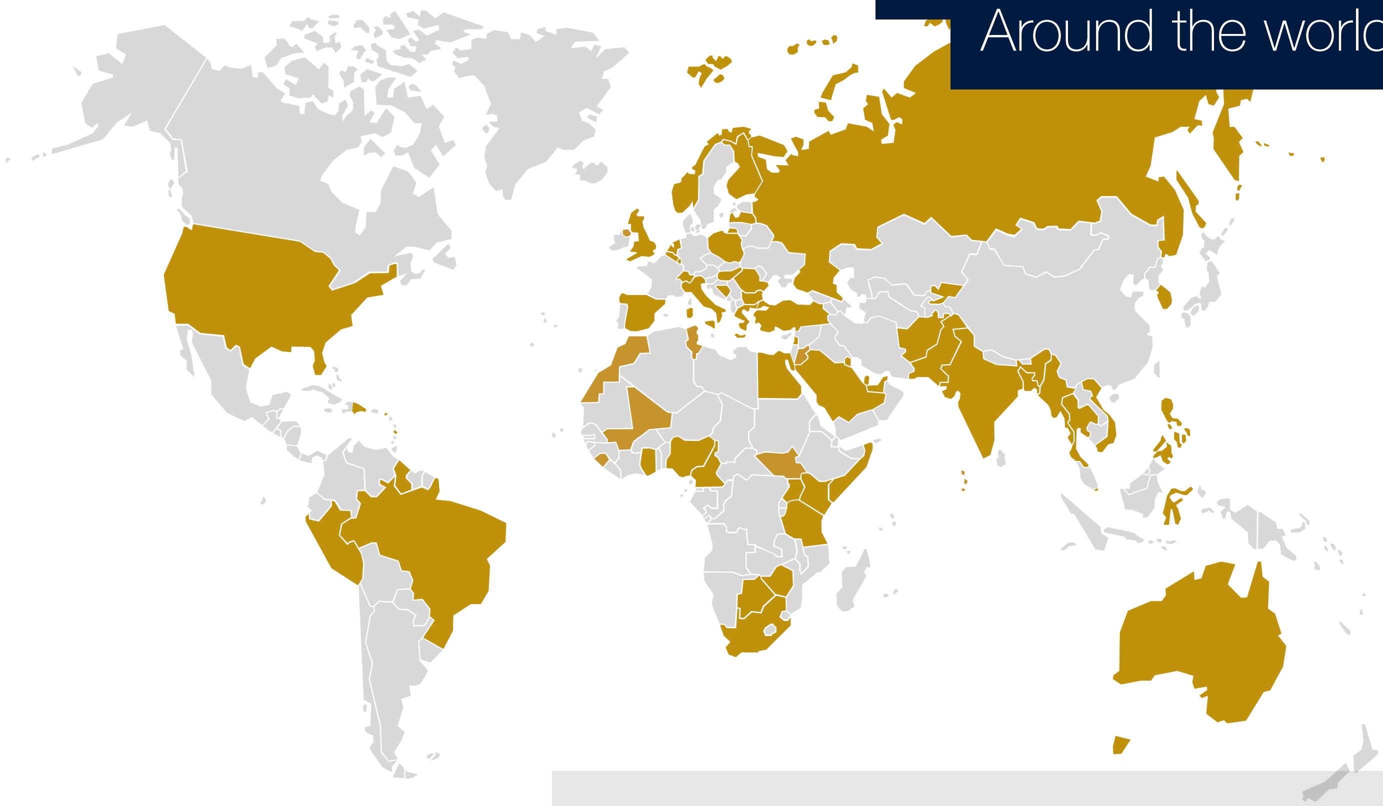


Geographical Revenue Split (£'000)



Westminster

Around the world



Worldwide

world class protection

Regional Offices

UK

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

France

Euro Ops International
3 rue de Bischwihr
68280 Andolsheim
France

Germany

GLIS
Gesellschaft für Luftfahrt- und
Infrastruktur-Sicherheit GmbH
Chiemsestr. 25
D – 83233
Bernau am Chiemsee
Germany

KSA

Westminster Arabia
Building No. 482
Al Orouba Road
Olaya Street
Riyadh 11531
Saudi Arabia

Ghana

Administration Office
Tema Port
Accra
Ghana

Sierra Leone

60 Wellington Street
Freetown
Sierra Leone

Chairman's Statement

Rt. Hon Sir Tony Baldry DL
Chairman

Overview

I am pleased to present the Westminster Group plc. Final Results for the year ended 31 December 2019 which was a record year for the Group both in terms of revenue and growth.

I am also pleased to report we achieved a record 63% growth in revenues to £10.9m, an increase of £4.2m over the £6.7m reported in 2018. This is the fourth consecutive year of double-digit revenue growth and the highest growth rate since Westminster's shares were admitted to trading on AIM in 2007. Encouragingly our recurring revenue^ also rose strongly, up by 46% to £5.6m (2018: £3.8m). Accordingly, we have delivered an improved financial position with an EBITDA^ profit from underlying continuing and discontinued operations of £0.1m (2018: loss £0.4m restated). This bodes well for our future trading and demonstrates what the Group is capable of. Q1 2020 has already commenced on a strong footing ahead of budget with revenues of over £4m, being around 30% up on Q1 2019 (£3.1m).

A key achievement in the year was that within only two weeks from receiving a letter of intent in June 2019 and our being appointed as technical partner running the container screening operations in the new $1.5bn container port in Ghana, we mobilised, set up and were running a complex screening operation in time for the port opening. As Chairman I was impressed by our team's ability to deliver such a complex operation in a short timescale.

Both our operating divisions are performing well. Enquiry levels remain healthy and levels of interest in the Group's services are growing. Both divisions are developing and pursuing sizeable business opportunities and it is encouraging to see our Technology division securing important contracts such as $3.48m USD contract announced in April 2019. More detail on the strategic developments, projects and opportunities we are undertaking is covered in the CEO's Strategic Report.

During the year the Group raised £1.55m gross from the issue of new equity to support the development of the Group. In January 2020 we announced we had secured a flexible financing facility consisting of a £3.0m mezzanine loan supported by a £1.75m Equity Placing and Sharing Agreement and elected to draw down an initial £1.5m to commence a redemption programme of the Company's £2.245m Convertible Loan Notes. This was due to be completed before 30 June 2020 but due to the Coronavirus pandemic this was extended with the support and consent of noteholders to 1 May 2021. With the option to draw down further funds at our discretion, this financing facility provides us with the necessary flexibility needed to support the continued growth of the business.

Corporate Conduct

As a company whose shares are traded on the AIM market of the London Stock Exchange, we recognise the importance of sound corporate governance throughout our organisation giving our shareholders and other stakeholders including employees, customers, suppliers and the wider community confidence in our business. We endeavour to deliver on our corporate Vision and Mission Statements in an ethical and sensitive manner irrespective of race, colour or creed. This is not only a requirement of a well-run public company but makes good commercial and business sense.

In my capacity as Executive Chairman, I have ultimate responsibility for ensuring the Board adopts and implements a recognised corporate governance code in accordance with our stock market status. Accordingly, the Board has adopted, and is working to, the Quoted Companies Alliance (QCA) Corporate Governance Code 2018. The Chief Executive Officer (CEO) has responsibility for the implementation of governance throughout our organisation, commensurate with our size of business and worldwide operations.

The QCA Corporate Governance Code 2018 has ten key principles and we set out on our website how we apply those principles to our business, and more detailed information is provided in these accounts.

We operate worldwide with a focus on emerging markets and in a sector where discretion, professionalism and confidentiality are essential. It is vitally important that we maintain the highest standards of corporate conduct. The Corporate Governance Report sets out the detailed steps that we undertake to ensure that our standards, and those of our agents, can stand any scrutiny by Government or other official bodies.

^ This is an Alternative Performance Measure refer to Note 2 for further details

Social Responsibility

As a Group, we take our corporate social responsibilities very seriously, particularly as we operate in emerging markets and in some cases in areas of poverty and deprivation. I am proud of the support and assistance we as a company provide in many of the regions in which we operate, and I would like to pay tribute to our employees and other individuals and organisations for their generous support and contributions to our registered charity, the Westminster Group Foundation. We work with local partners and other established charities to provide goods or services for the relief of poverty or advancement of education or healthcare making a difference to the lives of the local communities in which we operate. For more information or to donate please visit www.wg-foundation.org.

Employees and Board

It is with great sadness that in 2019 we marked the passing of Lt Col Sir Malcolm Ross GCVO, OBE, GCStJ, DL. Sir Malcolm was Westminster's Chairman from 2007 and was an inspirational and supportive leader. Sir Malcolm was a true Gentleman in every sense of the word and a hard-working public servant. In 2017 Sir Malcolm moved to Deputy Chairman in order to allow more time for his public duties and yet he continued to devote considerable support to the Company.

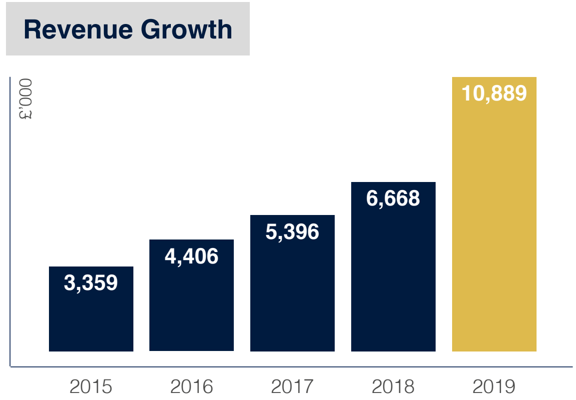
Sir Malcolm was a former member of the Royal Household of the Sovereign of the United Kingdom, and from 2006, that of the Prince of Wales (retired March 2008). He was made an OBE in 1988 and joined the Royal Victorian Order in 1994 as a CVO. He was knighted as a KCVO in 1999, and advanced to GCVO in 2005. He had been a member of the Royal Company of Archers since 1981, and a Freeman of the City of London since 1994. In 2006, he was made Her Majesty's Lord Lieutenant of the Stewartry of Kirkcudbright. Until recently Sir Malcolm was also the Lord Prior of The Order of St John. He was a wonderful man and will be greatly missed by a great many people, not least all at Westminster.

The vacancy left by Sir Malcolm's passing was filled in November 2019 by Mawuli Ababio stepping up from our international advisory board to Non-Executive Director. Mawuli is based in Accra, Ghana and has extensive board and corporate governance experience having served on several listed and unlisted boards over the last 20 years, both as an Executive and Non-Executive Director. His experience across the whole of sub-Saharan Africa is already proving to be invaluable to the Group. Mawuli has taken over the chair of the Remuneration Committee.

In January 2019 Charles Cattaneo joined the board as a Non-Executive Director. Charles has been a director of a number of public and private companies and is currently the Chairman of the Midlands Regional Advisory Group of the London Stock Exchange. His wealth of City and corporate finance knowledge and experience gained from a variety of business sectors, in particular advising AIM companies and serving on boards of growing and successful companies, is of great value to our business as we expand and deliver on our significant potential. As a Chartered Accountant he has taken over as Chair of the Audit Committee.

Also, in January 2019, James Sutcliffe, by agreement, left the Westminster Group Plc board to take on the role as Chairman of the International Advisory Board, where the benefit of his extensive international experience and high-level Government contacts overseas can be of significant value to the Company's business development and expansion going forward.

We continue to work closely with and receive excellent support from the Foreign Office and UK Diplomatic Missions around the world and I am very grateful for the support these and other governmental departments provide to our teams and our operations worldwide.



At the time of writing we are in the midst of the global Coronavirus (COVID-19) pandemic which, in addition to the tragic loss of life, has major implications for the global economy creating material uncertainty and challenges. The duration and full impact of this pandemic is difficult to predict at the present time although we are seeing encouraging signs that the worst now appears to be over in some parts of the world with some countries looking to gradually relax restrictions. As a company operating globally the pandemic has affected parts of our business in various ways. Some parts of our business have been adversely affected, others have seen little impact, whilst some have seen significant growth. The Chief Executive Officer's Report provides some detail on the challenges this pandemic has created and how we have responded to the situation.

Meeting with the Group's ever-expanding team of consummate professionals is one of the Board's more pleasurable responsibilities. As a service-based business, our employees are key to delivering success. On behalf of the Board, I want to congratulate Westminster's management and employees around the globe for their achievements and the vital contribution they have made to our success in 2019 and the way in which they have risen to the challenges and opportunities presented by COVID-19.

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

Rt. Hon Sir Tony Baldry DL
Chairman

13 May 2020

Chief Executive Officer's Report

Peter Fowler
Chief Executive Officer

Business Description

The Westminster Group is a global integrated security services company 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 revenue^ business.

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

We deliver our wide range of Land, Sea and Air solutions and services through a number of operating companies that 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 operation of security solutions in airports, ports and other such facilities, together with the provision of manpower, consultancy and training services.

Technology division

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

In addition to providing our business with a broad range of opportunities, these two divisions offer cost effective dynamics and vertical integration with the Technology division providing vital infrastructure and complex technology solutions and expertise to the Managed Services division. This reduces both supplier exposure and cost and provides us with increasing purchasing power. Our Managed Services division provides a long-term business platform to deliver other cost-effective incremental services from the Group.

We have a successful track record of delivering a wide range of solutions to governments and blue-chip organisations around the world and our worldwide deployments can be seen on pages 4 & 5. 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 business.

Business Review

As highlighted in the Chairman's Statement, 2019 was a record year for the Group with 63% (£4.2m) year on year increase in revenues to £10.9m (2018: £6.7m), our fourth year of double-digit revenue growth and shows the momentum we are building. We are greatly encouraged that within this revenue growth, recurring revenue^ from our managed services, guarding and maintenance contracts (including 6 months of contribution from our Ghana operations and 8 months of Euro Ops) grew by 46% (£1.8m) to £5.6m (2018: £3.8m). This is significant as our growing base of contracted recurring revenue is what underpins the future growth of the business.

> 2019 was a record year for the Group with 63% (£4.2m) year on year increase in revenues to £10.9m (2018: £6.7m).

We continue to invest in our worldwide business development programmes in order to deliver on our growth potential, particularly in our long-term major managed services projects. Operating in frontier markets is time consuming, complex and costly but the potential rewards are substantial. Despite the cost of business development, the set up costs for our Ghana project and the costs associated with setting up our various strategic alliances and joint ventures around the world, we are pleased to report a greatly improved EBITDA^

^ This is an Alternative Performance Measure refer to Note 2 for further details

performance for the full year with a profit from underlying continuing and discontinued operations of £0.1m as compared with 2018 which was a £0.4m (restated) EBITDA^ loss from underlying continuing and discontinued operations. As a business we are operationally geared in that we have relatively fixed operating costs and as our revenues continue to grow our profitability will grow proportionally faster. In this respect we believe we are now approaching an inflection point.

Both the Managed Services and Technology divisions delivered an impressive performance during the year, both financially and operationally. Financially our Managed Services Division achieved a 50% increase in revenues to £5.5m (2018: £3.7m) whilst our Technology Division achieved an impressive 80% increase in revenues to £5.4m (2018: £3.0m). Operationally both Divisions had a busy year and made excellent progress on a number of fronts.

Enquiry levels remain healthy and levels of interest in the Group's services continues to grow across both Divisions. However, whilst our Technology Division provides the technological resources and platform to expand our operations around the world and is capable of delivering large scale projects, it is our Managed Services Division, with its potential for delivering large scale, long term, recurring revenue and transformational growth, which is increasingly our core focus, particularly within the transportation security sector.

Passenger numbers for our West Africa airport operations for the year are at record levels and the last few months of 2019 were consistently some of the highest monthly traffic numbers experienced since we commenced operations there.

Building on the growing success of our aviation training business we have constructed a training facility at our UK Headquarters in Banbury so that we can conduct specialist technical and operational training courses for airline and airport delegates from around the world. The facility was completed and opened in early 2019 and has undertaken numerous training courses including for one of the largest airlines in Europe.

In February we delivered the remainder of the $4.5m USD vehicle screening contract in the Middle East, which the Company secured in 2018.

In March 2019 we had entered into a Technical Partnership Agreement with a Ghanaian company, Scanport Ltd. In June 2019, we announced a letter of intent had been received acknowledging Westminster as the Technical Partner and setting out the preliminary terms regarding the appointment and scope of work relating to a container screening project at the new container port, Terminal 3 at Tema, Ghana.

Terminal 3 is a new $1.5 billion investment project by Meridian Port Services ('MPS') which is creating one of the most advanced port operations in Africa, if not the world. The first two berths opened on 28 June 2019 and the first commercial vessel successfully docked on 3 July 2019. The third berth became operational in Q1 2020 and the fourth berth is due for completion at the end of 2020. When complete it will expand the port's capacity from around 1 million Twenty-foot Equivalent Units ('TEU') p.a. to over 3.5 million p.a.

Despite not having formal contracts in place due to unrelated issues within the port, Scanport–Westminster were officially appointed and have been successfully running the container screening and secondary search operations since the port opened on 28 June 2019, with Westminster providing the technical management and operations and Scanport responsible for local costs, management and employment.

The formal contract confirming the appointment for a renewable 5-year term was eventually signed in March 2020 naming Westminster as the designated Technical Partner for the duration of the contract. Revenues are based on a percentage of the relevant port tariffs which are shared between Scanport and Westminster and are driven by container traffic volumes passing through the Port. Westminster's share of revenues during the soft opening and start-up phase of operations in 2019 amounted to several hundred thousand USD and we look forward to the operation producing a meaningful contribution to our revenues in 2020 as the port continues to expand, the new berths come on stream, capacity and throughput increases, and new tariffs come into operation.

> "Terminal 3 is a new $1.5 billion investment project by Meridian Port Services ('MPS') which is creating one of the most advanced port operations in Africa, if not the world.

We are excited by the prospects of this long-term managed services project and we expect Ghana to be an important and growing part of our business.

In April 2019, our Technology division announced the award of a $3.48m USD contract for the provision of advanced container screening solutions to two separate ports in an Asian country. Following manufacture and site preparation works the first of these was delivered in November 2019 and the second unit was dispatched in January 2020.

^ *This is an Alternative Performance Measure refer to Note 2 for further details*

Chief Executive Officer's Report

In May 2019, we announced we had acquired Euro Ops, a French based aviation security and support services company which, through its sister company, Euro Ops International (also trading as ICare), provides aviation support services such as Airport Security, Aircrew Management, Humanitarian Logistics, Operations & Dispatch, Ground Handling etc. Euro Ops has been fully integrated into the Group and is developing meaningful business and opportunities within Francophone territories. Our new French operation joins our existing German subsidiary, which is also developing a number of sizeable business opportunities, in providing us with a European footprint. Whilst Westminster is not likely to be materially affected by Brexit, having European operating companies will be beneficial.

In June 2019, we announced we will be forming a joint venture in Saudi Arabia, under the name Westminster Arabia. Our JV partners are Hazar International who, under their impressive Chairman, Sheikh Salman Bin Mohammed Bin Khalid Bin Hethlain, are strong and influential partners.

An experienced business development team is now in place within the country and is already involved in several large-scale project opportunities in the Kingdom. One of several projects already being pursued in the Kingdom is Saudi ports and in 2019 at the request of the authorities we conducted detailed operational and vulnerability assessments at certain ports following which, the Westminster team met with the port authorities in February 2020 for more detailed discussions regarding port security solutions. The follow up activity from these meetings and discussions have been delayed due to the COVID-19 effects and the travel restrictions in the Kingdom however these will resume once restrictions are lifted. The business opportunities for Westminster's products and services within Saudi Arabia are substantial and the formation of Westminster Arabia represents an important strategic development for the Group.

Westminster's international reputation and expertise in the field of aviation security continues to grow and, in addition to our direct contracts with airports and governmental bodies around the world, and the opening of the training centre in the UK in 2019, we have entered into two important Strategic Alliances. In July 2019, we announced we had signed a strategic alliance agreement with the Gulf Aviation Academy ('GAA'), a leading provider of professional aviation training in Bahrain and the wider Middle East and North Africa ('MENA') region. This alliance has already produced tens of thousands USD in new business and in January 2020 GAA secured an important new contract with the Bahrain Airport Company ('BAC'), the operator and managing body of Bahrain International Airport ('BIA') to provide civil aviation security training to hundreds of airport-stationed Ministry of Interior ('MOI') personnel each year and which will involve Westminster in the delivery of this service.

In November 2019, Euro Ops entered into a strategic alliance with the Tunisian Academy for Civil Aviation Safety and Security Training ('AFSAC'). From its impressive training centre in Tunisia AFSAC provides certified aviation security training workshops on behalf of the International Civil Aviation Organization (ICAO) and is an AACO Approved Training Centre (Organization of Arab Air Carriers) and an AFRAA Approved Training Centre (African Airlines Associations). This strategic alliance is a major step forward in the delivery of aviation security training and will allow each party to offer, collaborate, market and deliver an expanded certified training program.

In December 2019, we finalised the sale of the Sierra Queen which had a book value of £170,000. The vessel has been sold. As at December total consideration was $643,000 over 36 instalments and subsequently after the year end the consideration was significantly improved to $676,500 over 38 instalments. Under the sale agreement the Company agreed to ship the vessel at its own cost to the purchaser in Greece and the vessel left Sierra Leone waters in February 2020 and was delivered to the purchasers on 6 March 2020. The vessel will be secured by a mortgage charge over the vessel until final payment has been received.

> "In June 2019, we announced we will be forming a joint venture in Saudi Arabia, under the name Westminster Arabia.

Keyguard U.K Ltd, the UK based security and risk management company we acquired in November 2018, was fully integrated into the Group during 2019 and is now operating from our corporate HQ in Oxfordshire. Whilst Keyguard performed below budget during the year the integration into the Group has opened up a number of new business opportunities which will lead to improved performance and higher margins particularly within the aviation and critical infrastructure market where we now have joint marketing and sales activities with other parts of the business underway.

"In May 2019, we announced we had acquired Euro Ops, a French based aviation security and support services company.

Chief Executive Officer's Report

In 2019 our Technology Division supplied a wide and diverse range of products and services to numerous clients in 66 countries around the world, including in the UK, Middle East, Africa, Europe, Asia, the Americas and the Caribbean. By way of example of the diverse range of contracts secured by the Group in 2019 we delivered Westminster's unique diver communication system for a middle Eastern navy, vehicle screening solutions to a customs organisation in the Caribbean, bomb disposal equipment in Europe, body scanners to a prison service in Latin America, advanced screening equipment to an Iconic building in the UK. Explosive and Narcotic Detection solutions saw an increase in sales across various geographies. As in previous years we continued to supply security equipment and services to Government facilities across the UK.

On a wider front we continue to progress various existing and new large-scale managed services project opportunities around the world. No two opportunities are the same and each can have their own idiosyncrasies and challenges. As we have previously advised, project opportunities of this size and nature, particularly in emerging markets, are not only time-consuming and involve complex negotiations with numerous commercial and political bodies but discussions can ebb and flow over many months, with periods of intense activity which can be followed by long periods of inactivity. It is however precisely because of such challenges that competition is limited and the opportunities offer transformational growth opportunities.

We operate in a market that requires strict confidentiality and we are not able to provide detailed updates or explanations for delays which, if made public, may cause issues with our clients and be prejudicial to discussions. However, whilst there is never certainty as to timing or outcome of the many project opportunities we are pursuing, we are making progress on a number of fronts and we will provide market updates on material developments when appropriate and in line with our regulatory responsibilities.

In summary, 2019 was a busy year and a year of growth during which we have made significant strides forward.

Strategy

Our vision is to build a global business with strong brand recognition delivering advanced security solutions and long-term managed services to high growth and emerging markets around the world, with a particular focus on building multiple revenue streams, many of which involve long term recurring revenue^ business, from diverse sources in varying parts of the world, providing a degree of resilience to external events and enhancing shareholder value. The value of this strategy has been demonstrated during the COVID-19 pandemic where Westminster is able to maintain and grow certain revenues mitigating reductions in its airport business.

> “Redefining our diverse businesses in line with our “One Company, One Vision” approach.

To deliver on this vision the Company has in place a 5-year Strategic Growth Plan which is reviewed annually, and which includes a number of strategies to be pursued to achieve our goals. As part of that strategy for growth we continue to improve and enhance our board and senior management team and have made a number of key appointments broadening our range of experience and expertise. If we are to maximise the substantial growth opportunities we are developing, particularly with our airport security operations, it is essential we have the right strategies, people, processes and systems in place to successfully deliver such growth.

We have a growing number of companies within the Group as we expand our international operations and offices around the world which together with recent acquisitions such as Keyguard and Euro Ops, both of which are now consolidated into our Group operations, means we are operating under a range of business identities and with a number of different websites etc.

A key strategy commenced in 2019 and running into 2020 is redefining our diverse businesses in line with our “One Company, One Vision” approach. This will involve rebranding parts of our business to better reflect the Westminster brand and regardless of what company or division or what product or service is involved it will be undertaken and recognised as Westminster. As part of this exercise we are undertaking a complete overhaul of our extensive web presence bringing all our various websites into a new and expanded Westminster Group website. Our extensive portfolio of products and services will all be brought together into one large but easily navigable site and categorised in three key focus sectors – Land, Sea and Air.

Whilst we continue to pursue our many organic growth opportunities the expansion strategy, we commenced in 2019 of targeted acquisitions and strategic joint ventures (JVs) in key markets and regions continues and we believe this strategy will enable the Company to expand its sphere of operations in a controlled and effective way.

^ This is an Alternative Performance Measure refer to Note 2 for further details

We entered 2020 with our business in a stronger position than it has been for some time and with renewed optimism for the future and as part of our growth strategy the Board has set 10 priority goals to be delivered although we accept the unpredictability of the present COVID-19 pandemic and the uncertainty of its duration may impact the delivery of some of these goals:

1. Improve ratio of enquiries received/quotations issued by number and quotations issued/orders received by value;
2. Increase product portfolio and sales achieved;
3. Secure at least one more long-term managed services contract;
4. Enter into at least one more strategic alliance/joint venture in key markets;
5. Deliver another year of double-digit revenue growth;
6. Deliver another year of significant recurring revenue^ growth;
7. Deliver a material improvement in profitability;
8. Deliver a sustained and material improvement in our share price;
9. Instigate an Investors in People programme;
10. Deliver a companywide 'One Vision, One Company' ethos and our new website focussed on Land, Sea and Air business activities.

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. A key focus for the Group is in building its recurring revenue^ base from contracted income relating to its managed services projects, our maintenance and guarding contracts and this is a key metric being monitored. 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. Days sales outstanding is used to measure as to the cash conversion of revenue and identifies debtor aging issues.

The Managed Services division measures its performance in the four key areas of its deliverables – passengers served in its airport operations, vehicles and containers served in its port and border operations, the number of days training delivered by our training businesses and the number of guarding hours delivered by our guarding businesses.

The Technology division measures its sales activity by reference to the number of enquiries received per month and the number of orders received. The number of countries and number of return customers are monitored to give a view on the performance of the Division.

Group	2019	2018
Revenue	£10.9m	£6.7m
Gross Margin	41%	55%
Recurring Revenues^	£5.6m	£3.8m
Days Sales Outstanding	38	41
Number of Employees	261	233
Average Employee Cost Per Head	£16,843	£14,738

Managed Services	2019	2018
Passengers Served ('000)	121	113
Vehicles/Containers Served ('000)	309	-
Training Hours Delivered	4,040	3,808
Guarding Hours Delivered	70,671	9,081

Technology Division	2019	2018
Average Enquiries Per Month	185	174
Average Number of Orders Per Month	41	37
Number of Countries Supplied	66	53
Number of Return Customers	96	71

^ This is an Alternative Performance Measure refer to Note 2 for further details

Chief Executive Officer's Report

Current Trading & Business Outlook

The Coronavirus (COVID-19) outbreak was declared a Public Health Emergency of international Concern on 30 January 2020 and on the 11 March 2020 the World Health Organisation (WHO) elevated the outbreak to a global pandemic. In just a few weeks the COVID-19 virus had spread from a single city in China right across the globe, creating a worldwide healthcare crisis with millions of citizens infected and a tragic toll of life. Governments around the world reacted in various ways with many closing borders, some putting large parts of their populations on lockdown and imposed travel restrictions. This has had a profound impact on the global economy and businesses across the globe, the like of which has not been experienced in a generation.

At the time of writing, the duration and full extent of the impact on the global economy cannot be determined with any accuracy although there are green shoots of optimism with some countries appearing to be over the worst of the disruption and some, including the UK, easing lockdowns. The expectation is that the global economy will begin to recover from the second half of 2020 although it is suspected the virus will be with us for some time and that some countries may yet face renewed outbreaks.

In the current business climate COVID-19 pandemic does therefore create some uncertainty and has impacted our business in varying ways, as explained more fully below.

We are a business which operates internationally with staff around the world and we are heavily involved in international travel. We therefore carefully monitor global events for anything that could be a threat to, or an opportunity for, our business. We identified the COVID-19 as one such event and began to take early action in January before the WHO had declared it a Public Health Emergency. We undertook risk assessments of our various operations and prepared plans for repatriation of overseas staff if necessary. We increased our stocks of fever screening and safety equipment and began to look for alternative sources of supply in case of supply chain issues, as well as new products we could add to our portfolio of safety equipment. We also instigated a marketing campaign, increased the prominence of our fever screening capabilities on our website and used our international network and reach to begin promoting ways in which we could assist governments and organisations protect against the pandemic.

We have been closely monitoring the situation and as the outbreak developed, we continued to update our risk assessments and began implementing logistical and organisational changes. We reduced costs and put planned capital expenditure on hold. We worked with our loan note holders to defer the planed redemption programme and extend the maturity date to May 2021. We worked with our suppliers and supply chains to ensure we can continue to supply our clients and the early action we had taken in this respect has proved invaluable. We instigated safe working practices including social distancing, provision of Personal Protective Equipment (PPE) and home working for a number of staff.

> “Whist the COVID-19 crisis is likely have an impact on our airport security operations for some months our sales of screening and safety equipment have risen significantly.

We have put in place new procedures for deliveries and despatch of goods and we have reorganised our engineering teams so that they have no direct personal contact with each other to limit any disruption should any of them develop the virus. These measures and others, including utilisation of governmental support schemes, has meant that our business has so far managed to maintain operations, keep our employees safe and successfully trade through this global crisis.

Westminster is fortunate in that the business model we have been developing is based on multiple revenue streams, many of which are from long term or recurring contracts, from diverse sources in varying parts of the world. As such Westminster is in a better position than many companies to weather the impact of the crisis. Whist the COVID-19 crisis is likely have an impact on our airport security operations for some months our sales of screening and safety equipment have risen significantly. In this respect in Q1 2020 we saw over $2.1m USD of online product orders of which $1.7m USD were in March 2020 and over $1.2m USD of that was the last two weeks of March demonstrating the benefit of multiple revenue streams, mitigating the reductions elsewhere in our airport business. We have seen no reduction in demand

^ *This is an Alternative Performance Measure refer to Note 2 for further details*

for our services in this respect and we believe that the significant increase in our fever detection and safety equipment will continue for quite some time yet and is a real opportunity for the business. We are already seeing businesses and organisations planning to introduce more permanent screening systems into their operations and the aviation industry, which has been hard hit by the global restrictions on air travel, are now looking at introducing fever screening and testing as a means to get air travel operational, with Westminster's experience in the aviation screening sector and our market reach we believe this represents a significant opportunity for our business.

The impact of COVID-19 on the aviation industry is expected to last for some time and will almost certainly lead to changes in the way air travel is conducted however we believe airports in emerging markets, which is where we are focussed, are likely return to more normal passenger volumes much quicker due to the essential nature of air travel in such regions.

As reported, passenger numbers for our West Africa airport operations were at record levels for 2019 and this trend had continued into 2020 with passenger numbers continuing at the highest levels since we commenced operations until the COVID-19 impact caused the government to suspend flights for a period of 90 days commencing 22 March 2020. The government is currently still working to reopen the airport towards the end of June. Whilst this will have an inevitable impact on our revenues from this part of our business for much of the remainder of 2020. Providing the contagion is under control we expect that passenger numbers will begin to recover in the second half of the year regaining more normal levels by year end. We are carrying out regular local risk assessments and have put in place social distancing and procedural processes to protect staff and others using the airport. We do however believe it is important that we also support our staff and the local community through these challenging times for the country, as we did during the Ebola epidemic a few years ago. In this respect we are maintaining employment of our local staff to preserve security at the airport and will be using time between flights to undertake additional training for staff and to carry out comprehensive servicing and maintenance of all equipment. This is not only the right and moral thing to do but it will enable us to ramp up operations at very short notice once flights recommence.

Our aviation training business has been adversely affected by COVID-19 and currently all planned courses have been put on hold due to social distancing and travel bans. We expect our training business to begin to recover as airports recommence operations and travel restrictions are eased. One of our important governmental framework agreements relating to international aviation training programmes we run around the world has now been extended and is due to run to September 2021 with a provision to extend for a further year.

Container volumes and revenues relating to our container screening operations in Ghana continued to increase into 2020 with the daily averages in Q1 2020 being a 56% increase on the 2019 daily average. We did see a slight reduction in volume during the 3-week lockdown period in Ghana which ended on 20 April 2020 but volumes since then have risen back to the 2020 daily averages and whilst we may yet see further disruption during the COVID-19 crisis, we expect volumes overall to increase further during 2020 as the port continues to expand and new berths become operational.

Our Managed Services division not only has more large-scale project opportunities under discussions than ever before but we are also securing an increasing number of smaller contracts to assist airport authorities around the world with their equipment and security needs, and this enhances our future prospects for our large scale, long term airport opportunities post COVID-19 and are hopeful of securing at least one more major contract in the year.

Our guarding business has been affected by some site closures during the COVID-19 shutdowns although there is a likelihood that some guarding requirements may increase during site closures to ensure sites remain secure and in this respect we have secured an important new guarding contract since the COVID-19 shutdown occurred.

Our operations in Saudi Arabia have been restricted whilst the country is on COVID-19 lockdown and curfew, but we anticipate this will resume after Ramadan towards the end of May and we are excited by the prospects from this venture.

"We have achieved impressive year on year revenue growth over the past few years and we expect this to continue albeit impacted in the short term.

We have achieved impressive year on year revenue growth over the past few years and we expect this to continue albeit impacted in the short term depending on how long the COVID-19 pandemic lasts. Both our Managed Services and Technology divisions continue to have a healthy and active enquiry bank and given on our expected annual recurring revenue^ base and our current

^ *This is an Alternative Performance Measure refer to Note 2 for further details*

Chief Executive Officer's Report

order book, together with the improvement in our airport passenger numbers and our run rate business, we expect 2020 to be another successful year.

In view of the COVID-19 crisis we continue to investigate new opportunities to expand our online and non-contact sales opportunities. We believe that there will now be a growing demand for more permanent fever screening systems to be installed not just at major facilities such as airports, ports, stadiums and shopping malls etc. but we are seeing increasing demand for such systems from factories, offices, mines and other commercial organisations and we believe this is likely to be a growing part of our business in the future.

One such development is an extension of our COVID-19 PPE sales through medical vending machines. We have recently secured exclusive rights to specialised medical vending machines for use in the UK to be used for dispensing packs of face coverings, sanitiser and other safety equipment for deployment at key locations around the and transport hubs country and we are already in discussions with major transport organisations. With the drive to now have the travelling public wear protective face covering on public transport etc this initiative could greatly increase our distribution of PPE and safety equipment.

Our overriding priority however is and has been the safety and wellbeing of our people around the world and to continue to provide a valuable service to our customers. To those ends we put in place various precautionary measures, including cost reduction and are undertaking regular risk assessments for all areas of our business.

Notwithstanding the impact of COVID-19 trading for 2020 has started on a positive note, building on the success of 2019 with both order intake and revenues ahead of budget. Q1 delivered revenues of over £4.5m, an increase of more than 22% over the same period in 2019 (Q1 2019: £3.7m), and I am pleased to report we made a healthy profit in the quarter both before and after tax as we begin to benefit from new contracts and the investment we have been making in our business and we have a healthy order book going forward.

We are also fortunate in that much of our revenues are generated from long-term and recurring revenue^ contracts (we entered 2020 with visibility of over £8m of annual recurring revenue^ for the year from long term managed services, guarding and maintenance contracts) and because of the nature of our long term contracts, where we have experienced reductions in such revenue streams during the COVID-19 disruption these are expected to resume quickly once the pandemic passes.

"Our overriding priority however is and has been the safety and wellbeing of our people around the world and to continue to provide a valuable service to our customers.

Over the next few months and years, we have an opportunity to achieve unprecedented growth from the prospects we are pursuing, and the Board and I remain committed to delivering on this potential.

Peter Fowler
Chief Executive Officer

13 May 2020

^ This is an Alternative Performance Measure refer to Note 2 for further details

Chief Financial Officer's Report

Mark L W Hughes
Chief Financial Officer

Revenue

Revenues of £10.9m were 63% higher than the £6.7m reported in 2018.

Managed Services has moved forward strongly in the year to £5.5m (2018: £3.7m) an increase of 50%. This is primarily a combination of three factors, record passenger numbers at our West African Airport, a full year of Keyguard and initial revenues from our new Tema Port Ghana operation.

We have also reported on Euro-Ops for the first time. Further information on this is contained in Note 30.

Technology revenues increased by 80% to £5.4m (2018: £3.0m). This is continuing a focus on, and success at, obtaining larger sized contracts such as the $3.48m USD contract for the provision of advanced container screening solutions to two separate ports in an Asian country mentioned in the Chief Executive Officer's statement.

Gross Margin

A significant amount of the increase in turnover was from the increase in lower margin Technology Solutions sales; typically, at about 15%. Because of this mix effect the headline Gross Margin decreased to 42% (2018: 55%).

Operating Cost Base

Demonstrating how operationally geared the Group is, despite a 63% increase in sales, Group administrative costs only rose by 12% to £5.3m (2018: £4.7m) in total. However, excluding share-based payments (increasing due to accounting for warrants issued) and discontinued items, the costs only rose by 3%. This is was primarily due to inflation.

Exceptional Items

The exceptional item of £0.1m (2018: £0.4) is the pre contract costs on a Middle East airport project. This project was fully shelved in the first half of 2019. The costs relate to the period up to 30 June 2019.

Operational EBITDA^ from underlying continuing and discontinued operations

The Group loss from operations was £0.8m (2018 Restated: £1.0m). When adjusted for the exceptional and non-cash items set out below and depreciation and amortisation, the Group recorded an EBITDA^ profit from underlying continuing and discontinued operations of £0.1m (2018: £0.4m loss restated).

Finance Costs

Total finance costs of £0.6m (2018: £0.3m) increased from the prior year as the coupon on the Secured Convertible Loan Note (SCLN) rose from 12% to 15%.

Reconciliation to EBITDA^ from underlying continuing and discontinued operations	2019	2018 restated
	£,000	£,000
Loss from operations	(823)	(1,035)
Depreciation, amortisation and impairment charges	215	169
Write back of impairment of the Sierra Queen	-	(170)
Reported EBITDA	(608)	(1,036)
Share based expense	556	281
Exceptional items	106	401
EBITDA^ profit / (loss) from underlying continuing and discontinued operations	54	(354)

This is a significant improvement on 2018 and prior years.

^ This is an Alternative Performance Measure refer to Note 2 for further details

Plus, a calculated interest adjustment following the extension of the SCLN. There was an underlying cash charge of £0.5m (2018: £0.4m).

Restatement of 2018 Accounts

The 2018 comparative figures have been restated to take into account the application of the new accounting standard on Leases – IFRS 16. There are further details in Note 2 and the financial effect of introducing this standard is demonstrated in Note 12.

Result for the Year

The Group loss before taxation was £1.4m (2018 Restated: £1.4m) and the loss per share was 1.02p (2018 Restated: 0.39p). The main reason for the difference in earnings per share was that in 2018 a deferred tax credit of £0.9m was recognised, but in 2019 this was only £0.02m.

Statement of Financial Position

Total Group assets amounted to £7.0m at 31 December 2019 compared with £8.8m (restated) at 31 December 2018. The main movement was a reduction in debtors at the year end.

Net Group current assets amounted to £0.7m at 31 December 2019 compared to Net Group current liabilities of £0.2m (restated) at 31 December 2018.

The Group trade and other receivables balance as at 31 December 2019 was £2.6m (2018: £4.6m). Average days sales outstanding at the year-end were 38 (2018: 41). The 2018 figure had a significant amount for the Middle East contract in progress at that time. This also explains a drop in contract liabilities.

Cash and cash equivalents of £0.6m at 31 December 2019 compared with £0.3m at 31 December 2018.

Assets of disposal groups classified as held for sale were £0.17m (2018: £0.17m) this is the Sierra Queen, see Note 29 and Note 32.

Trade and other payables were £2.5m (2018 Restated: £2.6m) and average creditor days were 66 (2018: 27). The year-end increase in creditor days was influenced by the Asia Port contract.

A deferred tax asset of £0.91m (2018: £0.89m) was held at the year end.

Total equity at 31 December 2018 stood at a surplus of £1.9m (2018 restated: £1.1m).

Key Performance Indicators

The Key Performance Indicators by which we measure performance of our business are set out in the Chief Executive Officer's Report on page 13.

Convertible Loan Notes (CLN) and Convertible Unsecured Loan Notes (CULN)

Summary of movements in loan notes at principal value £'000	2019	2019	2019	2018	2018	2018
	CULN	**CLN**	**Total**	CULN	CLN	Total
At 1 January	**171**	**2,245**	**2,416**	-	2,245	2,245
New issue	**-**	**-**	**-**	171	-	171
At 31 December	**171**	**2,245**	**2,416**	171	2,245	2,416

At 31 December 2019, the secured CLN carried a coupon of 15% payable quarterly in arrears, had a conversion price of 12.5p (10p from 1 January 2020) and, following an extension after the year end, matures on 1 May 2021.

At 31 December 2019, the unsecured CLN carried a coupon of 5% payable quarterly in arrears, had a conversion price of 10p and matures on 31 July 2021.

Equity Issues

Equity Issues	Number of Shares	Price per share (p)	Funds Raised £'000
Allotment 8 February 2019	5,000,000	10.0	500
Allotment 25 July 2019	10,000,000	10.0	1,000
Allotment 19 December 2019	375,000	12.5	47
	15.375,000		1,547

^ *This is an Alternative Performance Measure refer to Note 2 for further details*

Chief Financial Officer's Report

Summary of Warrants

Number	Holder and Description	Strike Price (p)	Life (years)	Vesting Criteria
589,330	Yaron Bull, February 2016	20.15	4	At grant: - detachable
170,455	S P Angel, January 2018	22.00	5	At grant
9,625,000	Various Holders, July 2019	12.50	2	At grant: - detachable

The S P Angel Warrants were inadvertently omitted from the 2018 accounts but have been accounted for in 2019. The omission of a charge of £27,000 from the 2018 accounts was not material.

In July 2019 10,000,000 warrants were issued to various holders alongside the equity issue. On 19 December 2019 375,000 of these warrants were converted to ordinary shares.

Cash Flow Statement

During the year the Group had an operating cash outflow of £0.4m (2018: outflow £1.2m) which arose primarily from an unfavourable working capital movement of £0.6m (2018: £0.2m) offset by the £0.1m EBITDA^ from underlying continuing and discontinued operations result.

During the year, the Group raised £1.55m gross from the issue of new equity. In 2018, £1.34m was raised from new equity, with a further £0.2m of proceeds from the issue of convertible loan notes.

"During the year, the Group raised £1.55m gross from the issue of new equity.

Reconciliation from EBITDA^ from underlying continuing and discontinued operations to normalised operating cash flow	2019	2018 restated
	£,000	£,000
EBITDA^ from underlying continuing and discontinued operations	**54**	(354)
(Loss) / profit on asset disposal	**(9)**	2
Net changes in working capital	**(552)**	(192)
Movement on tax	**(26)**	(872)
Net cash used in underlying operating activities	**(533)**	(1,416)

Net cash used in underlying operating activities is presented excluding exceptional items, share options expense, and depreciation and amortisation.

Principle risks and uncertainties

The principle risk and uncertainties facing the group are outlined on pages 24 - 27.

Going Concern

The assessment of Going Concern is summarised in the Directors Report on page 59.

Events after the Reporting Period

These are fully set out in note 32 on pages 100 - 101.

Mark L W Hughes
Chief Financial Officer

13 May 2020

^ This is an Alternative Performance Measure refer to Note 2 for further details

Risk Management

Westminster, as a specialist security and managed services group operating in an international environment, primarily emerging markets, is exposed to a variety of risks and uncertainties which are monitored and controlled by the Group's internal risk management framework.

Overall responsibility for risk management lies with the Board who ensure that risk awareness is set at an appropriate level.

To ensure that risk awareness is set at an appropriate level the Board has delegated responsibility for the risk identification and assessment to a Risk Committee comprising of Executive Directors and Senior Management.

The Risk Committee is responsible for identifying risks, defining the Group's risk management strategy and maintaining the Group's Risk Register.

The Risk Committee liaises with Divisional Management to help identify operational and commercial risks and to ensure Divisional Management undertake agreed mitigation strategies.

The Risk Committee reports to the Audit Committee and the Audit Committee is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and the Risk Register.

The Chairman of the Audit Committee reports to the Board on risks and risk management.

The Board reviews the Audit Committee reports on a regular basis and considers whether the Risk Management Committee has appropriately identified the principal risks and mitigation strategies to which the Group is exposed.

The Board monitors the Group's risk management systems through this consultation and also through the Group's divisional monthly management meetings, where at least two executive Directors are present. The risks and trends are a focus of each division's monthly management meeting, where their performance is also assessed against budget, forecast and prior year. In addition, key performance indicators are used to benchmark operational performance for all operations.

Risk Management Responsibilities and Reporting Structure

While it is acknowledged that the Group faces a variety of risks, the Board, through the processes set out above, has identified the principal risks and uncertainties that could potentially impact upon the Group's short to medium term strategic goals and these are shown on the page opposite, together with how we manage or mitigate them.

Risk Management Committee

The Committee's Terms of Reference were last reviewed and approved by the Board on 31 March 2020 and can be viewed on the Corporate Governance section of the Company's website (www.wsg-corporate.com).

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

The Committee will be appointed by the Board and should be a balance of executive directors and senior management.

The purpose of the Risk Management Committee (the "Committee") is to perform centralised oversight and policy setting of risk management activities and to provide communication to the Audit and Risk Committee who communicates with the Board of Directors (the Board) of the Westminster Group (the Company) regarding important risks and related risk management activities. The Committee's key areas of responsibility are:

- Oversight of risk;
- Adherence to internal risk management policies and procedures;
- Compliance with risk-related regulatory requirements;
- External risk assessments in relation to the Company's international business; and
- Maintenance of the Group's Risk Register.

The Committee monitors the Group's risk management and internal control processes through detailed discussions with management and executive directors, the review and approval of the reports and position papers which focus on the areas of greatest risk to the Group.

As part of its standing schedule of business, the committee carried out an annual risk assessment of the business to formally identify the key risks facing the Group. Full details of this risk assessment and the key risks identified are set out in the Risk & Risk Management section of this Annual Report on pages 24 to 27.

> "
>
> Overall responsibility for risk management lies with the Board.
>
> 2019 was a record year for the Group with 63% (£4.2m) year on year increase in revenues to £10.9m (2018: £6.7m).

Committee Membership

The current Risk Management Committee members are:

- **Peter Fowler (Group CEO) (Chair)**
- Mark Hughes (Group CFO)
- Stuart Fowler (Group COO)
- Roger Worrall (Group Company Secretary)
- Stuart Gilbert (Head of Technology Division)
- Joanna Fowler (Head of Managed Services Division)
- Hamish Russell (General Manager)

The Board considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties.

Risk Management

The principal risks and uncertainties which could have a material impact on the Group's business, performance or reputation are set out below. The principal risks are identified by the Risk Management Committee based on the likelihood of occurrence and the potential impact on the Group as a whole.

In addition to the risks disclosed below, the Risk Management Committee monitors and manages a wide range of other risks to which the Group may be exposed.

Risk Flags

	Likelihood	Impact
Green	Unlikely	Will have an impact but easily dealt with
Orange	Possible	Impact will be moderate but may cause some difficulties
Red	Expected	Major impact which could result in a material adverse effect on the Group and / or its stakeholders

Macro-economic Risks

Material Government Action

Likelihood (green) Impact (red)

Risk

The Group operates in emerging and frontier markets and could be exposed to the political, geographic and economic risks of such territories:

- Arbitrary action by governments or governmental entities disrupting operations, cancelling contracts, unfair calling of bonds or other direct interference.
- Changes in governmental policy around environment, trade, investment or foreign policy could adversely affect the Groups operations.

Mitigation Strategy

- Develop strong relationships with trade bodies and industry partners.
- Use local advisors and partners where possible.
- Use insurances where possible to provide cover.
- Work to ensure that the Group's activities are not significantly concentrated in any one individual customer or territory.

War & Terrorism

Likelihood (green) Impact (orange)

Risk

There is an ever-present risk of war or terrorism around the world which is both an opportunity and risk for the Group:

- Terrorist explosives planted in luggage or smuggled through Airport/Port secured by Westminster.
- War or Terrorist event anywhere around the world can have adverse effects on global trade and travel and which would therefore affect the Groups operations.

Mitigation Strategy

- Ensure staff are adequately trained for and informed of the risks surrounding their role in the Group's operations.
- Ensure regular risk assessments are undertaken for major projects and that mitigation actions are in place.
- Maintain an incident response plan for all major projects.

Physical / Staff Risks

Staff Incident

Likelihood (red) Impact (green)

Risk

We operate in often physically challenging locations that present a range of risk for our staff:

- Medical Emergencies such as Typhoid and Malaria etc.
- Accidents at work or whilst on assignment in a country.
- Personal Security from the threats of theft, attack or kidnap etc.
- Incidents whilst travelling.

Mitigation Strategy

- Adopt a code of conduct for staff in relation to their actions whilst at work and on deployment overseas.
- Maintain insurance cover including medical evacuation and other risks.
- Carry out staff training and provide country briefings prior to any deployment overseas.
- Maintain emergency response plans.

Financial Risks

Material Government Action

Likelihood Impact

Risk	Mitigation Strategy
As a growing company there are financial risks which must be carefully managed: • Lack of available cash flow to undertake or complete projects. • Changes in Tax regimes could have a negative effect on the Groups results. • A material bad debt could have a significant effect on the Groups results and cash flows. • Breaches of financial covenants could have a material impact on the Group. • Forex & exchange control risks on international transactions.	• Regular cash flow management. • Manage & minimise cash need of projects where possible by matching supplier and customer payment terms. • Undertake regular active debtor management. • Closely monitor large debtors, undertake credit checks and use credit insurance where possible. • Regularly review any financial covenants and requirements against short and long range forecasts. • Where possible match purchases and sales in same currency. • Hedging where appropriate.

Increased Cost of Capital

Likelihood Impact

Risk	Mitigation Strategy
Some of the larger opportunities which the Group are working towards have a significant requirement for financing. Should this financing come with a higher than expected cost this may adversely affect the financial expectations of these projects.	• Maintain regular dialogue with multiple funding sources, put in place project finance facility.

Legal & Compliance Risks

Breach of Legislation

Likelihood Impact

Risk	Mitigation Strategy
The Group is exposed to regulations and legislation in the UK and in the countries in which the Group operates or purchases from. Risks could include: • Breach of corruption or anti bribery legislation. • Breach of sanctions or export controls. • Breach of stock market regulations.	• Maintain strict policies for all compliance risks and regularly review policies against best practice. • Ensure regular staff training is undertaken. • Ensure any business partner contractually commit to obligations regarding compliance and undertake background checks ahead of business partner appointment. • Use software tools where possible to monitor and ensure compliance with regulations.

Change in Sanctions

Likelihood Impact

Risk	Mitigation Strategy
Some of the countries in which the Group operates could be affected by sanctions: • Change in sanctions status of operational country could prevent the continuation of a project. • Change in sanctions status in supplier country may increase project costs and require resourcing.	• Maintain sanctions list within CRM system to flag potential sanctioned enquiries. • Regularly check sanctions for high risk projects.

Corporate Criminal Offence

Likelihood Impact

Risk	Mitigation Strategy
The Group operates across multiple tax jurisdictions and needs to ensure its various businesses and all employees operate in accordance with relevant tax laws. The UK's 2017 Corporate Criminal Offence covers two areas: • The evasion of UK tax; and • The evasion of foreign tax.	• Operate in compliance with taxation legislation in areas of operation. • Seek professional advice where appropriate. • Monitor and audit the Group's financial operations and HR. • Maintain a Corporate Criminal Offence Policy.

Risk Management

Information Technology Risks

Failure of Major IT Equipment

Likelihood Impact

Risk	Mitigation Strategy
The Group's systems and data are subject to security and availability risks, particularly in some of the territories the Group operates in: • Loss of hardware systems and data. • Loss of phone or email communications. • Loss of cloud-based software and data.	• Implement redundant systems where possible. • Ensure regular backups of company data. • Where possible provide dual internet connectivity options. • Ensure fail over services are provided where possible.

Cyber Attack

Likelihood Impact

Risk	Mitigation Strategy
The Group's profile around the world and sectors within which it operates heightens the risks of cyber-attack: • Cyber-attack to the website reduces selling opportunities and/or damages the Group's reputation. • The loss of customer data through a cyber-attack causing reputational damage. • A ransomware or similar attack restricting the Groups access to Company data hindering the Groups operations. • Cyber-attack on corporate and financial system.	• Implement industry standard protection software for all Company equipment and websites. • Provide staff training and updates on the latest potential threats and vulnerabilities. • Where possible segregate project services and data in unconnected systems. • Move to cloud storage and maintain back up data. • Risk committee to review IT policy against evolving threats.

Contractual Risks

Major Project Failure

Likelihood Impact

Risk	Mitigation Strategy
The failure to deliver a project to the required standard could result in a major incident and significantly damage the reputation of the Group.	• Recruitment of appropriate qualified and experienced staff, internal audits against international standards. • Contractual liability limited (such as no airside liability taken) and implement adequate insurances.

Material Contract Failure

Likelihood Impact

Risk	Mitigation Strategy
Failure to deliver a contract in a timely manner, according to an agreed specification could lead to higher costs, penalties and reputational damage: • Material breach of contractual terms. • Unable to fulfil contractual obligations. • A contract becomes onerous.	• Ensure employees are aware of contract terms for project on which they are working. • Carry out regular monitoring of employee's progress on projects • Regularly rotate employees where complacency or fatigue may develop. • Where possible ensure alternative sources are available for project requirements.

Business Disruption

Loss of Key Staff

Likelihood Impact

Risk

The loss of key personnel or the failure to have an adequate succession plan could have an impact on the Group's overall performance.

Mitigation Strategy

- Restrict travel for multiple key staff on a single trip.
- Maintain up to date job descriptions and recruitment plans.
- Ensure competitive remuneration packages.

Hostile Action

Likelihood Impact

Risk

The effects of outside hostile interference in contracts and operations could have a significant effect on the Group.

Mitigation Strategy

- Ensure we have good professional advisors and that our contract information is sound.

Global Events

Likelihood Impact

Risk

As a worldwide business global events such as SARS in 2008, the Ebola crisis in 2014 or the Coronavirus COVID 19 pandemic of 2020 can have serious consequences for the Group's operations and results.

Mitigation Strategy

- Build the business with multiple revenue streams coming from multiple customers in multiple regions to help limit impact.
- Maintain cash reserves as buffer to unforeseen events.
- Seek government support where available.

Failure of Infrastructure

Likelihood Impact

Risk

Westminster's performance is dependent on the availability and quality of its physical infrastructure, its information technology.

Mitigation Strategy

- Implement a disaster recovery plan.
- Maintain disaster recovery insurance.

Stakeholder Engagement

Section 172 Statement

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

> The Board recognises that the long-term success of the Westminster Group requires positive interaction with its stakeholders.

The Board recognises that the long-term success of the Westminster Group requires positive interaction with its stakeholders. Positive engagement with stakeholders will enable our stakeholders to better understand the activities, needs and challenges of the business and enable the Board to better understand and address relevant stakeholder views which will assist the Board's in its decision making and to discharge its duties under Section 172 of the Companies Act 2006.

In the following section we identify our key stakeholders, how we engage with them and key activities we have undertaken during the period in question.

Stakeholders

Our People

Our People are our most valuable asset and are critical to the delivery of our strategy and the future growth of our business. We now employ directly 261 and indirectly many more people around the world. We are fortunate to have a great team of talented and motivated people in our Group and it is important to retain and develop them and that we can attract and inspire new people to join us as we grow our operations worldwide.

How we engage

- Whilst we have reporting structures in place with line country and divisional management teams, we operate an open-door policy and employees can speak to senior management or Board Directors about issues or ideas.
- The Board and senior management engage with employees through a range of formal and informal channels, including regular meetings and team briefings, and in certain territories involving trade unions.
- We have formal induction and appraisal systems in place for new and existing employees.
- We operate a companywide intranet system with useful information for our people and we utilise Microsoft Teams for collaboration amongst our diverse teams and businesses.
- We hold social events in different jurisdictions for our people in various locations.
- The Group CEO provides updates and presentations to our people on important Company developments.
- The Group Chairman regularly meets individual employees.
- We encourage our people to have a culture of respect and integrity and operate a whistle blowing policy.

Key Activity During 2019

- We expanded our employee appraisal system throughout our business.
- We expanded our workforce with excellent new people in the UK and overseas.
- We welcomed two important and experienced members to our Board, Charles Cattaneo and Mawuli Ababio.
- We held several employee awards ceremonies in the year recognising individual achievements.
- We held an employee strategy and activity day at which the CEO made a presentation on our Corporate Goals, achievements and strategies followed by team building activities.
- The Board held its annual off-site Strategy Day meeting (including activities) on 23 April 2019 and refreshed its 5-year Strategy Plan.

261

staff worldwide

> People are our most valuable asset and are critical to the delivery of our strategy and the future growth of our business.

Our Strategic Partners

In our 2018 Annual Report we stated that, in addition to our organic growth, one of the growth strategies we had instigated was to look at targeted strategic alliances and joint ventures in key markets and regions, which would enable the Company to expand its sphere of operations in a controlled and cost-effective way. Our network of agents around the world also remain important part of our global footprint and we need to ensure our Agents are kept informed and motivated.

How we engage

- We identify regions and markets where the added strength and local knowledge of a strategic partners would enable us to better penetrate that market.
- We analyse the suitability of such markets including legal and financial implications of entering into agreements etc.
- We enter into dialogue and if appropriate confidential commercial and contractual negotiations led by our CEO and CFO.
- We liaise with our agent network around the world on new products, services and opportunities.

Key Activity During 2019

- We negotiated a speculative Technical Partnership Agreement with Scanport in Ghana which eventually led to the long-term container screening contract at Tema Port in Ghana.
- We negotiated a Joint Venture company with powerful partners, Hazar, in the Kingdom of Saudi Arabia leading to the formation of Westminster Arabia with considerable business prospects for our Group in this important region.
- We negotiated and signed a Strategic Alliance with Gulf Aviation Academy in Bahrain greatly expanding the scope of our aviation training capabilities.
- Through our French business Euro Ops, we negotiated and signed a Strategic Alliance with the Tunisian Academy for Civil Aviation, further expanding our scope and range of services and adding French language certified training to our portfolio of services.
- We held regular meetings and dialogues with all our Strategic Partners.
- We began a review and re-engagement programme with our network of agents.

Our Shareholders

The support of shareholders is vital to the long-term success of the Group. We are fortunate to have many supportive individual and strategic investors however the Board is committed to expanding its institutional investor base. The Board recognises that maintaining good communication and having constructive dialogue with its shareholders, providing them with access to relevant information, is important although this must be balanced against the confidential and commercially sensitive nature of what we do. A list of substantial shareholders holding 3% or more of the Company's shares are set out on page 58 of this report.

How we engage

- Our investor website (www.wsg-corporate.com) provides all required regulatory information as well as additional information shareholders may find helpful including: share services, information on Board members, advisors and significant shareholdings, a historical list of the Company's announcements, its financial calendar, corporate governance information, the Company's publications including historic Annual Reports and Notices of Annual General Meetings, together with share price information and interactive charting facilities to assist shareholders analyse performance.
- We provide Market Announcements on all regulatory matters.
- Our websites provide regular news of non-regulatory activities.
- The Company issues the market with and interim and annual reports with detailed information on the business. These reports are also listed on our website.
- The CEO and CFO are available to meet with institutional and substantial shareholders for briefings and presentations when appropriate.
- We engage with private investors whenever possible and investor correspondence is handled by the Company's IR/PR advisors, Wallbrook. The CEO often responds to individual correspondence where appropriate.
- All Directors are required to attend and make themselves available to take questions from shareholders or address any concerns at the Annual General Meeting, the date of which is published on our website.

Key Activity During 2019

- We engaged with investors on topics of strategy, governance, developments and performance.
- We issued our 2018 Annual Report on 24 May 2019 and our 2019 Interim Report on 15 August 2019.
- We held our AGM in London on 18 June 2019 and welcomed a number of investors who were able to have one to one discussions with Directors.
- We raised £1.55m in equity from investors against a difficult market which enabled an important business development and acceleration of the first stage of the $3.48m USD contract for container screening solutions to two ports in Asia. Whilst dilutive the funding was done in the best interests of the Company and its shareholders.

Stakeholder
Engagement

Capital Providers

Access to capital is of vital importance to the long-term success of our business, to fund growth and finance our large-scale Build-Operate-Transfer (BOT) & Build-Maintain-Transfer (BMT) projects which operate similar to a SaaS model with heavy investment early in the life of a project but generating predictable, quantifiable and growing revenues and returns over many years. The Board's goal is to have access to a range of capital sources weighted towards non-dilutive capital such as pure debt, bank finance and vendor financing, and away from dilutive capital such as equity and convertible loan notes etc.

How we engage

- Regular discussions and updates with our existing Convertible Loan Notes (CLNs) managers.
- Meetings, discussions & presentations to banks and financial institutions.
- Meetings and discussions with UK Export Finance and similar organisations.

Key Activity During 2019

- We agreed with the holders of the Company's £2.245m CLNs to extend the maturity date by 1 year to 30 June 2020 In order to allow the Company time to put a structured and cost-effective redemption programme in place. This was extended to 1 May 2021 after the balance sheet date to ensure we had the flexibility needed to react to issues caused by the Coronavirus.
- We took measures to ensure that our Iranian project, which we put on hold in 2018 following the US withdrawal from the JCPOA, no longer posed a barrier to banks and lenders sensitive to the issue.
- We held a number of exploratory and positive meetings with various banks and lending institutions.
- We explored working with UK Export Finance on some of our large-scale project opportunities.

Our Customers

Customers are central to the success of all businesses. The majority of our customer base, by value, comprises governments and government agencies, non-governmental organisations (NGO's) and blue-chip commercial organisations worldwide. Our business is focused on providing innovative and turn-key solutions that meet our customer requirements efficiently and on time. Understanding the needs of our customers is crucial to the delivery of reliable and effective products and services, which underpins the performance and success of our business.

How we engage

Through our sales and business development teams we endeavour to provide our customers with:

- A solutions-driven solution.
- Knowledgeable advice.
- A discrete and confidential service.
- A prompt response to enquiries and queries.
- A quality and regulatory support service.
- A technical service offering with training and maintenance support.
- We interact with our customer base as required and for larger customers and/or where required we engage at director level.
- Where possible we travel to engage with our customers; and
- We participate in industry forums and events. We also exhibit at selected trade shows which facilitate a high-level of interaction with a wide range of customers and provide an opportunity for us to brief.

Key Activity During 2019

- We achieved an impressive 63% increase in revenues, our 4th year of double-digit revenue growth.
- We achieved 46% increase in recurring revenues^.
- We achieved a 35% increase in repeat customers (excluding those from our managed services and recurring revenue^ contracts who by nature are repeating customers).
- We were appointed as the Technical Partner for the long-term container screening project at the new $1.5 billion port development in Tema, Ghana. Despite the contract not being signed we helped enable the port to open on time by mobilising a full scanning operation in just a few weeks based on a letter of intent. This was the right decision and the port operator appreciated our dedication and professionalism and the contract was later signed in March 2020. The Directors view this long-term managed services contract as providing strong revenue streams for many years.
- We engaged with our customers around the world and our business development teams and Directors made numerous overseas visits for meetings and presentations.
- We undertook regular internal sales meetings and discuss customer activity, opportunities and threats, which were reviewed at Board meetings.
- We continued to undertake our regular customer satisfaction feedback exercise following delivery of any product or service with a high positive response rate.
- We were a sponsor and keynote speaker at the Sierra Leone Investment forum held in London in June jointly organised by the UK Department for International Development.
- We attended and spoke at the Airports Council International (ACI) Security Council Meetings in Latin America and Europe on the topic of behavioural analysis, employment screening and policy decisions.
- We exhibited at the International Security Expo in London.

^ This is an Alternative Performance Measure refer to Note 2 for further details

Our Suppliers

We are a solutions provider not a manufacturer and are product agnostic. We work with around 140 suppliers and look to choose the best products that meet our customer requirements for any given application. Whilst large manufacturers will have their own outlets and routes to market many smaller manufacturers of niche and interesting security equipment do not have established or easy routes to market particularly in emerging markets. Our extensive web site and market presence is therefore a useful route to market for some manufacturers and an opportunity for us. We rely on our suppliers to provide us with products and services which meet our quality, performance and delivery requirements, which in turn allows us to fulfil our commitments to our customers. Effective management of our supply chain is critical to ensuring the continuity of our business and reliable operational performance.

How we engage

- Our businesses engage with a broad range of suppliers on a day-to-day basis, to ensure that our expectations are met from a quality and delivery perspective, and to ensure that our suppliers are conducting their business in line with our own standards.
- Where appropriate we endeavour to enter into exclusive supply arrangements for specific products in order to protect our business development activities without committing to specific annual spend.
- We have advantageous supply arrangements with a number of leading suppliers of security equipment.
- We are regularly contacted by manufacturers of security equipment requesting that we market their products.

Key Activity During 2019

- We regularly interacted with our various suppliers.
- We engaged with 20 new suppliers.
- Our engineers attended technical training courses at manufactures sites in various countries.
- We attended a major manufacturer sales conference in Prague.

Our Communities

Our business, particularly our long-term managed services operations, operate predominantly in emerging markets and we recognise that we have an important role to play in the communities in which we operate.

How we engage

- We engage with our communities in a wide variety of ways from charitable giving to general support.
- We operate the Westminster Group Foundation www.wg-foundation.org.
- We work with local partners and other established charities to provide goods or services for the relief of poverty and advancement of education or healthcare making a difference to the lives of the local communities in which we operate.

Key Activity During 2019

- We have funded the building of new classrooms at Sanaya school in Sierra Leone as well as providing sportswear, children's clothing and other essentials within West Africa and assisted with gravity water fed systems to provide flushing toilets in communities.
- To view the many community support projects we are undertaking visit www.wg-foundation.org.

Governments and Regulators

We operate in a sector which is sensitive and regulated. Many of our larger projects and opportunities involve governments and governmental bodies as well as regulators such as the International Civil Aviation Organisation (ICAO) or the International Maritime Organization (IMO) and it is important we understand the current rules and regulations for all our operations. Some of the equipment and services we provide may be subject to export restrictions and may require government approved export licencing. As a company whose shares are admitted to trading on AIM. We are subject to various regulations under the AIM Rules of the London Stock Exchange, the Market Abuse Regulations of the FCA as well as other regulatory requirements.

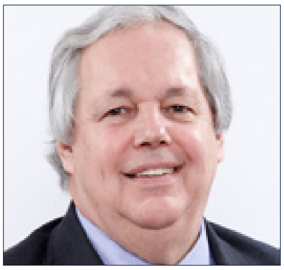
How we engage

- We maintain a regular dialogue with government bodies and regulators in respect to our operations and opportunities in order to assess opportunities and risks.
- We maintain a dialogue with the UK government and our various British Embassies and High Commissions in the countries we are involved in or targeting.
- We monitor international sanctions lists and our customer relationship management systems are used to identify customers, countries or projects that may be subject to sanctions or that require export licences.
- We have a comprehensive anti-bribery policy and procedure in place which all staff have to commit to.
- We liaise regularly with our Nominated Advisor and corporate lawyers in relation to our public share trading requirements.
- The Board reviews compliance activities at each Board meeting.

Key Activity During 2019

- We applied for and were granted 12 export control licences during the year.
- We hosted a dinner in London for the President and governmental delegation from Sierra Leone during an official visit.
- Our West African airport operations were subject to an ICAO audit and were highly praised for effectiveness.
- We liaised with a number of Ambassadors and High Commissioners from our overseas missions around the world.
- All Directors and new staff undertake an antibribery webinar.

Board of Directors



Rt. Hon. Sir Tony Baldry DL
Executive Chairman

Sir Tony has had a long a prestigious Parliamentary career. He was Personal Aide to Margaret Thatcher in the 1974 General Election and subsequently remained in her private office when she became Leader of the Opposition.

Sir Tony served as MP for North Oxfordshire from 1983 to 2015. He held various ministerial posts during the 1990s, serving as Minister of State in the Ministry of Agriculture, Fisheries and Food and as Parliamentary Under Secretary of State in the Foreign and Commonwealth Office, with a range of responsibilities including South Asia, Africa, North America and the West Indies.

Sir Tony, a practicing barrister, was awarded the Robert Schumann Silver Medal for contribution to European politics in 1975. He takes a keen interest in foreign affairs and was a Governor of the Commonwealth Institute and a member of the Overseas Development Institute. Tony was Chairman of the House of Commons Select Committee on International Development in the 2010 Parliament.

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.

Mark Hughes BSc MBA FCA
Chief Financial Officer

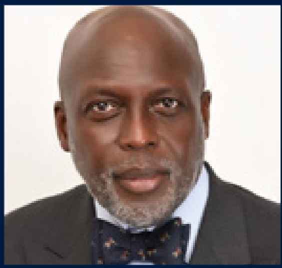
Mark is an experienced Group Chief Financial Officer with over 30 years' experience in leading financial organisations, banking and corporate finance teams worldwide including in high growth and emerging markets. Mark is a fellow of the Institute of Chartered Accountants, holds an MBA from the University of Warwick and has an honours degree in Banking and International Finance.

Stuart Fowler BEng (Hons)

Chief 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.



J Mawuli Ababio

Independent Non-Executive Director

Mr John Mawuli Ababio is an accomplished Corporate Financier/Investment Banker with over 30 years' experience in structuring private equity and project financing transactions in Africa.

He is currently Vice-Chairman/Managing Partner of PCM Capital Advisors a regional private equity fund with a diversified investment portfolio in several countries in the West Africa sub-region.

Mawuli has extensive board and corporate governance experience having served on several listed and unlisted boards over the last 20 years, both as an Executive and Non-Executive Director. He is bilingual, speaking fluent English and French.

Charles Cattaneo BCom MBA FCA FCSI CF

Independent Non-Executive Director

Charles is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Securities and Investment Institute and has over 30 years' corporate finance experience gained in investment banking, industry and the accounting profession. He has been a director of a number of public and private companies and is the founder of Cattaneo LLP a firm which specialises in providing corporate finance advice to companies. He is Chairman of the Midlands Regional Advisory Group of the London Stock Exchange.

Lady Patricia Lewis (Patsy Baker)

Independent Non-Executive Director

Patsy Baker is well-known and respected within the City and has considerable public relations and marketing experience, having spent over 20 years as the Group Business Development Director with Bell Pottinger. In November 2017 she joined Huntsworth PLC as Senior Group Advisor.

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 company, full compliance with the UK Corporate Governance Code 2016 ("the Code") or the Quoted Companies Alliance Corporate Governance Code, is not a formal obligation. The Directors recognise the importance of sound corporate governance and the Group has sought to adopt the provisions of the Quoted Companies Alliance 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.

Governance Framework

The Board is responsible for ensuring leadership of the Group through effective oversight and review and aims to deliver the long-term sustainable success of the business. The Board discharges some of its responsibilities directly in accordance with the formal schedule of matters reserved for it to approve, and discharges others through Board committees and the executive management.

The key responsibilities of the Board, its committees and the executive management are set out below.

Executive Chairman

Responsible for: leadership of the Board and the Board's effectiveness; ensuring board composition and skills meet the needs of the business; and for Board and Committee reviews.

The Board

Responsible for: the long-term success of the Group, providing leadership, direction and strategy; promoting the core values of the business & oversight of financial management; ensuring the business has effective internal control and risk management systems; and ensuring effective stakeholder engagement.

Audit Committee

Responsible for oversight of the Group's financial and risk reports and statements and external and internal audit processes.

See page 44 - 48
(Audit Committee Report)

Nomination Committee

Responsible for ensuring the Board and its committees have appropriate leadershipand succession planning in place.

See page 50 - 51
(Nomination Committee Report)

Remuneration Committee

Responsible for the setting of 'Directors' and senior leadership remuneration package policy, to attract and retain key individuals.

See page 52 - 56
(Remuneration Committee Report)

Chief Executive Officer

Responsible for: leadership and day-to-day management of the business; for developing strategy and new business opportunities; and ensuring the Board are kept informed of all relevant information.

Risk Committee

Responsible for the Group's risk management and internal control processes.

See page 23
(Risk Management Committee)

Operational Board

Responsible for management and governance of Group's divisions and business.

See page 37
(Board Structure)

Disclosure Committee

Responsible for oversight of the Group's disclosure obligations and MAR.

See page 41
(Disclosure Committee)

Corporate Governance Report

The Board

The Board sets the Group's strategic aims and ensures that necessary resources are in place for the Group to meet its objectives. All members of the Board take collective responsibility for the performance of the Group, the Group's Corporate Governance 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 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 including Corporate Governance. The Chairman sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, especially strategic issues. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors 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 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 every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

Board Meetings and Attendance

The Board of Directors holds at least six scheduled meetings a year to review the performance of the Group. In addition, ad hoc Board meetings are convened to deal with matters arising between scheduled meetings. The Board 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 Operational Board meet weekly to review any key or current issues and hold monthly Operational Board meetings with Divisional Heads.

Name	Board Meetings		Disclosure Committee		Audit Committee		Nomination Committee		Remuneration Committee		Appointment
	H	A	H	A	H	A	H	A	H	A	
Sir Tony Baldry	6	6	-	-	-	-	-	-	-	-	
Lt. Col. Sir Malcolm Ross	5	5	26	25	3	3	-	-	1	1	Until 28 October 2019
Peter Fowler	6	6	30	30	-	-	1	1	-	-	
Mark Hughes	6	6	30	30	-	-	-	-	-	-	
Stuart Fowler	6	6	25	24	-	-	-	-	-	-	
Charles Cattaneo	6	6	30	29	4	4	1	1	2	2	From 18 January 2019
Lady Patricia Lewis	6	5	30	29	4	3	1	1	2	2	
Mawuli Ababio	1	1	4	4	1	1	-	-	1	1	From 21 November 2019

Key
H = Maximum number of scheduled meetings held a director could have attended A = Number of meetings actually attended in person or remotely

Board Structure

The Company operates in complex and challenging technological and geographical areas and as such has put in place a board structure that can best provide the strategic advice and leadership required. The board structure consists of a PLC Board, and Operational Board and an International Advisory Board. The current members of each board may be found on our website here https://www.wsg-corporate.com/investor-relations/board-members.

The PLC Board contains a balance of Executive and Non-Executive Directors, including an Executive Chairman who is responsible for dealing with the strategic direction and long-term success of the Company. The Board will meet every two months or at any other time deemed necessary for the good management of the business and at a location agreed between the Board members. The Non-Executive Directors, Mawuli Ababio, Charles Cattaneo and Lady Patricia Lewis along with Sir Malcolm Ross during his time in office not-with-standing his length of service and former role as Chairman, are all considered independent Directors.

The Operational Board comprises of Executive Directors, Divisional Heads and other senior management as deemed appropriate and is responsible management and governance of Group's divisions and business activities. The Operational Board will meet weekly or at any other time deemed necessary for the good management of the business and at a location agreed between the Board members. The Operational Board will hold a Divisional Board meeting once a month. The Operational Board reports to the PLC Board.

The International Advisory Board assists and advises the Company and its subsidiaries on various international issues including governmental and client liaison, cultural, ethnic and religious sensitivities, compliance with legal issues, financing and general business development. For further details see the Group's corporate website.

> "All members of the Board take collective responsibility for the performance of the Group, the Group's Corporate Governance and all decisions are taken in the interests of the Group.

Board Composition, Experience and Dynamics

The Company operates in complex and challenging technological and geographical areas and the Board is mindful that in order to deal effectively with the challenges of the business and to maximise its growth opportunities it has to incorporate a broad range of skills and diversity. The Board maintains a skills, diversity and experience matrix which will be periodically reviewed at Board meetings to evaluate current and future requirements. The Board and its committees will also seek external expertise and advice where required. Board members undertake continuing professional development as an when appropriate. The composition of the board with the members skills and experience is set out on pages 32 to 33.

Name	Position	Age	Gender	Varied Board Experience	Business Development	International Experience	Governance	Financial Management	Capital Markets	Public Market	Public Relations	Legal & Contractual	Security Sector	Technical	M&A
Sir Tony Baldry	Chairman	60+	M	✔	✔	✔	✔		✔	✔	✔	✔			
Peter Fowler	CEO	60+	M	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Mark Hughes	CFO	60+	M	✔		✔	✔	✔	✔	✔	✔	✔			✔
Stuart Fowler	COO	40-50	M	✔		✔	✔	✔					✔	✔	
Charles Cattaneo	NED	50-60	M	✔	✔		✔	✔	✔	✔	✔	✔			✔
Lady Patricia Lewis	NED	60+	F	✔	✔		✔				✔				
Mawuli Ababio	NED	60+	M	✔	✔	✔	✔	✔	✔	✔		✔			✔

Corporate Governance Report

Board Evaluation

The Board considers evaluation of its performance and that of its committees and individual Directors to be an integral part of corporate governance to ensure it has the necessary skills, experience and abilities to fulfil its responsibilities. The goal of the Board evaluation process is to identify and address opportunities for improving the performance of the Board and to solicit honest, genuine and constructive feedback.

The Board considers the evaluation process is best carried out internally at the Company's current size, However, the Board will keep this under review and may consider independent external evaluation reviews in due course as the Company grows.

The Board will, as a whole or in part as appropriate, undertake the evaluation process aided by the Chairman, CEO and independent Non-Executive Directors or external advisors as necessary. The Chairman is responsible in ensuring the evaluation process is 'fit for purpose', as well as dealing with matters raised during the process. The Chairman will keep under review the frequency, scope and mechanisms for the evaluation process and amend the process as required.

Where deficiencies are identified these will be addressed in a constructive manner. Where necessary individual Directors will be offered mentoring and training. If deficiencies are identified within the Board as a whole, then changes or additions to the Board will be considered in conjunction with the Nomination Committee.

The evaluation process will be focused on the improvement of Board performance, through open and constructive dialogue and the development and implementation of action plans. The Board will report on its evaluation and actions in its Annual Report.

Any recommendations raised in relation to the Audit Committee are acted upon in a formal and structured manner. No issues were identified for the year ending 31 December 2019.

Succession planning is a vital task for boards and the management of succession planning represents a key measure of the effectiveness of the Board and a key responsibility of both the Nomination Committee and wider Board.

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 and risk matters as appropriate.

Business Model

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 revenue^ business.

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

Our business has evolved from a traditional UK focused security business to what can be described today as a truly international business. Furthermore, our evolution continues as we expand our operations into new areas and new territories creating additional opportunities around the world in the provision of long-term managed security services and security products.

^ *This is an Alternative Performance Measure refer to Note 2 for further details*

Key Board Activity and Focus in 2019

Leadership

- Evaluated Board effectiveness.
- Approved nomination and new appointments to the Board.
- Reviewed senior management performance.

Financial

- Monitored performance of the businesses against the 2019 budget.
- Approved capital raises and issue of equity.
- Approved extension to existing CLNs to June 2020.
- Approved the half year results, and the annual report and accounts.
- Approved the 2020 budget.
- Reviewed tax issues across operational jurisdictions.
- Approved the implementation of a major accounts and CRM upgrade to Microsoft Dynamics / Business Central.

Strategy

- Attended off-site Strategy Day.
- Approved the updated five-year strategy plan for the Group.
- Approved the acquisition of Euro Ops in France.

People and Culture

- Appointed Charles Cattaneo as a new non-executive director.
- Appointed Mawuli Ababio as a new non-executive director.
- Agreed on ‘One Company, One Vision’ culture across the business.

Financing

- Approved appointment of SVS as joint brokers.
- Approved raising of £500k with SVS in February.
- Approved raising of £1m with SVS in July and issue of warrants.
- Held a number of exploratory meetings with various banks and institutions.
- Explored working with UK Export Finance.

Operations

- Approved entering into a technical partnership with Scanport in Ghana, leading to the Ghana port project.
- Approved the decision to form a joint venture in KSA.
- Approved formation of Westminster Arabia.
- Approved sale of the Sierra Queen vessel.
- Approved the development of a training centre at head office.
- Approved formation of a strategic alliance with the Gulf Aviation Academy in Bahrain.
- Approved formation of a strategic alliance with Tunisian Academy for Civil Aviation.

Shareholders

- Held investor meetings.
- Responded to investor enquiries.
- Met Shareholders at AGM in June 2019.
- Approved issue of warrants.

Governance

- Reviewed the Group’s compliance with the adopted QCA governance code.
- Reviewed and updated the Group’s risk register and management systems.
- Considered potential impact of Brexit on the Group’s activities.
- Received updates on key legal issues and regulatory matters impacting the Group.
- All Directors undertook and passed the Group’s anti-bribery webinar.
- As part of the policy review programme approved the following updated Group policies; Export Control, Flexible Working, Vehicle, Equal Opportunities, Grievance, Holidays, IT, Joining & Leaving. Code of Ethics, Smoking, Sickness, Pensions.

Corporate Governance Report

We deliver our wide range of solutions and services through a number of operating companies that 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 operation of security solutions in airports, ports and other such facilities, together with the provision of manpower, consultancy and training services.

Technology division

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

These two divisions offer cost effective dynamics and vertical integration with the Technology division providing vital infrastructure and complex technology solutions and expertise to the Managed Services division. This reduces both supplier exposure and cost and provides us with increasing purchasing power. Our Managed Services division provides a long-term business platform to deliver other cost-effective incremental services from the Company. Together these two divisions provide an opportunity to deliver long term, recurring revenue^ growth underpinned by a corporate infrastructure based on core values and risk mitigation through geographical spread and multiple revenue streams.

Strategy

In accordance with our vision, we operate world-wide with a focus on high growth and emerging markets where our expertise and technological reach can make a significant difference. Our client base is predominantly governments and governmental bodies, transportation organisations, non-governmental organisations (NGOs) and commercial & multi-national corporations worldwide.

Operating in emerging markets does present particular challenges with language and logistics, religious and cultural considerations and ethics. Doing business with governments and large corporations, particularly where large scale nationally important contracts are involved, can be a time-consuming process and this can all the more so in emerging markets where processes can be slow and bureaucratic due to the nature of governments and the inherent complexities of doing business in such markets.However, despite such challenges and is some cases because of them, emerging markets offer huge growth opportunities for our Company.

Over the years we have built up an extensive international network of agents and partners, some of whom have become strategic investors, who provide business development assistance to our sales team, in-country knowledge and logistical support together with arranging meetings, translations where required and assisting with client negotiations. This network provides us with a cost effective, scalable global footprint in our chosen markets. This network together with the support we receive from the British Government and in-country diplomatic missions around the world means Westminster is well placed and structurally organised to benefit from the many opportunities we are developing within these markets.

We are not a manufacturer and are product agnostic which enables us to provide the most appropriate product or solution to address our clients' needs. We do however have strong working relationships with a great many leading and niche product manufacturers around the world enabling us to offer a broad and extensive range of solutions. We continually monitor market and technology advancements and regularly review our supplier and manufacturer base.

Strategy

Our corporate strategy is outlined on pages 12 - 13.

Corporate Culture

The Board recognises that a corporate culture based on sound ethical values and behaviours is an asset and provides competitive advantages. The Company operates in international markets and is mindful that respect of individual cultures is critical to corporate success. In accordance with the Company's stated mission it endeavours to conduct its business in an ethical, professional and responsible manner, treating our employees, customers, suppliers and partners with equal courtesy and respect at all times.

We recognise ISO 26000 as a reference document that provides guidance for integration / implementation of social responsibility / socially responsible behaviour. The Company is also independently certified to and operates an ISO 9001 Quality Assurance programme and is working towards ISO 14001 – Environmental Management.

The Company also supports the local communities in which it operates indirectly through various charities and organisations and directly through the its own registered charity the Westminster Group Foundation.

^ This is an Alternative Performance Measure refer to Note 2 for further details

Stakeholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with all of its stakeholders, including shareholders, providing them with access to information to enable them to come to informed decisions about the Company. The Investor Relations section of the Company's website provides all required regulatory information as well as additional information shareholders may find helpful including: Share Services, information on Board Members, Advisors and Significant Shareholdings, a historical list of the Company's Announcements, its Financial Calendar, Corporate Governance information, the Company's publications including historic Annual Reports and Notices of Annual General Meetings, together with Share Price information and interactive Charting facilities to assist shareholders analyse performance.

Results of shareholder meetings and details of votes cast will be publicly announced through the regulatory system and displayed on the Company's website with suitable explanations of any actions undertaken as a result of any significant votes against resolutions.

Further information on the Group's Stakeholder Engagement can be found on pages 28-31.

Market Abuse Regulations

We are required to comply with Article 18(2) of the Market Abuse Regulation (EU) No. 596/2014 ("MAR") with reference to insider dealing and unlawful disclosure of inside information. The London Stock Exchange requires traded companies to maintain insider lists as set out in the Market Abuse Regulation ("MAR") that came into effect on 3 July 2016.

The Board have put in place a MAR compliance process and this and the Company's regulatory announcements are overseen by the Disclosure Committee.

The Company's MAR Policy may be found on its website (www.wsg-corporate.com).

Disclosure Committee

The Committee's Terms of Reference were last reviewed and approved by the Board on 31 March 2020 and can be viewed on the Corporate Governance section of the Company's website (www.wsg-corporate.com).

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

The Committee will be appointed by the Board and should be a balance of executive and non-executive Directors.

It oversees and regulates the Company's disclosure obligations and to ensure compliance with Market Abuse Regulations (MAR) and London Stock Exchange rules.

Meetings shall be held as necessary for the purposes of approving regulatory announcements at such other times as shall be necessary or appropriate, as determined by the Chairman.

The Group Company Secretary, Roger Worrall, acts as Secretary to the Committee and minutes of meetings are circulated to all Committee members.

Committee Membership

The current Disclosure Committee members are:

- **Lady Patricia Lewis (Chair)**
- Charles Cattaneo (appointed 18 January 2019) (NED)
- J Mawuli Ababio (appointed 21 November 2019) (NED)
- Peter Fowler (Group CEO)
- Mark Hughes (Group CFO)
- Stuart Fowler (Group COO)

Risk management

As an entrepreneurial business operating in emerging markets there is clearly an elevated risk which is balanced by potentially greater rewards. The Board is mindful of and monitors both its corporate risks and individual project risks. Risks are categorised by both probability and impact and appropriate measures identified to monitor and mitigate any potential impact.

Project risks are dealt with on a case by case basis and monitored through the life cycle of the project as risks change and new risks appear. Project risks and mitigation will be part of regular project management meetings. The project manager for any given project will have responsibility for maintaining the project risk register.

The Company's corporate risks, risk monitoring, and risk management procedures are regularly reviewed by the Risk Management Committee and the Company's risk register updated as necessary. The Company Secretary will have responsibility for maintaining the corporate risk register. The Risk Committee Chairman will be responsible for ensuring the risk register is regularly reviewed and the Audit Committee Chairman will report on status and updates at Board meetings. The Company provides a risk report in its Annual Report each year.

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, 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.

Corporate Governance Report

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. The key risks and mitigation strategies of the business are set out on pages 24 to 27 of this report.

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;
- Protecting the health and safety of all employees is paramount;
- 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 employees 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 employees 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.

Anti-bribery and corruption

The Group has well-established anti-corruption policy in place which covers bribery and corruption, gifts and hospitality, and facilitation payments. This policy is reviewed by the Board annually and updated as necessary. All new employees and Directors are required to undertake and pass the Group's anti-corruption webinar and assessment. All employees are required to retake the anti-corruption webinar test annually. A copy of the Group's anti-corruption policies can be found on the Group's website at www.wg-plc.com/policy.

Human rights

The Group is committed to respecting human rights in the countries in which we do business. We ensure, as far as we are able, that there is no slavery or human trafficking in any part of our supply chain. All suppliers, agents and sub-contractors are required to adhere to our ethical standards. A copy of the Group's compliance with the Modern Slavery Act 2015 can be found on the Group's website at www.wg-plc.com/policy.

In support of our Corporate Responsibility we have a comprehensive range of policies which the Board review annually and update as necessary. Policies include:

- Quality Policy
- Health & Safety Policy
- Environmental Policy
- Anti-Bribery & Corruption Policy (including Gifts & Hospitality)
- Anti-Slavery and Human Trafficking Policy
- Company IT & Security Policy
- Money Laundering Policy
- CSR (Corporate Social Responsibility) Policy
- Data Protection Policy
- Equal Opportunities Policy
- Whistle-blower Policy
- Code of Ethics
- Sanctions Policy
- Export Control Policy
- Market Abuse Regulations (MAR) Policy

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 each month to identify any variances from approved plans. Monthly 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
- 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 adjusts 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 review any 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. Their interests in the share capital of the Company are not considered to be likely to affect their judgement as Directors of the Group.

Annual report

The Directors consider the annual report and financial statements, 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.

Audit Committee Report

Audit Committee

Charles Cattaneo (Chair) (appointed 18 January 2019)

Lt. Col. Sir Malcolm Ross (until 28 October 2019)

Lady Patricia Lewis

J Mawuli Ababio (appointed 21 November 2019)

As Chairman of the Audit Committee, I am pleased to present the report of the Audit Committee for the year ended 31 December 2019.

The Committee's Terms of Reference were last reviewed and approved by the Board on 31 March 2020 and can be viewed on the Corporate Governance section of the Company's website (www.wsg-corporate.com).

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

This report details how the Audit Committee has met its responsibilities over the last twelve months under its Terms of Reference and under the Quoted Companies Alliance Corporate Governance Code since September 2018.

The Audit Committee focused particularly on the appropriateness of the Group's financial statements. The committee has satisfied itself, and has advised the Board accordingly, that the 2019 Annual Report and financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

It oversees and reviews the Group's financial reporting and internal control processes, its relationship with external auditors and the conduct of the audit process together with its process for ensuring compliance with laws, regulations and corporate governance. The Audit Committee also oversee and report to the Board on the Group's Risk Management requirements.

There is currently no internal audit function as this would not be cost effective given the size of the Group, although this is kept under annual review.

Committee Membership

The Audit Committee is composed entirely of independent Non-Executive Directors but other individuals such as the Company's CFO and CEO and representatives of the finance team may be invited to attend all or any part of any meeting when deemed appropriate. The Company's external auditors are invited to attend meetings of the Committee on a regular basis.

The Group Company Secretary, Roger Worrall, acts as Secretary to the Committee and minutes of meetings are circulated to all Committee members.

The biographies of current members can be found on page 33. The Board considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties, and that the committee chairman, Charles Cattaneo, has appropriate recent and relevant financial experience.

Role and Responsibilities

The Board has established an Audit Committee to monitor the integrity of the Company's financial statements and the effectiveness of the Group's internal financial controls. One of the Audit Committee's key responsibilities is to review the Group's financial risk management and internal controls systems, including in particular internal financial controls. During the year, the committee carried out a robust assessment of the principal financial risks facing the company and monitored the internal control system on an on-going basis. The committee also reviewed the effectiveness of the external audit process as part of the continuous improvement of financial reporting and risk management across the Group

The committee's role and responsibilities are set out in the committee's terms of reference which are available from the Company. The Terms of Reference are reviewed annually and amended where appropriate. During the year the committee worked with executives, the external auditors and other members of the senior management team in fulfilling these responsibilities.

Meetings

The Audit Committee met four times during the year ended 31 December 2019 to review the 2018 Financial Statements, the 2019 half-year results, to consider and accept the External Auditors plan for the 2019 audit and in January 2019 to consider and accept the External Auditors plan for the 2018 audit.

> The Board has established an Audit Committee to monitor the integrity of the Company's financial statements and the effectiveness of the Group's internal financial controls.

Audit Committee activities	Jan	May	Aug	Nov
Financial reporting				
Review and approve preliminary & half-year results		✔	✔	
Consider key audit and accounting issues and judgements Approve going concern and viability statements		✔	✔	
Consider accounting policies and the impact of new accounting standards Review management letter from auditors		✔		✔
Review any related party matters and intended disclosures		✔	✔	
Review Annual Report and confirm if fair, balanced and understandable		✔		
External auditors				
Plan for year-end audit	✔			✔
Approval of audit engagement letter and audit fees				✔
Confirm auditor independence, materiality of fees, and non-audit services				✔
Internal audit and risk management controls				
Review of internal audit within Westminster				✔
Review of financial, IT and general controls		✔		✔
Monitor Group whistleblowing procedures				✔
Assessment of the principal risks and effectiveness of internal control systems		✔		✔
Governance				
Assurances as to corporate governance and Corporate Governance Code Compliance Accounting standards update				✔
Corporate governance update				✔
Evaluation of external audit functions		✔		✔
Policy on the engagement of external auditors				✔

Audit Committee Report

Committee Evaluation

As outlined on pages 36 and 38 within the Corporate Governance Statement, the performance of the Board also includes a review of the committees. Any recommendations raised in relation to the Audit Committee are acted upon in a formal and structured manner. No issues were identified for the year ending 31 December 2019.

Financial Reporting

The committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the financial reporting judgements contained therein. The financial statements are prepared by a finance team with the appropriate qualifications and expertise. The committee confirmed to the Board that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

In respect of the year to 31 December 2019, the committee reviewed:

- the Group's Half-year Report for the six months to 30 June 2019; and
- the Annual Report for the year ended 31 December 2019.

In carrying out these reviews, the committee:

- reviewed the appropriateness of Group accounting policies and monitored changes to and compliance with accounting standards on an on-going basis;
- discussed with management and the external auditor the critical accounting policies and judgements that had been applied;
- discussed a report from the external auditor identifying the significant accounting and judgemental issues that arose in the course of the audit;
- considered the management representation letter requested by the auditor for any non-standard issues;
- monitored action taken by management as a result of any recommendations made by the external auditor;
- discussed with management future accounting developments which are likely to affect the financial statements;
- reviewed the budgets and strategic plans of the Group in order to ensure that all forward-looking statements made within the Annual Report reflect the actual position of the Group; and
- considered key areas in which estimates and judgement had been applied in preparation of the financial statements including, but not limited to, a review of fair values on acquisition, the carrying amount of goodwill, intangible assets and property, plant and equipment, litigation and warranty provisions, recoverability of trade receivables, valuation of inventory, hedge accounting treatments, treasury matters and tax matters.

The primary areas of judgement considered by the committee in relation to the Group's 2019 financial statements, and how they were addressed by the committee are set out on page 47.

Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the committee.

External Auditor

The Audit Committee has responsibility for overseeing the Group's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the Group, their appointment and their audit fee proposals.

Performance and audit plan following the completion of the 2018 year-end audit, the committee carried out a review of the effectiveness of the external auditor and the audit process. This review involved discussions with both Group management and feedback provided by accounts. The committee continues to monitor the performance and objectivity of the external auditors and takes this into consideration when making its recommendations to the Board on the remuneration, the terms of engagement and the re-appointment, or otherwise, of the external auditors.

Prior to commencement of the 2019 year-end audit, the committee approved the external auditor's work plan and resources and agreed with the auditor's various key areas of focus, including accounting for acquisitions, impairments, as well as a particular focus on certain higher risk jurisdictions.

During the year the committee met with the external auditor without management being present. This meeting provided the opportunity for direct dialogue and feedback between the committee and the auditor, where they discussed inter alia some of the key audit management letter points.

The committee received confirmation from the auditor that they are independent of the Group under the requirements of the Financial Reporting Council's Ethical

Primary areas of Judgement	Committee activity
Going concern	The financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate. The Committee have considered all relevant available information about the future. As part of its assessment, the Committee reviewed and considered appropriate management's profit and cash forecasts, the likely continued support of the shareholders and loan note holders and the Directors and management's contingency plans should further cost reductions be required. The Committee reviewed Directors' stress tests of revenue and utilisation assumptions included in the Group's cash projections for a period of at least 12 months from the date of approval of these financial statements. The Committee acknowledged the material uncertainty generated by COVID-19 and reviewed and considered appropriate the action the Director's and management are implementing relating to logistical and organisational changes to consolidate the Group's resilience to COVID-19, including a reduction in costs, risk assessments, safe working practices and various other measures, including utilisation of governmental support schemes. The Committee also acknowledged the Group's range of fever screening and safety equipment represented an opportunity for the Group. The COVID-19 situation has been discussed further in the Chief Executive Officer's report on pages 14 to 16 The Committee considered the Board's view that it believed the Group will generate sufficient working capital and cash flows to continue in operational existence and in addition to utilisation of governmental support schemes it will have the support of lenders and shareholders, if required. The Committee reviewed the Group's resources at the date of approving the financial statements, management's contingency planning and their projections for future trading, which together give a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, which for the avoidance of doubt is at least 12 months from the date of signing the financial statements. Thus, taking into account all of the above factors, the Committee agrees with the Director's decision to continue to adopt the going concern basis of accounting in the preparing the financial statements.
Goodwill	The committee considered the annual impairment assessment of goodwill prepared by management for each Cash Generating Unit using a discounted cash flow analysis based on the strategic plans approved by the Board, including a sensitivity analysis on key assumptions. The primary judgement areas were the achievability of the long-term business plans and the key macroeconomic and business specific assumptions. In considering the matter, the committee discussed with management the judgements made and the sensitivities performed. Further detail of the methodology is set out in Notes 2 and 10 to the financial statements.
Management override of controls	As with any SME we have reviewed the processes and systems in place during the audits including carrying out a review of board minutes of the Group and other management minutes in order to document the consideration and approval of all major decisions. We also reviewed journals processed, management estimates and judgements applied.
Revenue recognition	The committee reviewed the judgements applied by management in determining the recognition of revenue for the period to 31 December 2019. The Committee was satisfied that such judgements were appropriate, and any risk had been adequately addressed.
Business combination	Westminster completed the acquisition of Euro Ops in the year. The amounts involved were not material to the Group.
Deferred tax assets	The committee reviewed the judgements applied by management in determining the recognition of revenue for the period to 31 December 2019, The Committee was satisfied that considering the expected level of future profits such judgements were appropriate, and any risk had been adequately addressed.
Leases IFRS 16	The committee considered a paper on the introduction of IFRS16. This standard, which is mandatory for periods commencing on or after 1 January 2019, requires lessees to account for all leases on their balance sheets, including those which had previously been treated as operating leases and accounted for in the P&L account as an "in-year" expense. This will include leases of retail and commercial property, equipment and vehicles. The changes are considered immaterial.

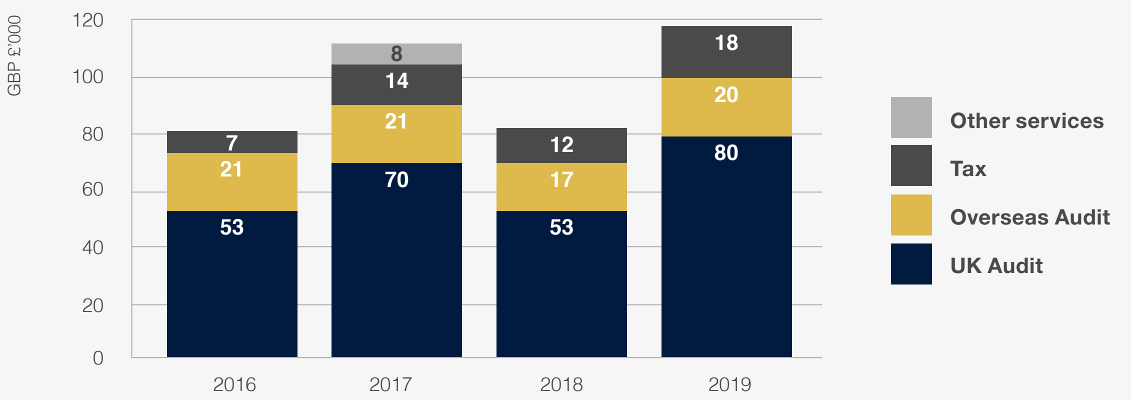
Standards for Auditors. The auditor also confirmed that they were not aware of any relationships between the Group and the firm or between the firm and any persons in financial reporting oversight roles in the Group that may affect its independence.

Non-audit services

In order to further ensure independence, the committee has a policy on the provision of non-audit services by the external auditor that seeks to ensure that the services provided by the external auditor are not, or are not

Audit Committee Report

Audit v Non-Audit Services



perceived to be, in conflict with auditor independence. By obtaining an account of all relationships between the external auditor and the Group, and by reviewing the economic importance of the Group to the external auditor by monitoring the audit fees as a percentage of total income generated from the relationship with the Group, the committee ensured that the independence of the external audit was not compromised. During 2019 the committee reviewed and updated its policy on the engagement of external auditors and the provision of non-audit services in order to bring it into full compliance with the EU audit reform legislation. An analysis of fees paid to the external auditor, including the non-audit fees, is set out in Note 6 and detailed above.

Internal Audit

The committee reviewed the need for an internal function and concluded that the given size and profitability of the Group an internal audit function was not cost effective. However, the committee is keeping this under review and at an appropriate moment will look to establish an internal audit function.

Internal Control

The Audit Committee has been delegated, from the Board, the responsibility for monitoring the effectiveness of the Group's system of internal control.

The Audit Committee monitors the Group's risk management and internal control processes through detailed discussions with management and Executive Directors, the review of the and the external audit reports, as part of the year-end audit, all of which highlight the key areas of control weakness in the Group. All weaknesses identified by either internal or external audit are discussed by the committee with Group management and an implementation plan for the targeted improvements to these systems is put in place.

The Group's system of risk management and internal control were in place throughout the accounting period and remain in place up to the date of approval of this Annual Report.

The main features of the Group's internal control and risk management systems that specifically relate to the Group's financial reporting and accounts consolidation process are set out in the Corporate Governance Report on page 38.

On behalf of the Board

Charles Cattaneo
Chairman of the Audit Committee

13 May 2020

Nomination Committee Report

Nomination Committee

Lady Patricia Lewis (Chair)

Lt. Col. Sir Malcolm Ross – Non-Executive (until 28 October 2019)

Charles Cattaneo – Non-Executive (appointed 18 January 2019)

J Mawuli Ababio – Non-Executive (appointed 21 November 2019)

Peter Fowler – Group Chief Executive Officer

As Chairman of the Nomination Committee, I am pleased to present the report of the committee for the year ended 31 December 2019.

The Committee's Terms of Reference were last reviewed and approved by the Board on 31 March 2020 and can be viewed on the Corporate Governance section of the Company's website (www.wsg-corporate.com).

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

Committee Membership

The Nominations Committee is composed of independent Non-Executive Directors with the exception of the Group CEO but other individuals such as other Board directors or the HR manager may be invited to attend all or any part of any meeting when deemed appropriate.

The Group Company Secretary, Roger Worrall, acts as Secretary to the Committee and minutes of meetings are circulated to all Committee members.

The key responsibilities of the Nomination Committee are:

- To under review the structure, size and composition (including skills, knowledge, experience and diversity) of the Board as well as the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- To review the balance of the Board and its committees, and consider Non-Executive Directors' independence, whether the balance between Non-Executive and Executive Directors remains appropriate, and whether the Board has the requisite skills and experience to oversee delivery of the agreed strategy for the Group;
- Identify any training needs of Executive Directors and Non-Executive Directors;
- Identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise;
- Review annually the time required from a Non-Executive Director. Performance evaluation should be used to assess whether the Non-Executive Director is spending enough time to fulfil their duties; and
- Review the Company's succession plans and make recommendations as appropriate.

Members of the Committee do not participate in any discussions relating to their own reappointment or replacement.

2019 Activity

During the year the Committee undertook the following activities:

In January 2019, following the decision for Mr James Sutcliffe to move from being a Non-Executive Director to Chairman of the International Advisor Committee, we selected and nominated to the Board an excellent candidate to fulfil the vacancy for non-executive director and chair of Audit Committee – Mr Charles Cattaneo, who is well qualified for both roles. I am delighted that Charles has also joined this committee.

In November 2019, following the sad passing of Sir Malcolm Ross, we selected and nominated to the Board an excellent candidate to fulfil the vacancy for non-executive director and chair of Remuneration Committee – Mr John Maynard Mawuli Ababio. Mawuli has extensive board and corporate governance experience, having served on several listed and unlisted boards over the last 20 years, both as an Executive and Non-Executive Director. He lives in Ghana but has extensive business experience across Africa, is bilingual, speaking fluent English and French, and is proving an excellent addition to our Board. Once again, I am delighted Mawuli has joined this committee.

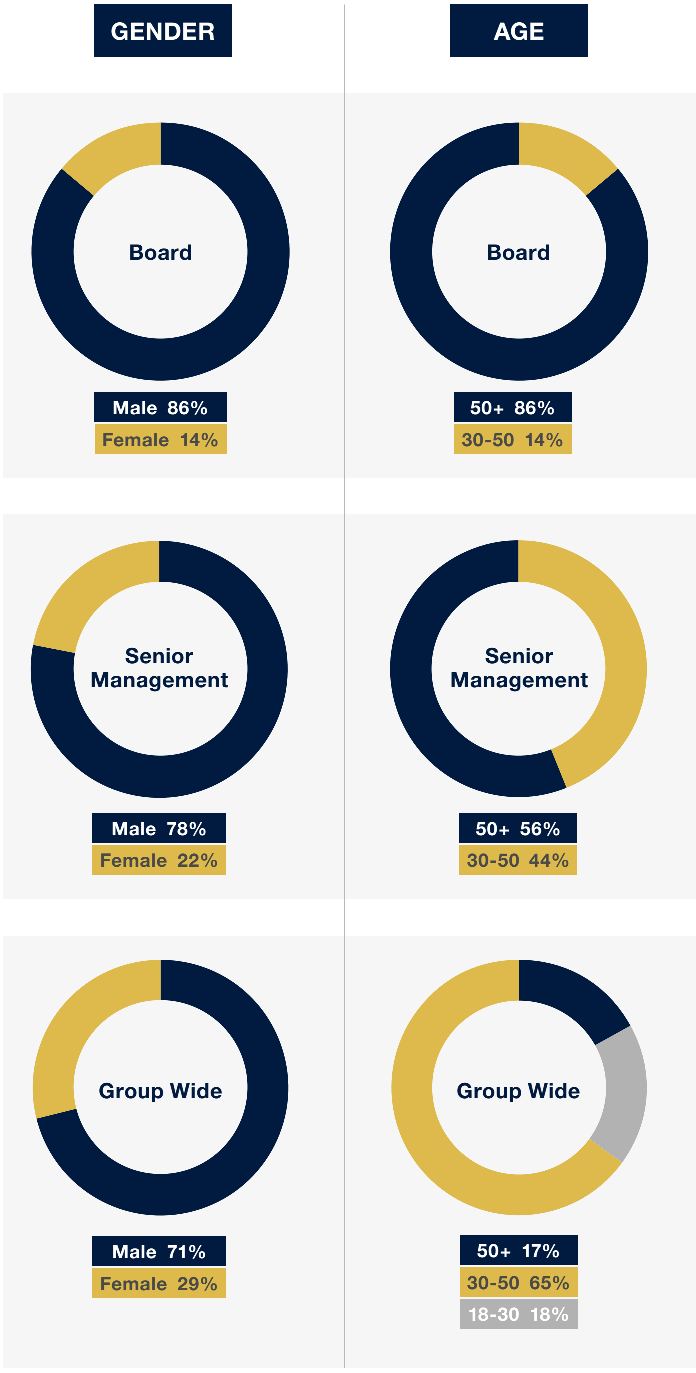
We reviewed the skills, knowledge, experience and diversity of the Board and its committees and considered it appropriate for our size and current activities. The diversity of our Board, our senior management and the Group as a whole are shown in the charts opposite. The skills matrix for the Board can be found on page 37.

We considered succession planning and discussed this at our Board Strategy Day on 29 April 2019. At our stage of development, we feel our succession planning is adequate, but it is an area we are monitoring carefully and will continue to advise the Board accordingly.

On behalf of the Board

Lady Patricia Lewis
Chairman of the Nomination Committee

13 May 2020



Remuneration Committee Report

Remuneration Committee

J Mawuli Ababio (Chair) (appointed 21 November 2019)

Lt. Col. Sir Malcolm Ross (until 28 October 2019)

Lady Patricia Lewis

Charles Cattaneo (appointed 18 January 2019)

The late Lt. Col. Sir Malcolm Ross was Chairman until his death on 28 October 2019 and I became Chairman from 21 November 2019. Accordingly, as Chairman of the Remuneration Committee at the year end, I present the report of the committee for the year ended 31 December 2019, although I was not in the post for much of the year.

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

The Committee's Terms of Reference were last reviewed and approved by the Board on 31 March 2020 and can be viewed on the Corporate Governance section of the Company's website (www.wsg-corporate.com).

As a Company whose shares are admitted to trading on AIM, 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.

Committee Membership

The Audit Committee is composed entirely of independent Non-Executive Directors but other individuals such as the Group's Chairman and CEO and may be invited to attend all or any part of any meeting when deemed appropriate.

The Group Company Secretary, Roger Worrall, acts as Secretary to the Committee and minutes of meetings are circulated to all Committee members.

Executive Directors' Remuneration Policy

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 and staff an interest in the increase in the value of the Group.

Benefits primarily comprise the provision of company cars, pension payments, 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.

Exclusions

The terms of reference of the Committee do not encompass:

- decisions to employ or dismiss Executives which is a matter for the Board; or
- deliberate on the remuneration of any non-executive Director, which is a matter for the Board; or
- responsibility for nominations to the Board which is a matter for the Nominations Committee.

This report details how the Remuneration Committee has fulfilled its responsibilities under its Terms of Reference and under the QCA Corporate Governance Code 2018. The report sets out the Company's remuneration policy, how the policy will be applied in 2020, gives details of the remuneration outcomes for 2019, and describes the workings of the Remuneration Committee during the year.

Remuneration Outcomes for 2019 and Remuneration Policy for 2020

Executive Directors' remuneration

Executive Directors remuneration is determined by the Remuneration Committee. The Executive Directors took voluntary salaries reductions in October 2014 as part of the cost reductions during the Ebola crisis which have not been adjusted since. During the 2019 review the Committee decided that, whilst there were substantial improvements in Group's performance, no adjustment would be made in the year.

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.

It is anticipated that Non-Executive Directors will spend an average of 2 days a month undertaking their Role and Duties. This will include attendance at board meetings, the AGM, one annual board away day a year and at least one site visit a year. They also attend periodic Remuneration, Risk and Audit Committee meetings. They are required to spend time considering all relevant papers prior to each meeting.

In addition to the above they may be required to devote additional time to the Company when it is undergoing a period of particularly increased activity and may be required to support the Company by attending meetings with clients and advisors etc. both within the UK and overseas.

The service contracts of the Non-Executive Directors specify the following:

Non-Executive Directors	Severance	Notice	Contractual fees (pa) £'000
Lady Patricia Lewis	None	3 months	24
Charles Cattaneo	None	3 Months	24
J Mawuli Ababio	None	3 months	24

Charles Cattaneo joined the board on 18 January 2019 and Mawuli Ababio was appointed on 21 November 2019.

Remuneration Committee Report

Board Balance, Time Commitment and Meetings

The PLC Board contains a balance of Executive and Non-Executive Directors, including an Executive Chairman who is responsible for dealing with the strategic direction and long-term success of the Company. The Board will meet every two months or at any other time deemed necessary for the good management of the business and at a location agreed between the Board members. The Non-Executive Directors are all considered independent Directors.

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 2019 are as follows:

The PLC Board contains a balance of Executive and Non-Executive Directors.

	Basic £'000	Benefit in kind £'000	Group NI £'000	Total cost of employment 2019 £'000	Total cost of employment 2018 £'000
Executive Directors					
Sir Anthony Baldry	42	-	6	48	117
Peter Fowler	157	20	24	201	310
Mark Hughes	120	3	17	140	63
Stuart Fowler	103	-	14	117	173
Martin Boden	-	-	-	-	191
	422	23	61	506	854
Non-Executive Directors					
Sir Malcolm Ross*	15	4	3	22	25
Lady Patricia Lewis	24	-	3	27	16
Charles Cattaneo#	23	-	1	24	-
Mawuli Ababio+	3	-	-	3	-
James Sutcliff	-	-	-	-	27
	65	4	7	76	68
Total Board Remuneration	**487**	**27**	**68**	**582**	**922**

**Sir Malcolm Ross served until 28 October 2019,*
 # Charles Cattaneo served from 18 January 2019 and
+ Mawuli Ababio served from 21 November 2019.

No options were exercised during the year and no cash benefit was therefore received by the Directors. There was no new share-based payment expense in 2019 (2018 £302,000). There was a charge of £232,000, which forms part of the share-based payment charge of £556,000 relating to the options issued in 2018.

The remaining £325,000 relates to warrants issued, The Executive and Non-Executive Directors who held office during the year had no interests in the shares or loan stock of the Company or any of its subsidiaries except for the following holdings of ordinary shares in the Company:

	1 January 2019	On appointment	Purchased in Year	31 December 2019
Peter Fowler and Mrs P J Fowler	6,461,794	-	-	6,461,794
Mark Hughes	116,000	-	-	116,000
Stuart Fowler	541,618	-	-	541,618
Lady Patricia Lewis	100,000	-	-	100,000
Lt Col Sir Malcolm Ross	140,884	-	-	140,884
Sir Anthony Baldry	-	-	-	-
Charles Cattaneo	-	-	130,000	130,000
Mawuli Ababio	-	-	-	-
	7,360,296	-	130,000	7,490,296

Remuneration Committee Report

In addition to the interests disclosed above, the following Executive and Non-Executive Directors have options to acquire ordinary shares of 10p each in the Company granted under the 2007 Share Option Plan. Full details are as follows:

	Grant Price	Market Price at Date of Grant	01 January 2019	Change in Year	31 December 2019	Date from which exercisable
Sir Anthony Baldry	13p	13p	750,000	-	750,000	1 June 2019#
Peter Fowler	28.5p	25.5p	781,250	-	781,250	10 June 2016*
Peter Fowler	13p	13p	1,750,000	-	1,750,000	1 June 2019#
Mark Hughes	13p	10.25p	750,000	-	750,000	08 November 2019#
Stuart Fowler	34.5p	34.5p	15,000	(15,000)	-	
Stuart Fowler	28.5p	25.5p	625,000	-	625,000	10 June 2016*
Stuart Fowler	13p	13p	750,000	-	750,000	1 June 2019#
Lt Col Sir Malcolm Ross	34.5p	34.5p	2,000	(2,000)	-	
Lt Col Sir Malcolm Ross	28.5p	25.5p	93,750	-	93,750	10 June 2016*

Lt Col Sir Malcolm Ross options are available to his estate for one year from his death. The market price of the shares at 31 December 2019 was 11.75p and the range during the year was 5.66p to 18.2p.

(*) These options were granted to the Directors at a price of 28.5p under the 2007 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. 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 60p at any time and became exercisable from 10 June 2016.

(#) These options were granted to the Directors at a price of 13p under the Company's 2017 Share Option Scheme. They can be exercised at any time from the first anniversary of the date of grant up to the tenth anniversary of that date. Save for a change of control in the Company, the Share Options will only vest if the Company's share price has reached 26p per Ordinary Share at any time, being twice the middle market price on the original date of grant.

Remuneration Committee activities	July 2019	November 2019
Review of overall remuneration policy	✔	✔
Consideration of Groups financial situation	✔	✔
Update on salary sacrifice position	✔	✔
Review executive salary for 2020		✔
Review non-executive fees for 2020		✔
Performance pay		
Review of proposed performance pay package	✔	✔
Consideration of Long-Term Incentive plan options	✔	✔
Governance		
Update on remuneration trends generally	✔	✔

On behalf of the Board

J Mawuli Ababio
Chairman of the Remuneration Committee

13 May 2020

> No options were exercised during the year and no cash benefit was therefore received by the directors. There was no share-based payment expense in 2019.

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Principal activities

Westminster Group Plc is a specialist security and services group operating worldwide through an extensive international network of agents and contacts in over 50 countries.

Westminster's principal activity is the design, supply and ongoing support of advanced technology security solutions, encompassing a wide range of surveillance, detection, tracking and interception technologies and the provision of long-term managed services contracts such as the management and running of complete security services and solutions in airports, ports and other such facilities, together with consultancy and training services. The majority of its customer base, by value, comprises governments and government agencies, non-governmental organisations (NGO's) and blue-chip commercial organisations.

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 statements on pages 8 - 20.

The Directors who held office during the year were as follows:

Executive Directors
Rt Hon Sir Tony Baldry
Peter Fowler
Stuart Fowler
Mark Hughes

Non-Executive Directors
Lt Col Sir Malcolm Ross (Deceased 28 October 2019)
Lady Patricia Lewis
Charles Cattaneo (Appointed 18 January 2019)
J Mawuli Ababio (Appointed 21 November 2019)
James Sutcliffe (Resigned 17 January 2019)

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 Audit Committee who 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.

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 (2018: £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 13 May 2020, those shareholders, other than Directors, who had disclosed to the Company an interest of more than 3% of the issued share capital, are set out as follows:

Name of shareholder or nominee	No of shares	Holding %
Hargreave Hale	5,300,000	3.32

Policy on payments to suppliers

It is a policy of the Group in respect of all suppliers, where reasonably practical, to agree the terms of payment with those suppliers when agreeing the terms of each transaction and to abide by them. The ratio of amounts owed by the Group to trade creditors at the year-end represented 66 days (2018: 27 days).

Share price

During 2019 the Company's share price ranged from 5.66p to 18.2p and the share price at 31 December 2019 was 11.75p (2018: 9p).

Directors' and officers' liability insurance

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

Post balance sheet events

These are detailed in note 32 to the financial statements.

Going concern

The financial statements 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 current and future position of the Group including new long-term contracts. As part of its assessment, management have taken into account the profit and cash forecasts, the continued support of the shareholders and loan note holders and the Directors' and management's ability to affect costs and revenues. Management regularly forecast results, the financial position and cash flows for the Group.

The Directors acknowledge that the COVID-19 pandemic in 2020 is having a profound impact on the global economy and businesses across the globe, the like of which has not been experienced in a generation. At the time of writing, the duration and full extent of the impact on the global economy cannot be determined with any accuracy although there are green shoots of optimism with some countries appearing to be over the worst of the disruption and some, including the UK, easing lockdowns. The expectation is that the global economy will begin to recover in the second half of 2020 although it is suspected the virus will be with us for some time and that some countries may yet face renewed outbreaks.

The Directors equally acknowledge that, at the current time, the COVID-19 does create areas of uncertainty for the business, particularly its aviation security and training operations, although the restrictions on travel and disruptions to supply chains and logistics may also present a challenge as to when travel restrictions will be lifted and how long it will take for air travel and the aviation industry to recover. This will likely have an impact, for some months on certain areas of the business, in particular the airport security and training operations.

These events or conditions emanating from COVID-19 indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and therefore its ability to settle it debts and realise its assets in the normal course of business.

The Directors therefore took timely action implementing logistical and organisational changes to consolidate the Group's resilience to COVID-19, including a reduction in costs, risk assessments, safe working practices and various other measures, including utilisation of governmental support schemes. The Directors also took action to expand the Group's range of fever screening and safety equipment, expanding its supply base and instigating targeted marketing campaigns which has seen a significant rise in product sales revenues mitigating reductions elsewhere in the business. The Directors continue to monitor the situation and to update its risk assessments and contingency planning as necessary.

Since the year end a £3m Mezzanine Loan Facility repayable over 18 months together with a £1.75m Equity Placing and Sharing Agreement has been entered in to with RiverFort Global Opportunities PCC and YA II PN Ltd (the "Financing Facility"). The proceeds from the initial tranche of the Financing Facility have been used to commence paying down the Group's Convertible Secured Loan Notes (CLN). On 30 March 2020 the outstanding CLN balance of £1.68m was extended in agreement with noteholders to 1 May 2021 to help mitigate any adverse impact of the COVID-19 pandemic. The balance of the Financing Facility will be used, if required, to repay any CLN balance. The Directors have stress tested the revenue and utilisation assumptions included in the Group's cash projections for a period of at least 12 months from the date of approval of these financial statements.

The Directors believe the measures and mitigation strategies they have put in place together with its various ongoing revenue streams, means the Group will generate sufficient working capital and cash flows to continue in operational existence and in addition to utilisation of governmental support schemes it will continue to have the support of lenders and shareholders, if required. Thus, they continue to adopt the going concern basis of accounting in the preparing the financial statements. Further details on measures being taken to address the challenges and opportunities presented by COVID-19 can be found in the Chief Executive Office's report on pages 14 - 16.

Auditor

In so far as each of the Directors is aware:

- There is no relevant audit information of which the Company'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
Director

Mark L W Hughes
Director

13 May 2020

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 Group 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 of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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.

Website publication

The Directors are responsible for ensuring that the Annual Report and financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board

Peter Fowler
Director

Mark L W Hughes
Director

13 May 2020

Independent Auditor's Report

to the Members of Westminster Group Plc

Opinion

We have audited the financial statements of Westminster Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity and Consolidated and Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) 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.

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 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 2 to the financial statements, which refers to the impact of the ongoing COVID-19 pandemic on the Group. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We have highlighted going concern as a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

Our audit procedures in response to this key audit matter included:

- Reviewing management's cash flow forecasts, which incorporate a number of stress test scenarios and the proposed mitigating factors in response to COVID-19, that cover a period of 12 months from the financial reporting date and challenging management's assessment by reviewing, amongst others, the mechanism of the Equity Placing and Sharing Agreement entered into on 22 January 2020 and checking how this has been incorporated into management's assessment; reviewing predicted sales in relation to the coronavirus detection equipment based on sales to date and reviewing the reasonableness of the level of disruption to existing business, particularly the airport security and port services contracts included in the forecasts;
- Reviewing documentation to agree the successful rollover of the convertible loan notes to 1 May 2021 as the Group is reliant on this extension to meet working capital demands and debts as they fall due; and
- Reviewing board minutes during the year and up to the date of approval of the financial statements to identify any other issues that may impact the Group's and Parent Company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters to be communicated in our report, other than the matter described in the material uncertainty related to going concern section.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

We determined materiality for the financial statements as a whole to be £146,700 (2018: £77,000), calculated with reference to a benchmark of 7.5% of the Group loss before tax adjusted for exceptional impairment, averaged over 3 years. The parent company materiality was set at £132,600 being 5% of loss before tax (2018: £69,000 limited to 90% of group materiality based on loss before tax).

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the group was set at £110,000 based on 75% of group materiality (2018: £58,000: 75% of group materiality). Performance materiality for the parent company was set at 70% of parent company materiality being £92,800 (2018: 68%, £47,000)

We set materiality for each component of the group dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from to £4,900 to £110,000.

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £7,300 (2018: £3,850) being 5% of the materiality for the financial statements as a whole. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements. We then directed our work towards those areas of the financial statements which we assessed as having the highest risk of containing material misstatements. We also determined the type of audit work that needed to be performed on each component.

The Group operates through seventeen subsidiaries, eight of which we considered to be significant components for the purposes of the consolidated financial statements. The financial statements consolidate these entities together with a number of non-trading subsidiary undertakings. Audits of five significant components located in the United Kingdom and one significant component located in Ghana were performed by BDO London. Two further significant components were audited in Sierra Leone by a local audit firm acting as component auditor. We were involved in planning and completion meetings with the component auditor and in devising a testing plan which allowed us to direct the audit for the purposes of the group audit. We also reviewed the working papers of the component auditor in areas of significance to the group audit. For non-significant components, material balances were tested. This involved procedures such as agreeing intercompany balances, obtaining bank letters and sampling of material administrative expenses. The non-significant components were tested by BDO London except for one entity located in Sierra Leone where testing was performed by the local component auditor.

We tested and examined information using both analytical procedures and tests of detail, to the extent necessary to provide us with a reasonable basis to draw conclusions. These procedures, together with our detailed review of the procedures performed by component auditors, gave us the evidence that we needed for our opinion on the group financial statements as a whole.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify

Independent Auditor's Report

such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 60, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Simms (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

13 May 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Westminster Group PLC

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2019

	Note	2019 Continuing Operations	2019 Discontinued Operations	2019 Total	2018 Continuing Operations (Restated)	2018 Discontinued Operations	2018 Total (Restated)
		£'000	£'000	£'000	£'000	£'000	£'000
REVENUE	3	10,889	-	10,889	6,668	-	6,668
Cost of sales		(6,444)	-	(6,444)	(3,020)	-	(3,020)
GROSS PROFIT		4,445	-	4,445	3,648	-	3,648
Administrative expenses		(5,296)	28	(5,268)	(4,832)	149	(4,683)
(LOSS) / PROFIT FROM OPERATIONS	6	(851)	28	(823)	(1,184)	149	(1,035)
Analysis of operating loss							
Profit from operations		(851)	28	(823)	(1,184)	149	(1,035)
Add back amortisation	11	43	-	43	33	-	33
Add back depreciation	12	172	-	172	136	-	136
Reversal of impairment	29	-	-	-	-	(170)	(170)
Add back share-based expense		556	-	556	281	-	281
Add back exceptional items	4	106	-	106	380	21	401
EBITDA^ Profit/(loss) from underlying operations		26	28	54	(354)	-	(354)
Finance costs	5	(620)	-	(620)	(333)	-	(333)
(LOSS) / PROFIT BEFORE TAXATION		(1,471)	28	(1,443)	(1,517)	149	(1,368)
Taxation	7	26	-	26	872	-	872
(LOSS) / PROFIT AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(1,445)	28	(1,417)	(645)	149	(496)
(LOSS) / PROFIT AND TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO:							
OWNERS OF THE PARENT		(1,426)	28	(1,398)	(499)	149	(350)
NON-CONTROLLING INTEREST		(19)	-	(19)	(146)	-	(146)
(LOSS) / PROFIT AND TOTAL COMPREHENSIVE (LOSS) / INCOME		(1,445)	28	(1,417)	(645)	149	(496)
LOSS PER SHARE	9	(1.04p)	0.02p	(1.02p)	(0.50p)	0.11p	(0.39p)

The accompanying notes form part of these financial statements.

^ *This is an Alternative Performance Measure refer to Note 2 for further details*

Westminster Group PLC

Consolidated and Company Statements of Financial Position

As at 31 December 2019

	Note	Group 2019	Restated Group 2018	Company 2019	Restated Company 2018
		£'000	£'000	**£'000**	£'000
Goodwill	10	**614**	596	**-**	-
Other intangible assets	11	**129**	100	**128**	100
Property, plant and equipment	12	**1,979**	2,112	**1,079**	1,094
Investment in subsidiaries	14	**-**	-	**6,252**	6,906
Deferred tax asset	17	**907**	889	**-**	-
TOTAL NON-CURRENT ASSETS		**3,629**	3,697	**7,459**	8,100
Inventories	18	**47**	74	**-**	-
Trade and other receivables	19	**2,566**	4,616	**70**	27
Cash and cash equivalents	20	**557**	290	**28**	29
TOTAL CURRENT ASSETS		**3,170**	4,980	**98**	56
Assets of disposal groups classified as held for sale	29	**170**	170	**-**	-
TOTAL ASSETS		**6,969**	8,847	**7,557**	8,156
Called up share capital	21	**14,540**	13,003	**14,540**	13,003
Share premium account		**9,577**	9,568	**9,577**	9,568
Merger relief reserve		**300**	300	**300**	300
Share based payment reserve		**1,166**	858	**1,166**	858
Equity reserve on convertible loan note		**423**	222	**12**	21
Revaluation reserve		**133**	133	**133**	133
Retained earnings:					
At 1 January		**(22,594)**	(22,258)	**(16,149)**	(14,228)
Loss for the year		**(1,398)**	(349)	**(2,652)**	(1,921)
Other changes in retained earnings		**148**	13	**148**	-
At 31 December		**(23,844)**	(22,594)	**(18,653)**	(16,149)
(DEFICIT)/EQUITY ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		**2,295**	1,490	**7,075**	7,734
NON-CONTROLLING INTEREST		**(365)**	(346)	**-**	-
TOTAL EQUITY		**1,930**	1,144	**7,075**	7,734
Borrowings	23	**2,510**	2,545	**212**	223
TOTAL NON-CURRENT LIABILITIES		**2,510**	2,545	**212**	223
Contractual liabilities	24	**73**	2,438	**-**	-
Trade and other payables	24	**2,456**	2,569	**270**	199
TOTAL CURRENT LIABILITIES		**2,529**	5,007	**270**	199
Liabilities of disposal group classified as held for sale	29	**-**	151	**-**	-
TOTAL LIABILITIES		**5,039**	7,703	**482**	422
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,969**	8,847	**7,557**	8,156

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 13 May 2020 and signed on its behalf by:

Peter Fowler
Director

Mark L W Hughes
Director

Westminster Group PLC

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Called up share capital	Share premium account	Merger relief reserve	Share based payment reserve	Revaluation reserve	Equity reserve on convertible loan note	Retained earnings	Total	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AS AT 1 JANUARY 2019	**13,003**	**9,568**	**300**	**858**	**133**	**222**	**(22,594)**	**1,490**	**(346)**	**1,144**
Shares issued for cash	1,500	-	-	-	-	-	-	1,500	-	1,500
Cost of share issues	-	-	-	-	-	-	(100)	(100)	-	(100)
Share based payment charge	-	-	-	556	-	-	-	556	-	556
Exercise of warrants and share options	37	9	-	-	-	-	-	46	-	46
Lapse of Share Options	-	-	-	(44)	-	-	44	-	-	-
Lapse of Warrants	-	-	-	(204)	-	-	204	-	-	-
CLN movement	-	-	-	-	-	201	-	201	-	201
TRANSACTIONS WITH OWNERS	**1,537**	**9**	**-**	**308**	**-**	**201**	**148**	**2,203**	**-**	**2,203**
Total comprehensive expense for the year	-	-	-	-	-	-	(1,398)	(1,398)	(19)	(1,417)
AS AT 31 DECEMBER 2019	**14,540**	**9,577**	**300**	**1,166**	**133**	**423**	**(23,844)**	**2,295**	**(365)**	**1,930**

For the year ended 31 December 2018 (restated)

AS AT 1 JANUARY 2018	**12,074**	**9,226**	**300**	**621**	**133**	**186**	**(22,256)**	**284**	**(200)**	**84**
Restatement for IFRS 16	-	-	-	-	-	-	(2)	(2)	-	(2)
AS AT 1 JANUARY 2018 (RESTATED)	**12,074**	**9,226**	**300**	**621**	**133**	**186**	**(22,258)**	**282**	**(200)**	**82**
Shares issued for cash	841	409	-	-	-	-	-	1,250	-	1,250
Cost of share issues	-	(67)	-	-	-	-	-	(67)	-	(67)
Share based payment charge	-	-	-	237	-	-	-	237	-	237
Exercise of warrants and share options	88	-	-	-	-	-	-	88	-	88
Other movements in equity	-	-	-	-	-	-	13	13	-	13
CLN movement	-	-	-	-	-	36	-	36	-	36
TRANSACTIONS WITH OWNERS	**929**	**342**	**-**	**237**	**-**	**36**	**13**	**1,557**	**-**	**1,557**
Total comprehensive expense for the year	-	-	-	-	-	-	(349)	(349)	(146)	(495)
AS AT 31 DECEMBER 2018	**13,003**	**9,568**	**300**	**858**	**133**	**222**	**(22,594)**	**1,490**	**(346)**	**1,144**

The accompanying notes form part of these financial statements.

Westminster Group PLC

Company Statement of Changes in Equity

For the year ended 31 December 2019

	Called up share capital	Share premium account	Merger relief reserve	Share based payment reserve	Revaluation reserve	Equity reserve on convertible loan note	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AS AT 1 JANUARY 2019	**13,003**	**9,568**	**300**	**858**	**133**	**21**	**(16,149)**	**7,734**
Shares issued for cash	1,500	-	-	-	-	-	-	1,500
Cost of share issues	-	-	-	-	-	-	(100)	(100)
Share based payment charge	-	-	-	556	-	-	-	556
Exercise of warrant	37	9	-	-	-	-	-	46
Recognition of equity component of convertible loan note (CLN)	-	-	-	-	-	(9)	-	(9)
Other movements in equity	-	-	-	(44)	-	-	44	-
Lapse of Warrants	-	-	-	(204)	-	-	204	-
TRANSACTIONS WITH OWNERS	**1,537**	**9**	**-**	**308**	**-**	**(9)**	**148**	**1,993**
Total comprehensive expense for the year	-	-	-	-	-	-	(2,652)	(2,652)
AS AT 31 DECEMBER 2019	**14,540**	**9,577**	**300**	**1,166**	**133**	**12**	**(18,653)**	**7,075**

AS AT 1 JANUARY 2018	**12,074**	**9,226**	**300**	**621**	**133**	**-**	**(14,227)**	**8,127**
Restatement for IFRS 16	-	-	-	-	-	-	(1)	(1)
AS AT 1 JANUARY 2018 RESTATED	**12,074**	**9,226**	**300**	**621**	**133**	**-**	**(14,228)**	**8,126**
Shares issued for cash	841	409	-	-	-	-	-	1,250
Cost of share issues	-	(67)	-	-	-	-	-	(67)
Share based payment charge	-	-	-	237	-	-	-	237
Exercise of warrant	88	-	-	-	-	-	-	88
Recognition of equity component of convertible loan notes (CLN	-	-	-	-	-	21	-	21
TRANSACTIONS WITH OWNERS	**929**	**342**	**-**	**237**	**-**	**21**	**-**	**1,529**
Total comprehensive expense for the year	-	-	-	-	-	-	(1,921)	(1,921)
AS AT 31 DECEMBER 2018	**13,003**	**9,568**	**300**	**858**	**133**	**21**	**(16,149)**	**7,734**

The accompanying notes form part of these financial statements.

Westminster Group PLC

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Note	2019 Continuing Operations	2019 Discontinued Operations	2019 Total	2018 Continuing Operations (Restated)	2018 Discontinued Operations (Restated)	2018 Total (Restated)
		£'000	£'000	£'000	£'000	£'000	£'000
(LOSS) / PROFIT AFTER TAX		(1,445)	28	(1,417)	(645)	149	(496)
Taxation debit / (credit)		(26)	-	(26)	(872)	-	(872)
(LOSS) / PROFIT BEFORE TAX		(1,471)	28	(1,443)	(1,517)	149	(1,368)
Non-cash adjustments	25	1,412	-	1,412	491	(170)	321
Net changes in working capital	25	(401)	(151)	(552)	(192)	-	(192)
NET CASH USED IN OPERATING ACTIVITIES		(460)	(123)	(583)	(1,218)	(21)	(1,239)
INVESTING ACTIVITIES:							
Purchase of property, plant and equipment		(70)	-	(70)	(58)	-	(58)
Purchase of intangible assets		(72)	-	(72)	-	-	-
Acquisition of subsidiary	30	(18)	-	(18)	-	-	-
Cash inflow on acquisition		-	-	-	104	-	104
CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES		(160)	-	(160)	46	-	46
CASHFLOWS FROM FINANCING ACTIVITIES:							
Gross proceeds from the issues of ordinary shares and exercise of warrants		1,547	-	1,547	1,338	-	1,338
Costs of share issues		(100)	-	(100)	(68)	-	(68)
CULN debt raised		-	-	-	176	-	176
Reduction in Finance Lease Debt		(60)	-	(60)	-	-	-
Finance cost on lease liabilities		(54)	-	(54)	(4)	-	(4)
Interest paid		(323)	-	(323)	(351)	-	(351)
CASH INFLOW FROM FINANCING ACTIVITIES		1,010	-	1,010	1,091	-	1,091
Net change in cash and cash equivalents		390	(123)	267	(81)	(21)	(102)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR				290			392
CASH AND EQUIVALENTS AT END OF YEAR				557			290

The accompanying notes form part of these financial statements.

Westminster Group PLC

Company Cash Flow Statement

For the year ended 31 December 2019

	Note	Company 2019	Company 2018
		£'000	£'000
(LOSS)/PROFIT AFTER TAX		**(2,652)**	(1,921)
Non-cash adjustments	25	**1,104**	82
Net changes in working capital	25	**28**	99
NET CASH USED IN OPERATING ACTIVITIES		**(1,520)**	(1,740)
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	12	**(26)**	(33)
Purchase of intangible assets	11	**(71)**	-
Advances to subsidiaries	14	**(11)**	-
Cash inflow from intercompany loans	14	**557**	622
CASH OUTFLOW FROM INVESTING ACTIVITIES		**449**	589
CASHFLOWS FROM FINANCING ACTIVITIES:			
Gross proceeds from the issues of ordinary shares		**1,547**	1,338
Costs of share issues		**(100)**	(68)
Net proceeds from the issue of convertible loan notes		**-**	177
Finance cost on lease liabilities		**(47)**	(42)
Interest paid		**(330)**	(303)
CASH INFLOW FROM FINANCING ACTIVITIES		**1,070**	1,102
Net change in cash and cash equivalents		**(1)**	(49)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR		**29**	78
CASH AND EQUIVALENTS AT END OF YEAR		**28**	29

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 2019 consolidate the individual financial statements of the Company and its subsidiaries. The Group design, supply and provide on-going advanced technology solutions and services to governmental and non-governmental organisations on a global basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The 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 British pounds sterling ('GBP') since that is the currency in which the majority of the Group's transactions are denominated.

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 2019.

(ii) Subsidiaries
Where the company has control over an investee, it is classified as a subsidiary, The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where tile company has tile practical ability to direct tile relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists tile company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties
- who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

(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.

Going concern

The Group made a loss during the period of £1,417,000 (2018: Restated loss of £496,000). The cash outflow from operating activities during the year was £460,000 (2018: Outflow £1,218,000), which was partly financed through raising new equity.

The financial statements 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 current and future position of the Group, including new long-term contracts. As part of its assessment, management have taken into account the profit

Notes to the Financial Statements

and cash forecasts, the continued support of the shareholders and loan note holders and the Directors' and management's ability to affect costs and revenues. Management regularly forecast results, the financial position and cash flows for the Group.

The Directors acknowledge that the COVID-19 pandemic in 2020 is having a profound impact on the global economy and businesses across the globe, the like of which has not been experienced in a generation. At the time of writing, the duration and full extent of the impact on the global economy cannot be determined with any accuracy although there are green shoots of optimism with some countries appearing to be over the worst of the disruption and some, including the UK, easing lockdowns. The expectation is that the global economy will begin to recover in the second half of 2020 although it is suspected the virus will be with us for some time and that some countries may yet face renewed outbreaks.

The Directors have stress tested the revenue and utilisation assumptions included in the Group's cash projections for a period of 12 months from the date of approval of these financial statements. The Directors believe the measures and mitigation strategies they have put in place together with its various revenue ongoing streams, means the Group will therefore generate sufficient working capital and cash flows to continue in operational existence and in addition to utilisation of governmental support schemes it will continue to have the support of lenders and shareholders, if required. Thus, they continue to adopt the going concern basis of accounting in the preparing the financial statements.

The Directors therefore took timely action implementing logistical and organisational changes to consolidate the Group's resilience to COVID-19, including a reduction in costs, risk assessments, safe working practices and various other measures, including utilisation of governmental support schemes. The Directors also took action to expand the Group's range of fever screening and safety equipment, expanding its supply base and instigating targeted marketing campaigns which has seen a significant rise in product sales revenues mitigating reductions elsewhere in the business. The Directors continue to monitor the situation and to update its risk assessments and contingency planning as necessary.

Further details on measures being taken to address the challenges and opportunities presented by COVID-19 can be found in the Chief Executive Officer's report on pages 14 - 16.

The Directors equally acknowledge that, at the current time, the COVID-19 does create areas of uncertainty for the business, particularly its aviation security and training operations, although the restrictions on travel and disruptions to supply chains and logistics may also present a challenge as to when travel restrictions will be lifted and how long it will take for air travel and the aviation industry to recover. This will likely have an impact, for some months on certain areas of the business, in particular the airport security and training operations.

Since the year end a £3m Mezzanine Loan Facility repayable over 18 months together with a £1.75m Equity Placing and Sharing Agreement has been entered in to with RiverFort Global Opportunities PCC and YA II PN Ltd (the "Financing Facility"). The proceeds from the initial tranche of the Financing Facility have been used to commence paying down the Group's Convertible Secured Loan Notes (CLN). On 30 March 2020 the outstanding CLN balance of £1.68m was extended in agreement with noteholders to 1 May 2021 to help mitigate any adverse impact of the COVID-19 pandemic. The balance of the Riverfort Facility will be used, if required, to repay any CLN balance.

These events or conditions emanating from COVID-19 indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and therefore its ability to settle it debts and realise its assets in the normal course of business.

The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

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

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates - 'the functional currency'. The functional and presentation currency in these financial statements is the Great British Pounds (GBP).

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.
- For which discrete financial information is available.

Revenue

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes:

Supply of products

Revenue in respect of supply of product is recognised at a point in time when products are delivered, and legal title is transferred to the customer.

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 is recognised over the time and 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 recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved Where a contract is loss making, the full loss is recognised immediately. Managed services income is recognised over time and is based on the volume of the passenger processed and freight scanned.

When the outcome of long-term contracts cannot be estimated reliability, contract revenues are recognised to the extent of contract costs incurred where it is probable those costs will be recovered.

Maintenance Income

The revenue in relation to supply of maintenance contract is recognised over time on a straight-line basis. The unrecognised portion of maintenance contract is included within trade and other payables as Contract Obligation.

Training courses

The revenue on training course is recognised at a point in time after the course has been conducted i.e. performance obligation in relation to the course are fulfilled.

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

Notes to the Financial Statements

disclosed as operating exceptional due to their size and nature and their separate disclosure should enable better understanding of the financial dynamics.

Interest income and expenses

Interest income and expenses are reported on an accruals 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 value of identifiable net assets exceeds 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.

Property, plant and equipment

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%
Motor vehicles	20%

Freehold land is not depreciated.

Leases

All leases that fall under IFRS 16 will be recorded on the balance sheet as liabilities, at the present value of the future lease payments, along with an asset reflecting the right to use the asset over the lease term. Rentals payable under operating leases exempt from IFRS 16 are charged to income on a straight-line basis over the term of the relevant lease.

IFRS 16 also changes the definition of a “lease” and the manner of assessing whether a contract contains a lease. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the following lease payments:

- fixed payments
- variable payments that are based on index or rate
- the exercise price of any extension or purchase option if reasonably certain it can be exercised; and
- penalties for terminating the lease, if relevant

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group’s incremental borrowing rate.

The right-of-use assets are initially measured based on initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs. The right-of-use assets are depreciated over the period of the lease term using the straight-line method. The lease term includes periods covered by the option to extend, if the group is reasonably certain to exercise that option. In addition, right-of –use assets may during the lease term be reduced by any impairment losses, if any, or adjusted for certain remeasurements of the lease liability.

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). The 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 transaction costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in carrying 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 Cash Flows when received, regardless of how the related carrying amount of financial assets is measured.

The Group recognises a loss allowance for expected losses on financial assets that are measured at amortised cost including trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Cash and cash equivalents comprise cash at bank and deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities unless a legally enforceable right to offset exists.

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.

Convertible loan notes with an option that leads to a potentially variable number of shares, have 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. The host debt is recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Convertible loan notes which can be converted to share capital at the option of the holder, and where the number of shares to be issued does not vary with changes in fair value, are considered to be a compound instrument.

The liability component of a compound instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound instrument and fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components.

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 in the assets of the Group after deducting all of its liabilities.

Investments in subsidiaries

Subsidiary fixed asset investments are valued at cost less provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all investment in subsidiaries.

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

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

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

Cash and cash equivalents

Cash and cash equivalents include 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 shown within borrowings in current liabilities unless a legally enforceable right to offset exists.

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.

The Group operates a defined contribution pension scheme for employees in the UK and is operating under auto enrolment. Local labour in Africa benefit from a termination payment on leaving employment. The expected value of this is accrued on a monthly basis.

Share-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.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The board has judged that because the group is mainly situated in the UK, most of the Groups costs and a substantial part of its sales.

Goodwill

Goodwill has been tested for impairment by considering its net present value for the expected income stream in perpetuity at both a discount rate judge to be 5% based on the normal lending rate we are offered leases at and to establish what is the discount rate (18%) at which no impairment is needed. The income is assumed to be flat and stable for the purpose of this test.

Deferred tax asset

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. The directors have prepared projections for the next five years based on the best available evidence and have concluded that this deferred tax asset will be utilised in the future.

SIGNIFICANT MANAGEMENT ESTIMATES IN APPLYING ACCOUNTING POLICIES

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

Revalued freehold property

The freehold property is stated at fair value. A full revaluation exercise was carried out in May 2017. 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.

New standards, amendments and interpretations

The following new standards have been adopted and where required the prior year's figures have been restated.

- IFRS 16 Leases (effective date 1 January 2019)
- IFRIC 23 Uncertain tax treatments (effective date 1 January 2019)

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 by lessees 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 has assessed the impact of the new standard which is not material to the Group's operations.

The Group has elected to apply IFRS 16 fully retrospectively with the cumulative effect of initially applying IFRS 16 recognised at 1 January 2018. Consequently, comparatives for the year ended 31 December 2018 has been restated. Right of use assets are measured at the amount of the lease liability, thus on the adoption of IFRS 16, the Group recognised right of use asset and lease liability each amounting to £214,000 (2018: £29,000) and £216,000 (2018: £30,000) respectively. The effect of applying this standard is shown in note 12.

Effective from 1 January 2019, IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities if there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that approach will be accepted by the tax authority.

Standards in issue not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term ‘material’ to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards
Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Amendments to IFRS 3 Definition of a business
The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Alternative performance measures (APM)
In the reporting of financial information, the Directors have adopted the APM ‘EBITDA profit from underlying continuing and discontinued operations (APMs were previously termed ‘Non-GAAP measures’), which is not defined or specified under International Financial Reporting Standards (IFRS).

The directors also look at recurring revenue as a key performance indicator. This is revenue arising from multi-year contracts.

This measure is not defined by IFRS and therefore may not be directly comparable with other companies’ APMs, including those in the Group’s industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Purpose
The Directors believe that this APM assists in providing additional useful information on the underlying trends, performance and position of the Group. This APM is also used to enhance the comparability of information between reporting periods and business units, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Group’s performance.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes and this remains consistent with the prior year.

The key APM that the Group has focused on is as follows: EBITDA profit from underlying continuing and discontinued operations’: This is the headline measure used by management to measure the Group’s performance and is based on operating profit before the impact of financing costs, share based payment charges, depreciation, amortisation, impairment charges and exceptional items. Exceptional items relate to certain costs that derive from events or transactions that fall within the normal activities of the Group but which, individually or, if of a similar type, in aggregate, are excluded by virtue of their size and nature in order to reflect management’s view of the performance of the Group.

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-makers in the Group. The Business Units operating during the year are the two operating divisions; Managed Services and Technology. This split of business segments is based on the products and services each offer.

2019	Managed Services Aviation	Technology	Group and Central	Group Total
	£'000	**£'000**	**£'000**	**£'000**
Supply of products	-	1,598	-	1,598
Supply and installation contracts	-	3,468	-	3,468
Maintenance and services	5,291	298	-	5,589
Training courses	234	-	-	234
Revenue	**5,525**	**5,364**	**-**	**10,889**
Segmental underlying EBITDA^ from underlying continuing and discontinued operations	1,084	525	(1,555)	54
Share based payments	-	-	(556)	(556)
Exceptional items (note 4)	(105)	-	(1)	(106)
Depreciation & amortisation	(72)	(30)	(113)	(215)
Segment operating result	**907**	**495**	**(2,225)**	**(823)**
Finance cost	(1)	(3)	(616)	(620)
Profit/ (loss) before tax	906	492	(2,841)	(1,443)
Income tax charge	18	-	8	26
Profit/(loss) for the financial year	**924**	**492**	**(2,833)**	**(1,417)**
Segment assets	2,949	2,023	1,997	6,969
Segment liabilities	1,072	1,433	2,534	5,039
Capital expenditure	48	4	18	70

2018 (Restated)	Managed Services Aviation	Technology	Group and Central	Group Total
	£'000	**£'000**	**£'000**	**£'000**
Supply of products	-	1,216	-	1,216
Supply and installation contracts	-	1,420	-	1,420
Maintenance and services	3,471	342	-	3,813
Training courses	219	-	-	219
Revenue	**3,690**	**2,978**	**-**	**6,668**
Segmental underlying EBITDA^ from underlying continuing and discontinued operations	829	(272)	(911)	(354)
Share based payments	-	-	(281)	(281)
Exceptional items (note 4)	(401)	-	-	(401)
Impairments	170	-	-	170
Depreciation & amortisation	(158)	(11)	-	(169)
Segment operating result	**440**	**(283)**	**(1,192)**	**(1,035)**
Finance cost	(4)	1	(330)	(333)
Income tax charge	492	380	-	872
Profit/(loss) for the financial year	**929**	**98**	**(1,522)**	**(496)**
Segment assets	5,033	1,960	1,854	8,847
Segment liabilities	1,129	3,336	3,238	7,703
Capital expenditure	23	-	35	58

^ This is an Alternative Performance Measure refer to Note 2 for further details

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.

	2019	2018
	£'000	£'000
UK and Europe	1,957	171
Africa	4,899	3,884
Middle East	2,397	1,878
Rest of World	1,636	735
	10,889	6,668

Some of the Group's assets are located outside the United Kingdom where they are being put to operational use on specific contracts.

Information about major customers

Included in revenues arising from the Technology Solutions in the Middle East are revenues of approximately £2,230,000 (2018: £1,414,000) which arose from a sale to the Group's largest customer in 2019. There was also a sale of £1,236,000 for the provision of advanced screening of containers at ports in Asia (2018: Nil). Approximately 34% (2018: 50%) of the Group's revenues are derived from the contract with the Sierra Leone Airport Authority. This contract contains many individual customers. No other single customer contributed more than 10% of the Group revenue in either 2019 or 2018.

4. EXCEPTIONAL ITEMS

	2019	2018
	£'000	£'000
Middle East airport pre-contract costs	105	294
Ferry closure costs	1	21
Other	-	86
	106	401

The project signed in 2018 for a long-term security support service in a Middle East airport pre-contract costs ceased during 2019 when the project was permanently put on hold.

5. FINANCE COSTS

	Group 2019	Group Restated 2018
	£'000	£'000
Interest received	-	1
Finance cost on lease liabilities	(54)	(4)
Interest payable on bank and other borrowings	(1)	(37)
Interest paid on convertible loan notes (Note 16)	(375)	(293)
Other financing costs	(190)	-
	(620)	(333)

6. LOSS FROM OPERATIONS

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

	Group 2019	Group 2018
	£'000	£'000
Staff costs (see Note 8)	4,396	3,434
Depreciation of property, plant and equipment	172	136
Amortisation of intangible assets	43	33
Lease rentals payable		
Short term leases	85	66
Foreign exchange (gain) / loss	(166)	3

Auditor's remuneration

Amounts payable in both years relate to BDO LLP in respect of audit and other services. The local Audit in Sierra Leone is performed by Moore Sierra Leone.

^ This is an Alternative Performance Measure refer Note 2 for further details

Audit services

	Group 2019	Group 2018
	£'000	£'000
Statutory audit of parent and consolidated financial statements	57	30
Review of interim results	2	2
Statutory audit of subsidiaries of the Company pursuant to legislation	21	21
Taxation services including research and development tax credits	18	12
Total payable to BDO	98	65
Local audit in Sierra Leone - Moore Sierra Leone	20	17
	118	82

7. TAXATION

Analysis of credit in year.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2017) and was to have reduced to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

	Group 2019	Group 2018
	£'000	£'000
Current year		
UK corporation tax on profits in the year	-	-
Potential foreign corporation tax on profits in the year	-	17
Deferred Tax		
Foreign entity deferred tax	(18)	-
Review of expected utilisation of losses	(8)	(889)
	(26)	(872)

	Group 2019	Group Restated 2018
	£'000	£'000
Reconciliation of effective tax rate		
Loss on ordinary activities before tax	(1,443)	(1,368)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(274)	(260)
Effects of:		
Expenses not deductible for tax purposes	106	57
Deferred tax previously not recognised	-	(669)
Unrecognised losses carried forward	142	-
Total tax - credit	(26)	(872)

8. EMPLOYEE COSTS

Employee costs for the Group during the year:

		Group 2019	Group 2018
		£'000	£'000
Wages and salaries		3,854	2,922
Pension contributions		44	21
Social security costs		266	210
		4,164	3,153
Share based payments	Note 22	232	281
		4,396	3,434

The Group operates a stakeholder pension scheme. The Group made pension contributions totalling £44,000 during the year (2018: £21,000), and pension contributions totalling £8,000 were outstanding at the year-end (2018: £4,000).

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. The total Directors' remuneration during the year was £582,000 (2018: £922,000) and the highest paid director received remuneration totalling £201,000 (2018: £310,000).

Average monthly number of people (including Executive Directors) employed

	2019 Group Number			2018 Group Number		
	Continuing Operations	**Discontinued Operations**	**Total**	Continuing Operations	Discontinued Operations	Total
By function:						
Sales	**3**	**-**	**3**	3	-	3
Operations	**224**	**3**	**227**	199	3	202
Administration	**25**	**-**	**25**	23	-	23
Management	**6**	**-**	**6**	5	-	5
	258	**3**	**261**	230	3	233

9. LOSS PER SHARE

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

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all 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:

	2019	2018
	£'000	£'000
Issued ordinary shares		
Start of year	**130,028**	120,743
Effect of shares issued during the year	**8,834**	5,409
Weighted average basic and diluted number of shares for year	**138,862**	126,152

	2019	2018
	£'000	£'000
Earnings		
Profit / (loss) and total comprehensive expense (continuing)	**(1,445)**	(645)
Profit / (loss) and total comprehensive expense (discontinued)	**28**	149
Profit / (loss) and total comprehensive expense total	**(1,417)**	(496)

For the year ended 31 December 2019 and 2018 the issue of additional shares on exercise of outstanding share options, convertible loans and warrants would decrease the basic loss per share and there is therefore no dilutive effect. Loss per share was 1.02p (2018 Loss 0.39p).

10. GOODWILL

	Note	Group 2019	Group 2018
		£'000	£'000
Gross carrying amount at 1 January		1,359	1,160
Acquisition in year	30	18	199
		1,377	1,359
Accumulated impairment at 1 January		(763)	(763)
Impairment charge for the year		-	-
Accumulated impairment at 31 December		(763)	(763)
Carrying amount at 1 January		596	397
Carrying amount at 31 December		614	596

The goodwill balance relates to the acquisition of Longmoor Security Limited, Keyguard U.K Limited in 2018 and Euro-Ops SARL in 2019.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill may be impaired. The recoverable amounts of the cash-generating unit are determined from value in use calculations. The key assumptions are discount rate (5%) future revenues (assumed as flat) derived from the most recent 2020 financial budgets approved by management. The projection assumes that the companies are held in perpetuity. A discount rate of 18% would not result in any impairment based on management's latest forecast.

No reasonably possible change in any of the estimates and assumptions used in the impairment test would give rise to a material impairment.

11. OTHER INTANGIBLE ASSETS

2019	Group Website and Software	Company Website and Software
	£'000	£'000
Cost		
At 1 January 2019	225	215
Additions	72	71
At 31 December 2019	297	286
Accumulated amortisation and impairment		
At 1 January 2019	125	115
Charge for the year	43	43
At 31 December 2019	168	158
Net book value at 31 December 2019	129	128

2018	Group Website and Software	Company Website and Software
	£'000	£'000
Cost		
At 1 January 2018	193	224
Disposals	(12)	(12)
Adjustment	40	(1)
Transfers	4	4
At 31 December 2018	225	215
Accumulated amortisation and impairment		
At 1 January 2018	64	96
Charge for the year	33	33
Disposals	(12)	(12)
Adjustment	40	(2)
At 31 December 2018	125	115
Net book value at 31 December 2018	100	100

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

Group 2019	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2019	1,031	471	1,194	159	260	3,115
Additions	8	32	25	5	-	70
Disposals	-	-	(63)	-	-	(63)
Transfer	-	224	(158)	-	-	66
At 31 December 2019	**1,039**	**727**	**998**	**164**	**260**	**3,188**
Accumulated amortisation and impairment						
At 1 January 2019	17	236	553	151	46	1,003
Charge for the year	21	38	43	9	61	172
Disposals	-	-	(34)	-	-	(34)
Transfer	-	202	(134)	-	-	68
At 31 December 2019	**38**	**476**	**428**	**160**	**107**	**1,209**
Net book value at 31 December 2019	**1,001**	**251**	**570**	**4**	**153**	**1,979**

Group 2018 (Restated)	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2018	1,014	727	1,123	99	33	2,996
Additions	17	-	41	-	131	189
Disposals	-	(79)	(102)	(20)	-	(201)
On acquisition	-	-	-	80	96	176
Transfer	-	(177)	132	-	-	(45)
At 31 December 2018	**1,031**	**471**	**1,194**	**159**	**260**	**3,115**
Accumulated amortisation and impairment						
At 1 January 2018	-	434	488	89	4	1,015
Charge for the year	17	31	57	10	21	136
Disposals	-	(79)	(102)	(20)	-	(201)
Transfer	-	(150)	110	-	-	(40)
Acquisition	-	-	-	72	21	93
At 31 December 2018	**17**	**236**	**553**	**151**	**46**	**1,003**
Net book value at 31 December 2018	**1,014**	**235**	**641**	**8**	**214**	**2,112**

Right of use assets (motor vehicles) above have been created in accordance with IFRS 16. These numbers demonstrate the effect of implementing the standard on the Group. Motor vehicles are leases for certain employees for lease terms ranging between 3-5 years with fixed payments. The Group does not purchase or guarantee the future value of lease vehicles.

Company 2019	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2019	1,031	15	185	-	76	1,307
Additions	8	-	10	-	8	26
At 31 December 2019	**1,039**	**15**	**195**	**-**	**84**	**1,333**
Accumulated amortisation and impairment						
At 1 January 2019	17	15	174	-	7	213
Charge for the year	21	-	7	-	19	47
Adjustment	-	-	(6)	-	-	(6)
At 31 December 2019	**38**	**15**	**175**	**-**	**26**	**254**
Net book value at 31 December 2019	**1,001**	**-**	**20**	**-**	**58**	**1,079**

Company 2018	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2018	1,014	14	216	-	-	1,244
Additions	17	1	15	-	76	109
Disposals	-	-	(38)	-	-	(38)
Adjustment	-	-	(8)	-	-	(8)
At 31 December 2018	**1,031**	**15**	**185**	**-**	**76**	**1,307**
Accumulated amortisation and impairment						
At 1 January 2018	-	13	203	-	-	216
Charge for the year	17	1	6	-	7	31
Disposals	-	-	(38)	-	-	(38)
Adjustment	-	1	3	-	-	4
At 31 December 2018	**17**	**15**	**174**	**-**	**7**	**213**
Net book value at 31 December 2018	**1,014**	**-**	**11**	**-**	**69**	**1,094**

The freehold property was valued professionally by Brown and Co, Chartered Surveyors, on 16 May 2017, which provided a valuation of £1,014,000. The valuation was made on the basis of recent market transactions on arm's length terms and on an alternative use basis. The Revaluation Reserve is not available for distribution to shareholders. The Directors are of the opinion that the valuation has not moved materially since the last valuation was performed. The valuation was not materially different to the value the asset is recorded at the balance sheet date.

No depreciation has been charged on the freehold land only building additions have been depreciated. The difference between the net book value of the totla freehold property if depreciation, at 2%, had been charged as shown in the financial statements is not materially different to the value the asset is recorded at the balance sheet date.

Notes to the Financial Statements

The freehold property is stated at valuation, the comparable historic cost and depreciation values are as follows. This depreciation is charged on historical cost only:

	2019	2018
	£'000	£'000
Historical cost	722	714
Accumulated depreciation		
At 1 January	279	265
Charge for the year	14	14
At 31 December	293	279
Net book value as at 31 December	429	435

13. LEASE COMMITMENTS

The Group has moved to accounting for operating leases under IFRS 16. There are some leases of small value or less than one-year duration which have been charged to expenses as incurred, but the aggregate commitment of these leases is immaterial.

Right to use assets	2019	2018
	£'000	£'000
At 1 January 2019	216	30
Additions	-	112
On acquisition	-	96
Movement in the year	(58)	(22)
As at 31 December 2019	158	216
Of which		
Current lease 0-1 years	60	58
Non-current lease 2-5 years	98	158
As at 31 December 2019	158	216

14. INVESTMENT IN SUBSIDIARIES

Company	2019 Investments	2019 Loans	2019 Total	2018 Investments	2018 Loans	2018 Total
Cost	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
At 1 January 2019	**378**	**15,458**	**15,836**	378	16,080	16,458
Movement in Year	**11**	**(557)**	**(546)**	-	(622)	(622)
At 31 December	**389**	**14,901**	**15,290**	378	15,458	15,836
Accumulated impairment						
At 1 January 2019	**(378)**	**(8,552)**	**(8,930)**	(378)	(8,964)	(9,342)
Movement in Year	**(11)**	**(97)**	**(108)**	-	412	412
At 31 December	**(389)**	**(8,649)**	**(9,038)**	(378)	(8,552)	(8,930)
Investment in subsidiaries	**-**	**6,252**	**6,252**	-	6,906	6,906

All loans relate to cash movements between Group companies and are repayable on demand. Expected credit losses assume that repayment of the loan is demanded at the reporting date. If the subsidiary has sufficient accessible highly liquid assets to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. If the subsidiary could not repay the loan if demanded at the reporting date, the Group consider the expected manner of recovery to measure expected credit losses. This is a 'repay over time' strategy (that allows the subsidiary time to pay), Non-trading subsidiaries will not be able to repay loans or investments over time and are therefore deemed to be impaired.

15. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings at 31 December 2019 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
Westminster Aviation Security Services Limited	England	Managed services of airport security under long term contracts. (Managed Services)	100
Sovereign Ferries Limited	England	Dormant	100
Westminster Operating Limited	England	Special purpose vehicle which exists solely for listing the 2013 CLN on the CISX. Year end 31 October. Only transactions are intra group.	100
Keyguard U.K Limited	England	Security and risk management including manned guarding, mobile patrols, risk management and K9 services.	100
Longmoor (SL) Limited	Sierra Leone	Security and terminal guarding.	100
Facilities Operations Management Limited	Sierra Leone	Infrastructure management.	90
Westminster Sierra Leone Limited**	Sierra Leone	Local infrastructure for airport operations.	49
Westminster Group GMBH	Germany	Dormant	100
GLIS Gesellschaft für Luftfahrt- und Infrastruktur-Sicherheit GmbH	Germany	Managed Services	85
Westminster Sicherheit GMBH	Germany	Dormant	85
Euro Ops SARL	France	Managed Services infrastructure	100

Notes to the Financial Statements

Name	Country of incorporation	Principal activity	% of nominal ordinary share capital and voting rights held
Westminster Managed Services Limited (formerly Westminster Facilities Management Limited)	England	Dormant	100
CTAC Limited	England	Dormant	100
Westminster Aviation Security Services (ME) Limited	England	Dormant	100
Westminster International (Ghana) Limited *	Ghana	Managed Services	90

Subsidiary company registered addresses:

England	Westminster House, Blacklocks Hill, Banbury, Oxfordshire, OX17 2BS, United Kingdom.
Sierra Leone	60 Wellington Street, Freetown, Sierra Leone.
Germany	Chiemseestrasse 25, 83233 Bernau am Chiemsee, Germany.
France	17 Route de Sundhoffen, 68280 Andolsheim. France.
Ghana	2nd Floor, Emerald House, Gowa Lane, Roman Ridge, Accra.

* *Formed 21 October 2019*

** *Consolidated due to de facto control. These results do not have a material effect on the financial statements.*

16. FINANCIAL INSTRUMENTS

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 2019	Group restated 2018	Company 2019	Company restated 2018
	£'000	£'000	**£'000**	£'000
Financial assets				
Trade and other receivables (note 19)	**2,320**	4,556	**-**	-
Cash and cash equivalents (note 20)	**557**	290	**28**	29
	2,877	4,846	**28**	29
Financial liabilities				
Financial liabilities measured at amortised cost				
Borrowings (note 23)	**2,510**	2,545	**212**	223
Trade and other payables (note 24)	**2,405**	2,440	**254**	184
Liabilities held for sale (note 28)	**-**	151	**-**	-
	4,915	5,136	**466**	407

See note 2 for a description of the accounting policies for each category of financial instruments. The fair values are presented in this note and are the same as the carrying value. 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")
Amount	£2.245m
Conversion Price	25p until 22 May 2019 15p per share until 30 September 2019, 12.5p per share from 1 October 2019 until 31 December 2019 and thereafter 10p
Security	Secured fixed and floating
Redemption Date	30 June 2020. (Extended to 1 May 2021 after the year-end)
Management Fee	£25,000 per annum
Coupon	12 % until 31 March 2019 then15% paid quarterly in arrears. Listed on the CISX
Conversion Detail	Company can force conversion if the share price is > 65p for 15 working days after 19 June 2016. This condition was not met in the year. Company can make repayment without penalty at any time. The holder can convert at any time.

	2019			2018		
	CULN	**CLN**	**Total**	CULN	CLN	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
At 1 January	**171**	**2,216**	**2,387**	-	2,184	2,184
Fair value of new loans issued	**-**	**-**	**-**	165	-	165
Amortised finance cost	**18**	**357**	**375**	8	351	359
Interest paid	**(10)**	**(312)**	**(322)**	(2)	(253)	(255)
Fair value adjustment on extension	**-**	**(28)**	**(28)**	-	(66)	(66)
At 31 December	**179**	**2,233**	**2,412**	171	2,216	2,387

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

	2019			2018		
	CULN	**CLN**	**Total**	CULN	CLN	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
At 1 January	**171**	**2,245**	**2,416**	-	2,245	2,245
New issue	**-**	**-**	**-**	171	-	171
At 31 December	**171**	**2,245**	**2,416**	171	2,245	2,416

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.

Secured convertible loan notes (CLN) are compound financial instruments that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in fair value.

On 24 May 2018 the Company extended the term of the CLN resulting in an increase of coupon to 12% from 24 May 2018 and conversion price decreased from 35p to 25p.

On 21 May 2019 the Convertible Loan Notes were extended to 30 June 2020. Under the terms of the CLN extension the conversion price on any unredeemed or unconverted CLN will be 15p per share until 30 September 2019, 12.5p per share from 1 October 2019 until 31 December 2019 and thereafter 10p per share from 1 January 2020 until the new maturity date of 30 June 2020. The coupon payable on any unredeemed or unconverted CLN amount will be 15% pa from 1 April 2019 until 30 June 2020. The Company may redeem the whole or any part of the CLN holding at any time without restriction or penalty.

Notes to the Financial Statements

Like convertible unsecured loan notes (CULN), this instrument is determined to have a liability and equity component. The liability component is initially recognised at fair value of a similar liability without a conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. It is not subsequently remeasured. The liability component is measured at amortised cost using the effective interest method.

See also Note 32 Subsequent events.

17. DEFERRED TAX ASSETS AND LIABILITIES

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. The Group's projections show the expectation of future profits, hence in 2018 a deferred tax asset was recognised. A review has been performed this year which has confirmed those expectations.

The tax losses against which this deferred tax asset is being recognised are in the group's holding company and its principle UK based subsidiaries. Evidence, both positive and negative, primarily the group's projections of future profits have been considered. The critical judgement has been the timing of new contracts. The deferred tax asset is expected to be used in the period up to the end of 2022.

The Group believes it has a total potential deferred tax asset of £1,904,000 (2018: £1,795,000). It has recognised a deferred tax asset of £907,000 (2018: £889,000) due to budgeted future profits of the business beyond 2020. There remains £991,000 (2018: £896,000) of unrecognised deferred tax asset.

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 17% (2018: 17%). Any changes in the future would affect these amounts proportionately. On 17 March 2020, the change to 17% was reversed, such that the 19% was substantively enacted to continue to apply from 1 April 2020.

	2019	2018
	£'000	£'000
Opening balance as at 1 January	**889**	-
Credit to income statement	**18**	889
Deferred tax asset as at 31 December	**907**	889

On 24 February 2020 the company announced that it had the redeemed or converted £561,250 worth of the CLN.

38 days

average credit period in 2019

18. INVENTORIES

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	**£'000**	£'000
Finished goods	**47**	74	**-**	-
	47	74	**-**	-

The cost of inventories recognised as an expense within cost of sales amounted to £3,210,000 (2018: £1,309,000). No reversal of previous write-downs was recognised as a reduction of expense in 2019 or 2018.

19. TRADE AND OTHER RECEIVABLES

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables, gross	851	701	1	2
Allowance for credit losses	(116)	(127)	(1)	(2)
Trade receivables	735	574	-	-
Amounts recoverable on contracts	1,430	1,909	-	-
Other receivables	155	2,073	-	-
Financial assets	2,320	4,556	-	-
Prepayments	246	60	70	27
Non-financial assets	246	60	70	27
Trade and other receivables	2,566	4,616	70	27

The average credit period taken on sale of goods in 2019 was 38 days (2018: 41 days). An allowance has been made for estimated credit losses of £116,000 (2018: £127,000). This allowance has been based on the knowledge of receivables at the reporting date together with forecasts of future economic impacts and their collectability. There are no expected credit losses on amounts recoverable on contracts.

The following table provides an analysis of trade and other receivables at 31 December. 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.

	2019	2018
	£'000	£'000
Current	474	306
Not more than 3 months	197	219
More than 3 months but less than 6 months	180	176
	851	701
Allowances for Credit Losses		
Opening balance at 1 January	127	52
Amounts written off	(113)	-
Amounts provided	102	75
Closing balance at 31 December	116	127

There are no significant expected credit losses from financial assets that are neither past due nor impaired. At 31 December 2019 £510,000 (2018: £3,708,000) of receivables were denominated in US dollars. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

20. CASH AND CASH EQUIVALENTS

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	£'000	£'000
Cash at bank and in hand	605	292	28	29
Bank overdraft	(48)	(2)	-	-
Cash and cash equivalents	557	290	28	29

All the bank accounts of the Group are set against each other where a right of offset exists 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 and the statement of financial position.

21. CALLED UP SHARE CAPITAL

Group and Company

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

	2019		2018	
	Number	£'000	Number	£'000
At 1 January	130,027,511	13,003	120,743,420	12,074
Arising on exercise of share options and warrants	375,000	37	875,000	88
Other issues for cash	15,000,000	1,500	8,409,091	841
At 31 December	145,402,511	14,540	130,027,511	13,003

During the year the following equity issues took place:

Date	Comment	Shares Issued	Issue price
08 February 2019	Equity placing	5,000,000	10.0p
25 July 2019	Equity placing	10,000,000	10.0p
19 December 2019	Exercise of warrants	375,000	12.5p

22. SHARE OPTIONS

The Company adopted the 2007 Share Option Scheme on 3 April 2007 that provides for the granting of both Enterprise Management Incentives and unapproved share 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.

The Company adopted the 2017 Share Option Scheme on 21 September 2017 that provides for the granting of both Enterprise Management Incentives and unapproved share 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 2017, 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.

These options are valued by the use of the Black-Scholes model using a volatility of 70%, interest free rate of 0.5% and a life of 5 years.

The company has the following share options outstanding to its employees (including those on good leaver terms). The weighted average exercise price at the reporting date was 18.1p (2018: 18.2p). The average life of the unexpired share options was 7.1 years (2018: 8.4 years).

		31 December 2019		31 December 2018	
Grant Date	Exercise Price	**Number Outstanding**	**Average Life Outstanding (Years)**	Number Outstanding	Average Life Outstanding (Years)
25 September 2009	£0.345	-	-	56,000	0.7
28 June 2012	£0.365	**225,000**	**2.5**	295,000	3.5
1 July 2014	£0.510	**225,000**	**4.5**	245,000	5.5
10 December 2014	£0.285	**2,281,250**	**4.9**	2,281,250	5.9
9 October 2015	£0.140	**40,000**	**5.8**	40,000	6.8
1 June 2018	£0.130	**6,150,000**	**8.4**	6,500,000	9.4
1 November 2018	£0.130	**750,000**	**8.8**	750,000	9.8
		9,671,250	**7.1**	10,167,250	8.4

During the year, no employee options were granted (2018: 8,250,000), none were exercised (2018: none) and 496,000 lapsed (2018: 1,740,750). The weighted average price of the options lapsed in the year was 20.3p (2018: 19.9p).

The weighted average exercise price of exercisable options at the end of 2019 was 18.1p (2018 18.2p)

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 past 3 years has been used to calculate volatility.

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 employee share-based payments made in 2018 but expensed over a 12-month period was £232,000 (2018: £237,000).

Warrants

The Company has historically issued the following warrants which are still in force at the balance sheet date:

- On 22 February 2016 (£0.475m CULN) 589,330 warrants with a life of 3 years (extended to 4 years) and an exercise price of 20.15p per share.
- On 31 January 2018 (Placing Commission) 170,455 warrants with an exercise price of 22.0p and a life of 5 years.
- On 25 July 2019 (£1m Share Issue) 10m warrants with an exercise price of 12.5p and a life of 2 years.

The S P Angel Warrants were inadvertently omitted from the 2018 accounts but have been accounted for in 2019. The omission of a charge of £27,000 from the 2018 accounts was not material.

On 25 July 2019 the Company announced a placing of 10,000,000 Ordinary Shares to various holders. For every share one detachable warrant was issued, each warrant having a life of two years and an exercise price of 12.5p per share. Warrants are valued by the use of the Black-Scholes model, using volatility based on the previous three years varying between 50-70% and a relevant risk-free rate as noted above. Warrants are recorded at fair value at inception and are not remeasured.

The fair value of £324,000 (2018: Nil) for the issue of both of these warrants was recognised in the year as part of the share-based payments.

Notes to the Financial Statements

23. BORROWINGS

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	**£'000**	£'000
Non-current				
Convertible loan note (note 16)	**2,233**	2,216	**-**	-
Convertible unsecured loan note (Note 16)	**179**	171	**179**	171
Non-current lease debt	**98**	158	**33**	52
Total borrowings	**2,510**	2,545	**212**	223

24. TRADE AND OTHER PAYABLES

	Group 2019	Group Restated 2018	Company 2019	Company Restated 2018
	£'000	£'000	**£'000**	£'000
Current				
Trade payables	**1,385**	1,484	**99**	54
Accruals and other creditors	**960**	898	**137**	112
Finance lease creditor (IFRS 16)	**60**	58	**18**	18
Financial liabilities	**2,405**	2,440	**254**	184
Other taxes and social security payable	**51**	129	**16**	15
Contractual liabilities	**73**	2,438	**-**	-
Non-financial liabilities	**124**	2,567	**16**	15
Total current trade and other payables	**2,529**	5,007	**270**	199
Shown on the balance sheet as:				
Contractual liabilities	**73**	2,438	**-**	-
Trade and other payables	**2,456**	2,727	**545**	199
	2,529	5,007	**545**	199

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 2019 was 66 days (2018: 27 days). The Directors consider that the carrying value of trade payables approximates to their fair value.

Contractual liabilities relate to amounts received from customers at year-end but not yet earned.

At 31 December 2019 £1,243,000 (2018: £1,393,000) of payables were denominated in US dollars, £16,000 (2018: Nil) were denominated in Euros and £22,000 (2018: Nil) were denominated in Sierra Leone Leones.

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 2019			Group 2018		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments:						
Depreciation, amortisation and impairment of non-financial assets	215	-	215	150	(170)	(20)
Effect of assets / liabilities acquired	2	-	2	(303)	-	(303)
Net finance costs	620	-	620	330	-	330
Disposal & adjustment of fixed assets	2	-	2	-	-	-
Loss on disposal of non-financial assets	-	-	-	2	-	2
Non-cash accounting for CLN & CULN	35	-	35	75	-	75
Increase in deferred tax asset	(18)	-	(18)	-	-	-
Share-based payment expenses	556	-	556	273	-	273
Total adjustments	1,412	-	1,412	491	(170)	321

	Group 2019			Group 2018		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net changes in working capital:						
(Decrease) / increase in inventories	27	-	27	(35)	-	(35)
(Decrease) / increase in trade and other receivables	2,050	-	2,050	(3,923)	-	(3,923)
(Decrease) / increase in contract liabilities	(2,365)	-	(2,365)	2,438	-	2,438
(Decrease) / increase in trade and other payables	(113)	-	(113)	1,328	-	1,328
Decrease in liabilities of disposal group classified as held for sale	-	(151)	(151)	-	-	-
Total changes in working capital	(401)	(151)	(552)	(192)	-	(192)

	Company 2019	Company 2018
	£'000	£'000
Adjustments:		
Depreciation, amortisation and impairment of non-financial assets	90	67
Finance costs	458	296
Non-cash accounting for CULN	(90)	(31)
Share-based payment expenses	556	237
Non-cash movement in intercompany balances	108	(412)
Other non-cash items	(18)	(75)
Total adjustments	1,104	82

Notes to the Financial Statements

	Company 2019	Company 2018
	£'000	£'000
Net changes in working capital:		
(Increase) / decrease in trade and other receivables	(43)	15
Increase/(decrease) in trade and other payables	71	84
Total changes in working capital	(28)	99

26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no material assets and contingent liabilities (2018: 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 and interest rate risk.

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.

Group 2019	Short-term exposure USD	Short-term exposure EUR	Short-term exposure SLL
	£'000	£'000	£'000
31 December 2019			
Financial assets	510	-	-
Financial liabilities	(1,243)	(16)	(22)
Total exposure	(733)	(16)	(22)

Group 2018	Short-term exposure USD	Short-term exposure EUR	Short-term exposure SLL
	£'000	£'000	£'000
31 December 2018			
Financial assets	3,708	-	-
Financial liabilities	(1,393)	-	-
Total exposure	2,315	-	-

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a gain of profits in 2019 of £81,000 (2018: £376,000 Loss). 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 main borrowings of the Group are the convertible loans and are detailed in note 16. All have fixed interest rates. Interest on the cash holdings of the Group and "other" loans noted in note 23 is not material and therefore no calculation of interest rate sensitivity have been undertaken.

Credit risk analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and where possible working on a "cash with order".

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 assets are secured by collateral or other credit enhancements. Details of allowance for credit losses are shown in note 19 of these financial statements.

The Company has investments in and amounts owing from subsidiary companies. The amounts owing are held at fair value. For loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. If it does not, then an impairment will be considered.

Liquidity risk analysis

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. 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 outlook period.

As at 31 December 2019, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	2019			2018 Restated		
	Current (within 6 months	**6 to 12 months**	**Non-Current (1-5 years)**	Current (within 6 months	6 to 12 months	Non-Current (1-5 years)
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Group						
Convertible loans	**-**	**2,233**	**179**	-	2,216	171
Trade and other payables	**2,456**	**-**	**-**	2,569	-	-
Total	**2,456**	**2,233**	**179**	2,569	2,216	171
Company						
Convertible loans	**-**	**-**	**179**	-	-	171
Trade and other payables	**270**	**-**	**-**	199	-	-
Total	**270**	**-**	**179**	199	-	171

Notes to the Financial Statements

28. DISCONTINUED OPERATIONS

At 30 September 2017 the Group took the decision to dispose of its ferry operation in Sierra Leone, from this date the operation together with the related finance obligations was being actively marketed for sale, and therefore has been reclassified as a disposal group held for sale within the financial statements.

A discontinued operation is a component of the Group's activities that is distinguishable by reference to geographical area or line of business that is held for sale, has been disposed of or discontinued, or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Profit / (loss) for the year from discontinued operations	2019	2018
	£'000	£'000
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administration expenses	28	149
Operating loss from discontinued activities before taxation	28	149
Income tax expense	-	-
Loss from discontinued ordinary activities after taxation	28	149
Earnings per share relating to the discontinued operations	0.02p	0.11p
Cash flows relating to the discontinued operation are as follows: Operating cash flows	28	149

29. DISPOSAL GROUPS HELD FOR SALE

At 30 September 2017 the Group took the decision to dispose of its ferry operation in Sierra Leone, from this date the operation together with the related finance obligations was being actively marketed for sale, and therefore has been reclassified as a disposal group held for sale within the financial statements. On this date the Group impaired the assets of the disposal group to nil. Details of the assets and liabilities held for sale are as follows:

	2019	2018
	£'000	£'000
Assets held for sale:		
Tangible fixed assets at cost	2,820	2,820
Accumulated depreciation	(2,650)	(2,650)
Intangible assets at cost	-	32
Accumulated amortisation	-	(32)
Assets held for sale	170	170
Related liabilities:		
Accruals	-	(148)
Trade payables	-	(3)
Liabilities directly associated with assets classified as held for sale	-	(151)

The accounting estimates made at the end of 2017 proved to be too prudent, in 2018 therefore it was estimated that the net realisable amount was likely to be around £170,000. This decision was reviewed again at the end of 2019 and in the light of the sale, which was accounted for in February 2020, £170,000 was considered to remain the fair value of the Sierra Queen however because commitments such as repair and surrender of the terminals was completed in the year, these were utilised.

30. ACQUISITION OF SUBSIDIARY

On 30 April 2019 Westminster Group plc acquired 100% of the shares of Euro Ops SRL along with the business and assets of Euro Ops International SRL. Euro Ops is a French based aviation security and support services company which, through its sister company, Euro Ops International (also trading as ICare), provides aviation support services such as Airport Security, Aircrew Management, Humanitarian Logistics, Operations & Dispatch, Ground Handling etc. The business operates primarily in emerging markets particularly in Francophone Africa providing humanitarian assignments and is responsible for sending teams all over the world to assist the UN and NGO's.

The fair value of the financial assets includes receivables – Trade Debtors was nil.

Acquisition-related costs (including administrative expenses) amounted to £10,000.

Euro Ops contributed £139,000 revenue and a loss of £21,000 to the Group's profit for the period between the date of acquisition and the balance sheet date.

If the acquisition of Euro Ops had been completed on the first day of the financial year, Group revenues for the year would have been £11,098,000 and the Group loss would have been (£1,438,000).

"If the acquisition of Euro Ops had been completed on the first day of the financial year, Group revenues for the year would have been £11,098,000.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed	£'000
Purchase of shares in Euro-Ops SRL	
Financial assets	-
Inventory	-
Property, plant and equipment	-
Identifiable tangible assets	-
Financial liabilities	(2)
Contingent liability	-
Total identifiable assets	(2)
Goodwill	9
Total consideration	7
Satisfied by:	
Cash	7
Total consideration	7
Net cash inflow arising on Acquisition	
Cash consideration	(7)
Cash outflow on acquisition	(7)
Purchase of business & assets of Euro-Ops International SRL	
Financial assets	-
Inventory	-
Property, plant and equipment	-
Identifiable tangible assets	-
Financial liabilities	-
Contingent liability	-
Total identifiable assets	-
Goodwill	9
Total consideration	9
Satisfied by:	
Cash	9
Total consideration	9
Net cash inflow arising on Acquisition	
Cash consideration	(9)
Cash outflow on acquisition	(9)

31. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the Directors, who are the key management personnel of the Group is set out in the Remuneration Committee report on pages 52 - 56 as details of pension contributions for Directors.

In the year to 31 December 2019 fees and expenses of £16,180 plus VAT were accrued to Cattaneo LLP a Limited Liability Partnership under the control of Charles Cattaneo. On the 31 December 2019 Cattaneo LLP was owed £1,600 including VAT.

Certain members of the Fowler family, other than directors, have been employed by the Group on normal arms-length terms for between 10 and 22 years. Their remuneration, in aggregate, for the year ended 31 December 2019 was £171,659 (2018: £166,250).

In 2019, up to his resignation from the board Mr James Sutcliff was paid no consultancy fees and expenses through his service company JSS Consultants Limited. (2018: £23,119).

In the year to 31 December 2018, prior to his being appointed as a director, Mr Mark L W Hughes received consultancy fees and expenses through his service company MLWH Limited. A total of £17,901 was paid to this company. There were no such fees in 2019.

“The Group has implemented logistical and organisational changes to consolidate the Group’s resilience to COVID-19.

32. EVENTS AFTER THE REPORTING PERIOD

On 22 January 2020 the Company has entered into a £3.0m Mezzanine Loan Facility and issued £1.75m (14m shares at 12½p) Equity Placing and Sharing Agreement (together the “Financing Facility”) with RiverFort Global Opportunities PCC and YA II PN Ltd. (together the “Investor”) which is being used to repay its existing £2.245m Convertible Secured Loan Notes and to provide additional financing if required.

The Financing Facility will provide the Company with a £3m Mezzanine Loan Facility which may be drawn down in tranches, each repayable over 18 months, together with monthly cash inflows under the Equity Placing and Sharing Agreement, based on the Company’s share price performance, which will go towards the monthly repayment costs of the loan. £1.5m was drawn down on 22 January 2019. The Company has the right, at its sole discretion, to draw down up to a further £1.5m at any time in the following 24 months, subject to certain conditions.

Separately under the Equity Placing and Sharing Agreement (“EPSA”) the Investor subscribed £1.75m (“Subscription Amount”) for ordinary shares in the Company at a price of 12½p per ordinary share (“Subscription Shares”) on deferred payment terms. The Investor will have the right to sell the Subscription Shares, subject to certain volume restrictions, over a 12-month period, extendable to 24 months at the Investor’s discretion. Under the EPSA the Investor and its affiliates are prohibited from holding any short position in or to forward or short sell Westminster shares. The Investor may elect to convert the balance, if any, of the remaining Mezzanine Loan into ordinary shares of 14.54p once all the Subscription Shares have been sold. The Investor has also agreed that Subscription Shares may be sold to any third party introduced by Westminster, individually or as part of a future fundraising.

The Company has also agreed to issue to the Investor 3,499,222 warrants at 14.54p, being a premium of 34% to the closing price of 10.85p on 21 January 2020, that can be exercised between 6 and 48 months from issue.

On 22 January 2020 the Group announced that it had commenced a staged redemption programme of the Company’s existing £2.245m Convertible Secured Loan Notes (“CSLNs”). The CLSNs, initially issued on 19 June 2013, were amended as outlined in our

announcement on 22 May 2019 and carry a 15% coupon and from 31 December 2019 holders may elect to convert their CSLNs at 10p per share in place of cash redemption. The May 2019 amendments also allow the Company to redeem the CSLNs in whole or in part at any time before the maturity date without restriction or penalty.

On 22 February 2020 the Group reduced in its debt position and reduction in financing costs by repaying or converting £561,250 worth of its Convertible Secured Loan Notes ("CSLN"). The Convertible Loan Notes holders to the value of £6,250 elected to convert into 62,500 shares, £555,000 were redeemed for cash.

In February 2020 the Group shipped the Sierra Queen and was able to recognise the sale under IFRS 15 in that month.

On 30 March 2020 the Group extended the maturity date for the Convertible Secured Loan Notes, noted above, to 1 May 2021. The Company may redeem the whole or any part of the CLN holding at any time without restriction or penalty.

As detailed in the Chief Executive Officer's Report, pages 8 to 16, the Group has been affected the ongoing COVID-19 pandemic. The duration of the outbreak and its impact to global trade cannot be accurately determined at the current date.

COVID-19 may impact the Group in varying ways and could lead to downward pressure on the level of revenues recognised. The Group has implemented logistical and organisational changes to consolidate the Group's resilience to COVID-19, with the key focus on product sales, which have seen a marked increase since the outbreak of the pandemic.

As at the Balance Sheet date of 31 December 2019, the enacted corporation tax rate to apply from 1 April 2020 was 17%, so that rate has been applied to the deferred tax asset on losses. On 17 March 2020, the change to 17% was reversed, such that the 19% was substantively enacted to continue to apply from 1 April 2020.

Company Information

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Peter Fowler
Mark Hughes
Stuart Fowler

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Charles Cattaneo
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