Annual Report &
Financial Statements 2017

WESTMINSTER
GROUP PLC

Worldwide World Class Protection

Managed Services | Security Technology

Highlights

Operational

- Transformational fifteen-year aviation security opportunity in the Middle East with annual initial revenues of €24m very well advanced in 2017. This is a large and complex opportunity with very significant effort and progress in setting up the appropriate supply chain and infrastructure
- Managed Services now the key focus of the Group and the pipeline of major long-term project opportunities continues to grow. Discussions in progress with governments and airport authorities in various parts of the world
- New contract awards for equipment and services to airports around the world including a six-month airport security training programme
- Strong recovery in West Africa passenger numbers continues, several new airlines commenced services with Turkish Airlines commencing in February 2018
- Sovereign Ferries operations transferred to Sea Coach Express end September 2017
- Board strengthened with the appointment of the Rt. Hon Sir Tony Baldry as Chairman and Martin Boden as Chief Financial Officer from 29 June 2017. Sir Malcolm Ross remains on the Board as Deputy Chairman

Financial

- Revenues up by 22% to £5.4m (2016: £4.4m) with £3.6m from Managed Services division (2016: £2.8m) marking the end of the Ebola period in West Africa and resumption of passenger volumes. Technology division revenues of £1.8m compared with £1.6m in 2016
- Gross margin decreased to 59% (2016: 71 %) as a result of lower Technology margins (fewer large higher margin orders) and the impact of cost of sales being higher than revenues at Sovereign Ferries
- Adjusted EBITDA loss £1.2m (2016; Profit £25k) largely due to the discontinued ferry operation. For continuing operations, EBITDA loss of £0.5m (2016: Profit £0.1m)
- Equity of £2.4m issued in the year compared with £1.3m in 2016. No new debt finance raised in 2017 compared with £1.7m raised in 2016
- The last remaining £1.2m of Darwin unsecured loan notes were converted into equity in 2017
- Loss per share of 5.60p (2016: 2.46p). For continuing operations, loss per share of 2.24p (2016: 1.42p)
- Cash balance of £0.4m at 31 December 2017 and £0.7m at 1 May 2018 (31 December 2016: £0.2m)

Post Period End

- Middle East airport project confirmed as Iran, with initial annual revenues of €24m, signed but on hold awaiting clarification of the impact of the US withdrawal from the JCPOA and the implications for the Company's supply chain
- Second separate contract for equipment supply into Iran, worth €2.6m, also signed but on hold awaiting clarification of the impact of the US withdrawal from the JCPOA and the implications for the Company's supply chain
- Technology division contract worth $4.5m secured in March 2018, expected to be mostly delivered in 2018
- New Managing Director appointed for Technology division in February 2018
- £750k of new equity raised in January 2018
- £87k of Beaufort warrants exercised in January 2018, Beaufort no longer joint broker
- Convertible Secured Loan notes extended from 18 June 2018 to 30 June 2019, the Company has an option to extend for a further six months to 31 December 2019
- Group in a much stronger financial position than at the start of the year

Contents

WESTMINSTER
GROUP PLC

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

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

primarily to:

Governments & Governmental Agencies,

Non Governmental Organisations

& Blue Chip Commercial Organisations Worldwide

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

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

Peter Fowler
Chief Executive Officer

Managed Services Division

Managed services contracts and the provision of manned services

Our Managed Services Division is focussed on providing long term recurring revenue, managed services contracts and the provision of manned services, consultancy, training and other similar supporting services.

The Managed Services Division is generating considerable interest from governments around the world

The division comprises primarily of Westminster Aviation Security Services Limited, Westminster Facilities Management Limited, and Longmoor Security Limited.

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

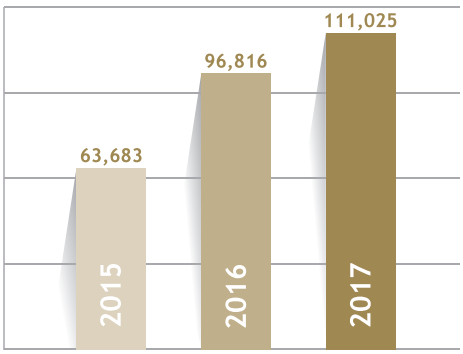
We enter into these contracts on a long term basis (typically 15-20 years) and are remunerated by a per passenger fee which is paid directly by the user of the facility to Westminster. For example this would mean that for an airport a security fee would be added to the passenger ticket via the IATA (International Air Transport Association) mechanism and this fee is then settled with Westminster directly providing strong cash predictability. Once a contract is signed and is in place then the data rich nature of the aviation industry (with visibility as to schedules, load factors etc.) and the long term nature of the contract provides strong forward revenue visibility.

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

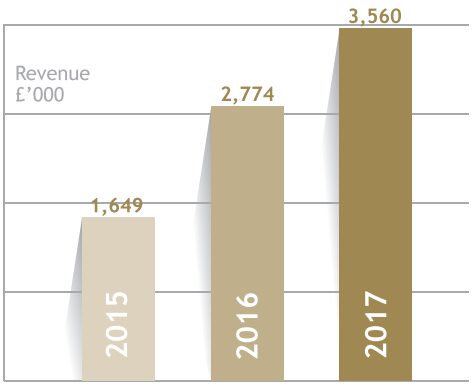
The Managed Services Division is generating considerable interest from

Our expertise
in the sector enables us to advise on the correct processes, procedures and documentation required by international bodies and our comprehensive in-house training services means all local employees involved in these operations remain properly trained and certificated.

Passengers Served



Managed Services Division Revenue



governments around the world particularly regarding airport security solutions and it has a growing prospect pipeline (potential projects which are in active discussions and which are at various stages of development). The division is currently in discussions with a growing number of airports, several of which have advanced to signed Memorandum of Understanding (MoU) stage. A measure of potential passenger volumes under the signed MoU's is shown in the table opposite. The relevance of these numbers is that the division will receive long term revenues directly proportional to the number of embarking passengers.

Whilst not all the opportunities under discussion will result in final contracts, further expansion of the prospect pipeline is expected providing the potential for substantial growth from this division over the next few years.

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

Technology Division

Providing advanced technology led security solutions

A key strength of Westminster's Technology division is its extensive knowledge of the security market place

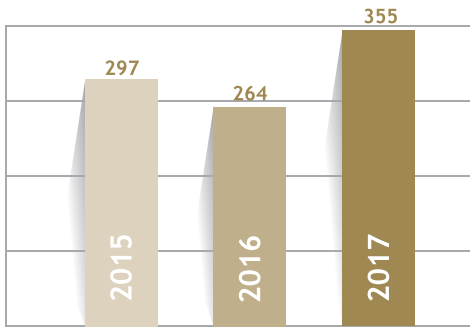
The Technology Division is focussed on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking and interception technologies to governments and private organisations across the world.

It has an in-depth knowledge of the security technologies available which allows it to design innovative solutions using niche technologies. The division comprises primarily Westminster International Limited and has a strong track record of providing security solutions and technology products to a broad range of blue chip clients worldwide.

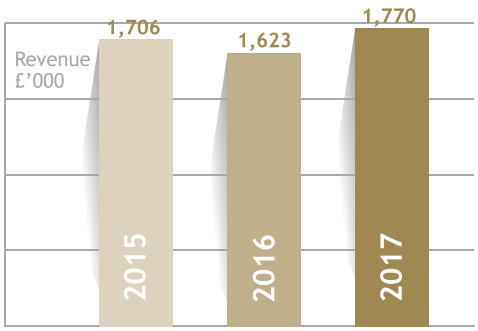
We are not a manufacturer and are product agnostic, able to promote and deliver the best solution for any given application. A key strength of Westminster's Technology division is its extensive knowledge of the security market place and manufacturers of effective but often niche security equipment together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

Sales are driven by growth in international security markets and the division has a large enquiry bank arising from its international agent network and comprehensive website (Westminster International has one of the largest security equipment and services websites in the world). The division has a large pipeline of potential projects that are in active discussions at various stages of development. Some of these projects can

Orders Received



Technology Division Revenue



Example Worldwide Projects

The division is successfully securing smaller contracts for equipment and services

take a long time, in some cases years, to negotiate and as always timing and outcome remain uncertain.

The division is successfully securing smaller contracts for equipment and services creating a regular monthly run rate of business from clients worldwide. Added to these are the potential larger contracts that create significant peaks in revenue. There is a key vertical integration synergy with this division's expertise in consultancy and equipment being used to underpin the major growth opportunities at our managed services division. The technology division's worldwide reputation and market reach provides a platform from which the managed services division can deliver opportunities and in addition it reduces capital expenditure by eliminating third party margins that would otherwise add to the capital cost.

Chairman's Statement

Rt. Hon Sir Tony Baldry DL
Chairman

I am pleased to present the Final Results for Westminster Group plc for the year ended 31 December 2017.

The Group has made progress during the year with revenues up by 22% to £5.4m (2016: £4.4m), although at EBITDA level the loss of £1.2m compares to a profit in 2016 of £25k. Whilst over half of the EBITDA loss in 2017 related to the discontinued Ferry operations in Sierra Leone, we also continued with the necessary investment in our business, people and operations to deliver the significant potential growth we are working towards.

As a result of this investment we started 2018 in a stronger position than we have been in for some time. Both our Managed Services and Technology divisions are performing well and the Group closed its ferry operations from late September 2017 to focus on its core business. Our prospects have increased and operationally we have made significant progress. 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 £2.35m gross from the issue of new equity to support working capital requirements and business development costs, and the last remaining Darwin convertible unsecured loan notes (£1.2m) were converted into equity. In May 2018, the remaining secured convertible loan notes were extended to 30 June 2019, with an option for the Company to extend for a further six months to 31 December 2019.

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.

"We continue to work closely with and receive excellent support from the Foreign Office and UK Diplomatic Missions around the world"

Corporate Conduct

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.

We are conscious of the new AIM Notice 50 which requires companies to review their corporate governance disclosures annually and to adopt a recognised corporate governance code from 28 September 2018. We take our corporate governance responsibilities very seriously and will be adopting and working to the Quoted Companies Alliance (QCA) Corporate Governance Code with appropriate disclosures to be set out on the Company's corporate website.

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 make a donation please visit www.wg-foundation.org

Employees and Board

I am delighted to have become Chairman of the Westminster Group from the end of June 2017, and to have become Executive Chairman with effect from the end of January 2018. Sir Malcolm Ross remains on the Board as a Non-Executive Director and Deputy Chairman.

Martin Boden replaced Ian Selby as Chief Financial Officer at the end of June 2017 and I believe Martin's experience of international transactions and financial management of high growth businesses brings additional strength to our Board.

As a service-based business, our employees are key to delivering success. I believe we have an exceptional workforce and I would like to take this opportunity to express my appreciation to all our employees, both in the UK and overseas, who have worked extremely hard during the year.

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

24 May 2018

Chief Executive Officer's Strategic Report

Peter Fowler
Chief Executive Officer

Our vision remains 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.

As depicted in "Our business Evolution" on page 11, 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.

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.

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 continue to deliver a wide range of solutions to governments and blue-chip organisations around the world as can be seen from the example worldwide aviation projects shown on page 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 Managed Services business. This remains a key focus for the Group with its growth prospects in Emerging Markets and the resulting significant recurring revenue stream potential.

Business Review

As highlighted in the Chairman's Statement the Group has made progress during 2017. Revenues rose strongly in both our Managed Services and Technology divisions and the loss making Sovereign Ferries operation was discontinued in September 2017.

Enquiry levels remain healthy and levels of interest in the Group's services remain high across both operating divisions. However, whilst our Technology division

provides the technological resources and platform to expand our operations around the world 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 aviation security sector.

Managed Services Division

Our Managed Services division and the significant growth opportunities it is progressing is the key focus of the Group. During 2017 the Managed Services division made progress on several fronts.

Our aviation security business in West Africa has performed well as the recovery from the West African Ebola outbreak continues. We have seen steady growth with flight schedules increasing in 2017 and passenger growth across all airlines apart from Air France where their flights are code-shared with KLM. For the full year we had c.111,000 embarking passengers, an increase of 14% on the c.97,000 embarking in 2016. The growth in the number of carriers is encouraging and we expect to see a continuation of passenger growth in 2018 as several new airlines commenced services towards the end of 2017 and in Q1 2018 Turkish Airlines also commenced services with a new route to Istanbul.

Our aviation security business in West Africa has performed well as the post Ebola recovery continues

Westminster's international reputation and expertise in the field of aviation security continues to grow and in 2017 we secured contracts to assist airport authorities around the world with their equipment and training needs. We plan to expand our training team in 2018 to meet the demand for their services.

We have signed a number of Memorandums of Understanding (MoU) with governments and airport authorities in our target markets, several of which were added in 2017. Due, in part, to the confidential nature of such projects and commercial sensitivity, we are no longer announcing any individual MoU when signed and we will update the market on material developments as appropriate and in accordance with our regulatory responsibilities.

During 2017 we continued to spend considerable time, effort, and expense in progressing our large scale long term potential opportunities. In this respect, a defining aspect of our activities during the year has been the progress made with our major Middle East airport project opportunity in Iran. Iran has a population of close to 80 million people and over 60 airports and as such could be one of the world's fastest growing aviation opportunities.

Following the relaxation of sanctions on the Joint Comprehensive Plan of Action (JCPOA) agreement, we commenced discussions with the Iranian Airport Authorities and signed a Memorandum of Understanding in March 2016 to assist with equipment, processes and support systems to help bring Iranian airport security up to international standards. Following preliminary consultations, we received a formal Letter of Intent in May 2016 relating, initially, to one of the country's main airports.

Over the past two years we have been involved in wide ranging and complex and ongoing negotiations with commercial and political bodies with meetings in various jurisdictions. To be in a position to undertake this transformational project we have had to put in place a complex supply chain and invest in our corporate infrastructure, including the establishment of operations in Germany. We also dealt with a constantly changing scope of works as the client prioritised its requirements. In addition, given the sensitivities around operating in Iran, we have had to overcome

In 2017 we supplied numerous clients in around 60 countries across the world, especially in the UK, Middle East, both East and West Africa, Eastern Europe, Asia and Latin America

numerous challenges including banking, financing and strict compliance with international restrictions involving detailed due diligence and considerable professional advice from across Europe and the United States (US). Throughout the process we have received valuable support from the UK government at the highest levels.

On 22 December 2017, we announced we had finalised legal and commercial negotiations apart from a few minor commercial and contractual issues. On 28 March 2018 we announced that the outstanding commercial and contractual issues has been agreed and that we were awaiting the client's internal approval process to complete. On 7 May 2018, we signed a long term (15 year) contract with annual revenues in excess of €24 million Euros which will become effective on the exchange of formal board letters between us and the client. The purpose of the exchange of letters is to allow both parties time to ensure everything is in place before commencing operations. In addition, we also signed a secondary smaller equipment supply contract for €2.65 million Euros. Unfortunately, on 8 May President Trump made an announcement that the US were unilaterally and immediately withdrawing from the JCPOA agreement and re-imposing sanctions. This has created uncertainty both in Iran and the international business community.

None of Westminster's proposed equipment or services relates to any proposed sanctions. The other signatories to the JCPOA agreement, being China, Russia, Germany, France and the UK, have all stated their continued support for the agreement, as have the European Union (EU), the United Nations, the International Atomic Energy Agency and most other leading countries around the world. Germany, France and the United Kingdom have jointly vowed to uphold the JCPOA agreement and the EU is considering putting measures in place to protect European companies. However, given the initial uncertainty and following initial discussions with our customer and commercial partners, the Board made the decision to place both projects on hold whilst it seeks clarification on the impact of the US withdrawal from the JCPOA and the implications for the Company's supply chain including the potential replacement of some equipment suppliers.

Securing this major contract was a momentous achievement and we remain hopeful that non-sanctioned activities by non-US companies will be allowed to continue in Iran, and that the EU will put measures in place to protect EU companies against US extraterritorial actions allowing these projects, and others planned, to proceed.

Whilst the Iranian airport project has been a high priority and any delay in implementing the contract now signed is a frustration it is only one of a number of significant project opportunities we are pursuing around the world and we are well placed to sign at least one other long term Managed Services contract during 2018, although with projects of this scale and complexity there can never be certainty of outcome or timing.

Technology Division

During the year the Technology division secured contracts for a wide range of products and services to clients from around the world. By way of example of the diversity of our contracts we secured orders for Explosive Ordnance Disposal equipment for the Italian Army, Underwater Security systems for a Middle East Navy, Port security equipment to Bangladesh, screening equipment to Japan and Vietnam and we continued to provide security equipment and services to government facilities across the UK.

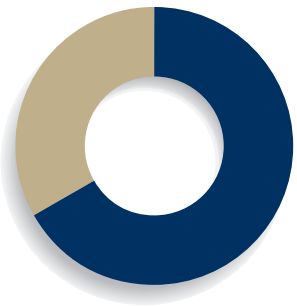
In 2017, we supplied numerous clients in around 60 countries across the world, especially in the UK, Middle East, both East and West Africa, Eastern Europe, Asia and Latin America.

With our ever-growing population of sold systems that require regular maintenance, in 2017 we increased our recurring revenue base of maintenance and service contracts, both in the UK and overseas, by over 30% to £236k per annum (2016: £180k). These contracts help underpin the cost base of the Division and is an area of the business we expect to grow further.

In addition, the Division has provided various equipment and technology support services to the Managed Services division.

In order to improve the management and potential of the Technology division in February 2018, we appointed Stuart Gilbert as Managing Director. Stuart has a strong background in international security solutions, previously holding senior positions in multinational security organisations and will lead the growth of this division.

Our business is facing unprecedented growth prospects, particularly with our airport security operations



Divisional Revenue Analysis (£'000)

- Managed Services (3,560)
- Technology (1,170)

Sovereign Ferries

Our ferry services in Sierra Leone, under the branding Sovereign Ferries, commenced formal services in January 2017. In June 2017, we announced that we had secured around 3% of the addressable ferry market, with the market as a whole estimated to be worth around £4 million per annum in revenues and that over the next 12 months we would be seeking to grow our market share to beyond a 14% share (the level at which we anticipated the operation would be providing a positive contribution). However, passenger growth and financial performance did not meet the Board's expectations, due in part to growing competition. Revenues in H1 2017 amounted to £51k (H1 2016: nil) and the EBITDA loss amounted to £0.4m (H1 2016: nil). With future passenger growth forecasts being downgraded, losses would be greater in quantum and duration than had been previously forecast. The Board took the decision in September 2017 to exit the ferry service in a manner that would not adversely affect airport passenger transfer to and from the mainland - this was one of the initial drivers for the ferry service.

We consequently entered into a formal agreement to transfer the operation to Sea Coach Express, the largest ferry operator in Sierra Leone, commencing on 25 September 2017. Under this Agreement, Sea Coach took over the Sovereign Ferries' operations and responsibility for management and operation of the ferry service. We transferred the Sierra Princess to Sea Coach as part of the transaction and cancelled the lease on our second vessel the Sierra Duchess without penalty.

By combining the ferry operations, the enlarged service is able to offer the travelling public a greatly enhanced service with increased choice, routes, vessels and landing stages.

We will continue to operate and manage the ferry terminals in accordance with our 21-year agreement and will receive a share of revenues on ticket sales made through our own operations, together with a payment for all passengers travelling to and from our terminals although we do not expect these revenues to be material.

We still own the Sierra Queen and given our exit from the ferry operations we are reviewing our options for disposal including a sale. As the vessel requires maintenance work and is not in service a sale may take time. The Board has made a full provision in the 2017 financial statements to write down the remaining Sovereign Ferries assets (not transferred to Sea Coach Express) to nil. The costs associated with the exit from the ferry operations have been treated as exceptional exit costs in the 2017 results.

Strategic Review

In 2016, I announced we were undertaking a wide ranging strategic review of our operations to ensure we are well positioned to maximise opportunities going forward and successfully take the business to a new level. This review is ongoing, and we continue to review our operations, structure, management and advisors. In 2017, we made a number of changes to our management structure and board of directors. This process continues with both senior management and new board appointments in 2018 broadening our range of experience and expertise.

Our business is set to benefit from unprecedented growth opportunities, particularly with our airport security operations, and it is essential we have the right strategies, people, processes and systems in place to successfully deliver such growth. Accordingly, the changes we have made to date and intend to make over the coming months will, I believe, serve the Company well and greatly assist our planned growth.

Performance Indicators

The Key Performance Indicators by which we measure performance of our business are set out in the Chief Financial Officer's Report on page 16.

Financial Review

The Financial Review for the year ended 31 December 2017 is set out in the Chief Financial Officer's Report on pages 12 to 16.

Principal Risks and Uncertainties

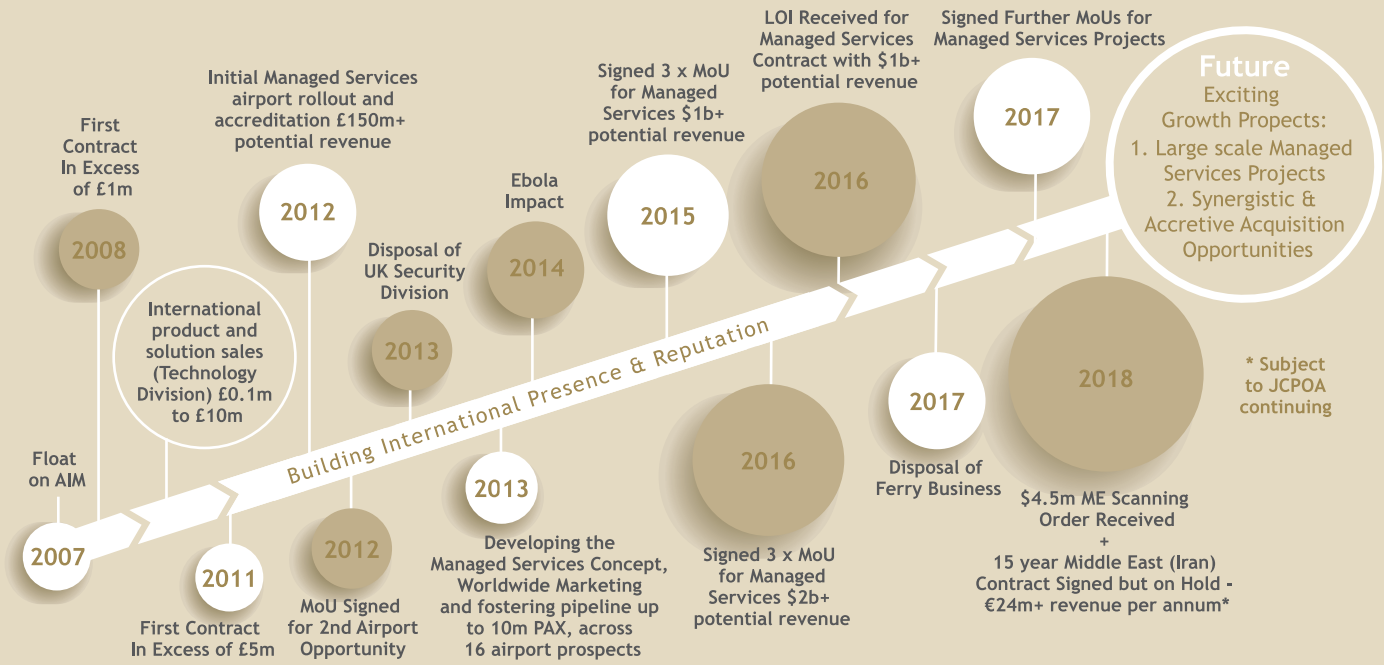
The Principal Risks and Uncertainties are referenced along with key mitigation strategies on pages 20 to 21.

Business Outlook

Our business is now in a better position than it has been for some time in terms of management, structure, revenues and prospects.

It has been extremely frustrating to have finally signed the major Iranian airport contract we have been pursuing for the past two years, only to have to delay implementing it following the US unilateral withdrawal from the JCPOA and threat of renewed sanctions. Whilst none of our equipment and services come under existing or threatened sanctions we must

Our Business Evolution



We continue to pursue the other project opportunities underway around the world and our Managed Services Division is making progress on a number of fronts

be certain of our position and that of our suppliers, before proceeding.

Never-the-less securing this major contract was an important achievement and demonstrates our managed services model is attractive and deliverable to airports of varying sizes and in challenging markets world-wide. We remain hopeful that the EU, which exported €10.8 billion of goods and services to Iran in 2017, will put measures in place to protect EU companies doing business in Iran against US extraterritorial actions, allowing projects such as ours in Iran to proceed. As previously announced, the Iranian airport project in question, which is just one of over 60 airports in the country, would if it proceeds add over €24 million Euros annually to our revenue.

We continue to pursue the other project opportunities underway around the world and our Managed Services division is making progress on a number of fronts. We are also securing an increasing number of smaller contracts to assist airport authorities around the world with their equipment and training needs, and this enhances our prospects for our large scale, long term airport opportunities. We are working towards signing at least one other long term Managed Services contract during 2018 although with projects of this scale and complexity there can never be certainty of outcome or timing.

Our Technology division continues to deliver a wide range of products and solutions around the world. Our recent $4.5m order received in the Middle East that we have been pursuing for over three years demonstrates the time such large-scale projects can take to finalise. Being the first multi-million-pound order for this division for a while it also demonstrates the lumpy revenue nature of this division. There are however many such opportunities we are pursuing and to capitalise on these opportunities, we have strengthened the management of this division with the recent appointment of Stuart Gilbert as Managing Director.

Over the next few months and years we have an opportunity to achieve unprecedented growth from the prospects we are pursuing. The Iranian airport opportunity and other managed services contracts could be transformational for the Group. The Board and I remain committed to delivering on this potential.

Peter Fowler, Chief Executive Officer

24 May 2018

Chief Financial Officer's Report

Martin Boden
Chief Financial Officer

Discontinued Operations

On 25 September 2017, the Group entered into a sale agreement to transfer the operation of Sovereign Ferries in Sierra Leone to Sea Coach Express. As part of this agreement, title of the Sierra Princess has been transferred to Sea Coach Express and the local company Sovereign Ferries (SL) Limited was transferred with an effective date as at 1 January 2018 following completion of the local 2017 audit. The company is being transferred with no assets and no liabilities – the Sierra Princess was leased and not on the balance sheet and the Sierra Queen and other Sovereign Ferries assets have been written down to nil.

The results of the discontinued operations are shown separately in the Consolidated Statement of Comprehensive Income and this report refers to both the results for all Group operations and the results for continuing operations.

Revenue

Revenues of £5.4m were 22% higher than the £4.4m reported in 2016. The Managed Services division revenues increased by 28% to £3.6m (2016: £2.8m) and the Technology division revenues rose by 9% to £1.8m (2016: £1.6m). The. Managed Services revenues continued to recover following the end of the Ebola crisis in West Africa and the consequent growth in passenger volumes and security fees. The discontinued Sovereign Ferries revenues were immaterial in both 2017 and 2016.

Gross Margin

Gross margin fell to 59% (2016: 71%) as a result of lower margins on Technology division sales and cost of sales exceeding revenues on the discontinued operations. There were fewer high margin technology sales in 2017 than achieved in 2016.

Operating Cost Base

Total Group administrative expenses were £8.7m (2016: £4.5m). Within these expenses an IFRS share option expense of £0.1m (2016: £0.1m) was recorded, a depreciation and amortisation charge of £0.3m (2016: £0.2m), impairment charges of £2.9m (2016: £nil), costs associated with exiting the ferry operation of £0.3m and specific pre-contract costs related to progression of the Iranian Middle East Airport opportunity of £0.5m (2016: £0.2m).

Operational EBITDA

The Group loss from operations was £5.5m (2016: £1.4m). When adjusted for the exceptional and non-cash items set out below and depreciation and amortisation, the Group recorded an adjusted EBITDA loss of £1.2m compared to a small profit of £25k in the prior year.

On 25 September 2017 the group entered into a sale agreement to transfer the operation of Sovereign Ferries in Sierra Leone to Sea Coach Express

Reconciliation to adjusted EBTIDA £'000	2017	2016
Loss from Operations	(5,487)	(1,389)
Depreciation, Amortisation and Impairment charges	3,202	234
Reported EBITDA	(2,285)	(1,155)
Share Option expense	63	103
Impact of Ebola	-	272
Iranian Middle East Airport Opportunity Costs	603	220
Ferry exit costs	335	585
Other exceptional items	50	-
Adjusted EBTIDA (loss) / profit	(1,234)	25

The adjusted EBITDA loss for continuing operations in 2017 was £0.5m with a further £0.7m of losses from discontinued operations.

Finance Costs

Total finance costs of £0.6m (2016: £0.6m) were consistent with the prior year as interest bearing debt levels remained constant. Senior Secured Convertible Notes (10% coupon) generated an underlying cash charge of £0.2m (2016: £0.2m). The remaining £0.4m (2016: £0.4m) of finance charges were non-cash based and related to IFRS valuations of the convertible loan notes.

Result for the Year

The Group loss before taxation was £6.1m (2016: £2.0m) and the loss per share was 5.6p (2016: 2.5p). For continuing operations, the loss before taxation was £2.4m (2016: £1.1m) and the loss per share was 2.2p (2016: 1.4p).

Statement of Financial Position

Total Group assets amounted to £3.2m at 31 December 2017 compared with £6.4m at 31 December 2016.

Net Group current assets amounted to less than £0.1millon at 31 December 2017 compared to £0.2m at 31 December 2016.

The Group debtor balance as at 31 December 2017 was £0.7m (2016: £0.9m). Average days sales outstanding at the year-end were 36 (2016: 32).

Cash and cash equivalents of £0.4m at 31 December 2017 compared with £0.2m at 31 December 2016.

Trade payables were £1.1m (2016: £1.1m) and average creditor days were 24 (2016: 35).

Total equity at 31 December 2017 stood at a deficit of £0.3m (2016: surplus of £2.3m).

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

The convertible unsecured loan notes issued to Darwin Capital Limited ("Darwin") were repaid in full in February and April 2017. Darwin held warrants attached to their loan notes and details are provided under Equity Issues below.

Summary of movements in loan notes at principal value £'000	CULN	CLN	Total
At 1 January 2017	1,200	2,245	3,445
Conversions in the year	(1,200)	-	(1,200)
At 31 December 2017 and 24th May 2018	-	2,245	2,245

At 31 December 2017, the secured CLN carried a coupon of 10% payable quarterly in arrears, had a conversion price of 35p and matured on 18 June 2018. In May 2018, with maturity getting close, we have extended the term of the secured CLN to 30 June 2019 at a coupon of 12%. The Company has an option to extend the term to 31 December 2019 at a higher coupon of 15% for that last six months. The conversion price has been reduced to 25p per share.

Equity Issues

On 28 February 2017, the Company issued 5,161,290 ordinary shares of 10p at 11.625p per share, with a further 10 million ordinary shares issued at nominal value on 18 April 2017, and 7.5 million ordinary shares issued at nominal value on 26 September 2017.

A further 10,669,227 ordinary 10p shares were issued during the year at an average price of 11.24p per share on conversion of the remaining £1.2m CULN.

Summary of Warrants at 31 December 2017

Number	Holder and Description	Strike Price (p)	Life (years)	Vesting Criteria
589,330	Darwin, February 2016	20.15	3	At grant:- detachable
1,100,000	Darwin, November 2016	28	3	At grant:- detachable
5,000,000	Hargreave Hale, June 2016	12	3	At grant:- detachable

The November 2016 Warrants were sold by Darwin to a new holder in April 2018.

The Group reported a favourable working capital movement of £0.6m (2016: £0.6m adverse movement)

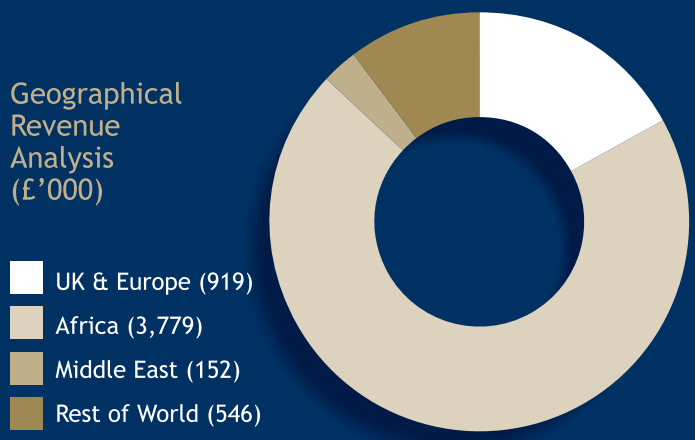
Cash Flow Statement

During the year the Group had an operating cash outflow of £1.5m (2016: £1.7m) which arose primarily from trading losses. Just under half of cash outflow (£0.7m) related to continuing operations with £0.8m relating to discontinued operations. In 2016, £1.0m of cash outflow related to continuing operations with £0.7m relating to discontinued operations.

The Group reported a favourable working capital movement of £0.6m (2016: £0.6m adverse movement).

During the year the Group raised £2.4m gross from the issue of new equity. In 2016, £1.3m was raised from new equity with a further £1.7m of proceeds from the issue of convertible loan notes.

During the year the Group was provided with overdraft support by its bankers HSBC and at present has a small but unused overdraft facility.



Reconciliation from adjusted EBITDA to normalised operating cash flow £'000	2017	2016
Adjusted EBITDA	(1,234)	25
Loss on asset disposal	9	13
Net changes in working capital	641	(638)
Equity settlement payment	25	-
Net Cash used in underlying operating activities	(559)	(600)

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

Events after the Reporting Period

- On 3 January 2018, Beaufort Securities exercised warrants over 875,000 new Ordinary Shares of 10 each at an exercise price of 10p per Ordinary Share. Accordingly, 875,000 new Ordinary Shares were issued in settlement of this exercise. Beaufort Securities Limited are no longer joint broker to the Company
- On 31 January 2018, the Company raised £0.75m (gross) through a placing of 3,409,091 new Ordinary Shares of 10p each at 22 pence per Ordinary Share. The placing was undertaken by S P Angel Corporate Finance LLP who received 170,455 Warrants to subscribe for Ordinary Shares at an exercise price of 22 pence per share
- On 28 March 2018, the Technology division secured a $4.5m contract for the provision of advanced vehicle screening solutions to an existing client in the Middle East
- On 10 May 2018, the Company announced that its major Middle East project opportunity is in Iran. The contract has been signed but the project is on hold as the Company investigates the impact of the US withdrawal from the JCPOA and the implications for the Company's supply chain

- On 24 May 2018, the Company extended the term of its Secured Convertible Loan Notes from 18 June 2018 to 30 June 2019, with an option to extend for a further six months to 31 December 2019. The coupon has been raised from 10% to 12% until June 2019 and increases to 15% for the six months to 31 December 2019 should the Company exercise its option. The conversion price has been reduced from 35p per share to 25p

Key Performance Indicators

The Group constantly monitors various key performance indicators for factors affecting the overall performance. At Group level, the revenues and gross margin are monitored to give a constant view of the Group's operational performance. As employment costs are the single largest cost base for the Group the number of employees and employee costs are also monitored to ensure best use of resources. Days Sales Outstanding is used to measure as to the cash conversion of revenue and identifies debtor aging issues.

The Managed Services division derives its revenues and cash flows based on the number of passengers using a facility such as an airport. The number of passengers served is monitored and with the growth in aviation training we have introduced KPI's for the number of contracts won.

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.

Key Performance Indicators

Group	2017	2016
Revenue £'m	5.4	4.4
Gross Margin	59%	71%
Days Sales Outstanding	36	32
Number of Employees	283	240
Average Employee Cost Per Head	£8,365	£9,450

Projects Won	2017	2016
Passengers Served ('000)	111	97
Number of Training Projects Won	16	2
% of Training Projects Won	61.5%	100%

Technology Division	2017	2016
Average Enquiries Per Month	128	117
Average Number of Orders Per Month	29	21
Number of Countries Supplied	41	39
Number of Return Customers	164	150

Martin Boden, Chief Financial Officer

24 May 2018

Board of Directors

Rt. Hon. Sir Tony Baldry
Executive Chairman

Sir Tony has had a long and 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.

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

Lieutenant Colonel Sir Malcolm Ross GCVO, OBE, was a member of the Royal Household of the Sovereign of the United Kingdom from 1987 and, from 2006 to 2008, Master of the Household of the Prince of Wales. Sir Malcolm was educated at Eton and Sandhurst. He served in the Scots Guards, holding the posts of Adjutant at the Royal Military Academy Sandhurst, and reached the rank of Lieutenant Colonel in 1982.

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

James Sutcliffe
Non-Executive Director

James Sutcliffe has gained a broad range of experience managing private and listed businesses over the last 25 years as Chairman, CEO or Director in small companies as well as an Executive Director of large, LSE listed public companies. This included the £475M acquisition of PD Ports plc in 2003 and the development of a new 500,000 TEU container terminal in 2005-7 from a beach at Gdansk in Poland. He Chaired UKTI "Ports & Marine" from 2006-2012 representing the whole of the UK ports and maritime sector internationally, working with senior UK Ministers and VVIP's promoting the UK to Emerging Market countries and Governments around the world.

His track record of enhancing ports and logistics businesses, creating new value and his entrepreneurial leadership, in what is often a traditional business model, has been complemented by a solid background in corporate governance and strategic thinking.

Ports and airports are frontiers to any country and so his experience in border security and international markets is highly relevant to Westminster Group's activities.

Board of Directors

Continued

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.

Martin Boden
Chief Financial Officer

Martin has considerable experience with high growth businesses and sales into international markets. He has worked with both AIM and FTSE 250 listed companies as well as Private Equity owned organisations, having most recently been CFO at Genus plc and JDR, a privately-owned energy services business. Martin has worked closely with both UKTI and UK Export Finance on overseas projects.

Stuart Fowler BEng (Hons)
Operations Director

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

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

Directors Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Principal activities

The 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 7 to 16.

The Directors who held office during the year were as follows

Executive Directors	Non-Executive Directors
Peter Fowler	Lt. Col. Sir Malcolm Ross
Stuart Fowler	Sir Tony Baldry
Ian Selby (resigned 29 June 2017)	Mr James Sutcliffe
Martin Boden (appointed 29 June 2017)	

Sir Tony Baldry became Executive Chairman on 31 January 2018.

Risk management objectives and strategy

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

Risk Committee

The purpose of the Risk Committee (the "Committee") is to perform centralised oversight and policy setting of risk management activities and to provide communication to 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; and
- External risk assessments in relation to the company's international business.

The risk committee is chaired by James Sutcliffe and its members are Sir Tony Baldry (non-executive during the year), Peter Fowler (CEO) and Martin Boden (CFO).

The Risk Committee met twice during the year.

The Board of Directors has identified the Principal Risks and Uncertainties facing the Group and these are shown below, together with how we manage or mitigate them:

Macro-economic outlook	
Risk and potential impact Current global economic, political and financial market conditions may materially and adversely affect the Group's operational performance. A downturn may affect customers, suppliers and other parties we do business with. The Group operates in emerging and frontier markets and therefore is exposed to the political, geographic and economic risks of such territories. With the UK committed to leaving the European Union, we will continue to see uncertainty in the UK, Eurozone and elsewhere as the economic and political relationship between the UK and EU is determined. The Board considers that the current level of market risk is higher than normal given the level of geo-political unrest.	Mitigation The Directors are seeking to ensure that the Group's activities are not significantly concentrated in any one individual customer or territory, so as to mitigate the exposure of any downturn in activity levels. In the event of a downturn the business could reduce investment plans and downscale its cost base in line with a deterioration in forecasted sales in any one particular market. The Group regularly reviews the relevant insurance requirements. Probability Possible Potential financial impact Major

Financial risks	
Risk and potential impact The main financial risks faced by the Group are credit risk, foreign currency risk, interest rate risk and liquidity risk.	Mitigation The Directors regularly review and agree policies for managing these risks. Credit risk is managed by monitoring limits and payment performance of counterparties. Where a customer is deemed to represent an unacceptable level of credit risk, terms of trade are modified to limit the Group's exposure. Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. This is regularly reviewed as the Group wins new business in foreign currency and we continue to monitor the business impact of macro-economic factors, which could affect the value of Sterling and in turn have an impact on supply chain costs. If required, surplus currency will be protected through forward foreign exchange contracts. Liquidity risk is managed by the close control of cash and frequent cash flow forecasting, together with modest overdraft facilities and additional financing to provide short-term flexibility. Interest rate risk is low with all Group borrowings having fixed rates of interest. The Group's capital raising ability can be affected by movements in capital markets. Probability Possible Potential financial impact Moderate

Legislation and regulations	
Risk and potential impact There is a risk that the Group may not always be in complete compliance with local laws and regulations in overseas territories. For example, the risk to the Group's reputation of failure to comply with ethical and environmental regulations arising in the countries in which it operates. An example of this could be inappropriate business ethics in one of the territories from which Westminster Group operates.	Mitigation The Directors have taken steps to ensure that all the Group's global operations are conducted to the highest ethical and environmental standards. Westminster Group maintains a strict anti-bribery policy with both Agents and employees given training through a series of webinars. The Group appoints relevant advisors to ensure regulatory requirements are complied with. Counterparties are vetted in order to minimise the risk of the Group being associated with a company that commits a significant breach of the regulations. Probability Unlikely Potential financial impact Moderate

Information technology	
Risk and potential impact The Group's systems and data are subject to security and availability risks, particularly in some of the territories the Group operates in. The Group is dependent on these systems for the day-to-day management of the Company. Any disruption to the Group's information systems could have a significant impact on the business.	Mitigation To mitigate these risks the Group ensures a regular full backup of our systems and data in case of an event. Disaster recovery plans are in place and are reviewed by senior management for suitability. Only current and fully supported systems are used to minimise the risk of cyber-attacks on Group systems. The Group uses external consultants to test the relevant systems vulnerability from time to time. Data backups are held in multiple locations to minimise recovery periods. Probability Possible Potential financial impact Moderate
Contractual liabilities	
Risk and potential impact Failure to deliver a contract in a timely manner, according to an agreed specification could lead to higher costs, penalties and reputational damage.	Mitigation The Group mitigates this risk by ensuring adequate project management is in place and any issues identified are dealt with in a timely and efficient manner. Warranties are sought from equipment suppliers where appropriate. Material contracts are reviewed by the Board on a regular basis to ensure that contractual liabilities are met. Probability Possible Potential financial impact Major
Talent succession planning	
Risk and potential impact The loss of key personnel or the failure to have an adequate succession plan could have an impact on the Group's overall performance. Recruiting and retaining skilled personnel at a board and operational levels, particularly overseas, is a continual challenge and competition is fierce in certain territories the Group operates in. Without the necessary talent recruited and embedded into the business this could adversely affect the Group's growth plans resulting in a loss of market share and the inability to compete and deliver in its chosen markets.	Mitigation The risk is mitigated by ensuring development plans are in place, salary packages are competitive and talent is sourced where necessary. The Chief Executive reviews all the senior managers' performance and competencies in the organisation and identifies critical retention employees, reporting the findings to the Board of Directors. Probability Possible Potential financial impact Moderate

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 (2016: £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 24 May 2018, those shareholders, other than Directors, who had disclosed to the Company an interest of more than 3 per cent of the issued share capital, are set out as follows.

Name of shareholder or nominee	Noo f shares	Holding %
Hargreave Hale	13,133,333	10.5
Mr Hamed Al Jamal	4,000,000	3.2

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 24 days (2016: 35 days).

Share price

During 2017 the Company's share price ranged from 9.0p to 24.0p and the share price at 31 December 2017 was 24.0p (2016: 21p).

Directors' and officers' liability insurance

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

Events after the reporting period

These are detailed in the CFO report and in note 30 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 future. 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 Directors and management ability to affect costs and revenues. Management regularly forecast results, financial position and cash flows for the Group.

The Group's convertible secured loan notes have a principal value of £2.245m and the term has recently been extended from 18 June 2018 to 31 December 2019. Whilst not repayable in the 12 months from the date of these financial statements, the board believes that the pipeline of potential Managed Services contracts could either give the Company the capability of repayments from cash flow, or that the bondholders could covert to equity. As part of a routine planning process the Board has identified options for the repayment of the convertible secured loan notes from either cash generated from operations or as part of any financing to support new projects won.

Based upon these projections the Group has adequate working capital for the 12 months following the date of signing these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditor

A resolution to reappoint Moore Stephens LLP as auditor will be proposed at the Annual General Meeting to be held on 26 June 2018.

In so far as each of the directors is aware

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

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

On behalf of the Board

Peter Fowler	Martin Boden
Director	Director

24 May 2018

Remuneration Committee Report

Introduction

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

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

Lt. Col. Sir Malcolm Ross (Chairman)

Sir Tony Baldry

James Sutcliffe

Each of these Directors were Non-Executive Directors during 2017. Sir Tony Baldry became Executive Chairman on 31 January 2018 and will continue to serve on the Remuneration Committee until a Non-Executive replacement is appointed.

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

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

- Base salary is reviewed annually and in setting salary levels the Remuneration Committee considers the experience and responsibilities of the Executive Directors and their personal performance during the previous year. The Committee also takes account of external market data, as well as the rates of increases for other employees within the Group
- Share options are granted having regard to an individual's seniority within the business and are designed to give Directors an interest in the increase in the value of the Group
- Benefits primarily comprise the provision of company cars, 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

Meetings

The Remuneration Committee met three times during the year.

Options

The Group considers it important to incentivise employees and Directors through share incentive arrangements. The Group adopted a new Share Option Scheme in September 2017, under which it plans to award both EMI options and unapproved options to certain employees and Directors over its ordinary shares. An option grant was made to the Directors in December 2014 under the previous 2007 Share Option Scheme, the details of which are set out in Note 22 of these financial statements. A demanding share price target of 60p before vesting must be achieved In order for the Directors to benefit from this scheme.

In context, this threshold represents a premium of 140 per cent. to the placing price of the £1 million fundraising in December 2014 and a premium of 66% per cent. to the average equity issue price between July 2011 and December 2014. The Group believes that such schemes (as well as Long Term Incentive Plans) align executives with long term shareholder value.

Non-Executive Directors' remuneration

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

Non-Executive Directors	Severance	Notice	Contractual fees £
Lt. Col. Sir Malcolm Ross	None	3 months	18,000
Sir Tony Baldry	None	3 months	40,000
James Sutcliffe	None	3 months	24,000

There were no Non-Executive Director changes in 2017. Sir Tony Baldry was appointed to the board on 30 June 2016 and James Sutcliffe joined the board on 1 December 2016.

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 2017 are as follows:

Audited

Executive Directors	Basic salary/ fee £'000	Benefits in kind £'000	Group national insurance cost £'000	Share Based Payment cost £'000	Total cost of employment £'000	Total 2016 £'000
Peter Fowler	157	1	22	12	192	192
Stuart Fowler	104	-	14	10	128	128
Martin Boden	75	1	10	-	86	-
Ian Selby	94	-	6	5	105	111
Roger Worrall	-	-	-	-	-	58
Total Executive Remuneration	430	2	52	27	511	489
Non-Executive Directors						
Lt. Col. Sir Malcolm Ross	17	4	2	1	24	23
Sir Tony Baldry	49	-	7	-	56	20
James Sutcliffe	32	-	-	-	32	2
Sir Michael Pakenham	-	-	-	-	-	7
Total Non-Executive Remuneration	98	4	9	1	112	52
Total Board Remuneration	528	6	61	28	623	541

No options were issued or exercised during the year and no cash benefit was therefore received by the directors and the share-based payment expense relates to a non-cash value.

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:

Executive Directors and Non-Executive Directors	Interest at start and end of year
Lt. Col. Sir Malcolm Ross	140,884
Peter Fowler and Mrs P J Fowler	6,361,794
Stuart Fowler	541,618
Martin Boden	-
Sir Tony Baldry	-
James Sutcliffe	-

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:

Directors	At 1 January 2017 and 31 Dec 2017	Grant price	Market price at date of grant	Date from which exercisable
Lt. Col. Sir Malcolm Ross	2,000	67.5p	67.5p	21 April 2011
Stuart Fowler	48,000	10.0p	5.7p	05 April 2009
Stuart Fowler	15,000	34.5p	34.5p	25 September 2011
Sir Malcolm Ross	93,750	28.5p	25.5p	10 June 2016*
Peter Fowler	781,250	28.5p	25.5p	10 June 2016*
Stuart Fowler	625,000	28.5p	25.5p	10 June 2016*

The market price of the shares at 31 December 2017 was 24.0p and the range during the year was 9.0p to 24.0p.

(*) These options were granted to the Directors at a price of 28.5 pence 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 60 pence at any time and became exercisable from 10 June 2016. All share options have an exercise period of 10 years from grant under the rules of the EMI Scheme. The vesting price threshold of 60p represented a 140% premium to the price of the equity issued on the same day.

On behalf of the Board

Lt. Col. Sir Malcolm Ross
Chairman of the Remuneration Committee

24 May 2018

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 listed 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 Code that are appropriate to its size and organisation and establish frameworks for the achievement of this objective. The Board of Directors operates within the framework described below.

The Board

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

The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The Chairman sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, 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.

Organisational structure and control environment

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

Internal control

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

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

Risk management

The Board has the primary responsibility for identifying the major risks facing the Group. The Board has adopted a schedule of matters which are required to be brought to it for decision, 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. The Group has a dedicated Risk Committee as detailed on page 19 of this report.

Risk reviews are carried out by each subsidiary and reviewed annually as part of an ongoing risk assessment process. The focus of these reviews is to identify the circumstances, both internally and externally, where risks might affect the Group's ability to achieve its business objectives. The management of each subsidiary periodically reports to the Board any new risks. In addition to risk assessment, the Board believes that the management structure within the Group facilitates free and rapid communication across the subsidiaries and between the Group Board and those subsidiaries and consequently allows a consistent approach to managing risks. Certain key functions are centralised, enabling the Group to address risks to the business present in those functions quickly and efficiently. The key risks and mitigation strategies of the business are set out on pages 20 and 21 of this report.

Audit Committee

This committee was set up with Terms of Reference agreed in February 2017. It oversees and reviews the Company'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. It is composed entirely of 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 will be invited to attend meetings of the Committee on a regular basis

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

The audit committee comprises;

James Sutcliffe - Chairman
Lt. Col. Sir Malcolm Ross
Sir Tony Baldry

The Audit Committee met three times during the year

Nomination Committee

This committee was set up with Terms of Reference agreed in February 2017. It leads the process for Board Appointments and to make recommendations to the Board on the constitution of the Board in view of the needs of the group. The majority of members are non-executive directors and it comprises;

Sir Tony Baldry – Chairman
Lt. Col. Sir Malcolm Ross
James Sutcliffe
Peter Fowler

Other individuals may be invited to attend all or part of any meeting of the Committee when deemed appropriate.

The Nomination Committee met twice during the year.

Disclosure Committee

This committee was set up with Terms of Reference agreed in February 2017. It oversees and regulates the Company's disclosure obligations and to ensure compliance with Market Abuse Regulations (MAR) and London Stock Exchange rules and it comprises;

Sir Tony Baldry – Chairman
James Sutcliffe
Peter Fowler
Roger Worrall (Secretary)

The Disclosure Committee met three times during the year.

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.

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.

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 the Alternative Investment Market.

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	Martin Boden
Director	Director
24 May 2018	

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

Opinion

We have audited the financial statements of Westminster Group PLC for the year ended 31 December 2017 which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Statements of Financial Position;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated and Company statements of Cash Flows; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

The financial reporting framework that has been applied in the preparation of the consolidated and parent company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 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 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, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

An overview of the scope of our audit

The group operates through nine trading subsidiaries 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. In establishing our overall approach to the group audit, we determined the type of audit work that needed to be performed on each subsidiary. This consisted of us carrying out a full audit of six significant components of the group in the United Kingdom and reviewing the component auditors' working papers on three significant components in Sierra Leone.

We considered the risk of the financial statements being misstated or not prepared in accordance with the underlying legislation or standards. 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 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 need for our opinion on the financial statements as a whole and, in particular, helped mitigate the risks of material misstatements mentioned below.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were the most significant 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 the 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 for the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1) Impairment of Sierra Queen and onerous exit costs within Sovereign Ferries Limited

During the year the group's ferry operations were closed down resulting in an impairment of £2,491,000. Given that the ferry operations have been treated as discontinued in the financial statements for the year ended 31 December 2017, there is a risk that assets relating to these operations may have been recorded at amounts higher than their recoverable amounts and costs relating to the exit from these operations are not sufficiently provided for at the end of the reporting period.

In this area our procedures included:

- Reviewing the company's assessment of the ferry operation, ensuring that the impairment charge is properly quantified, recorded and disclosed in the financial statements;
- Ensuring that all costs that may be associated with the discontinued operations have been recorded and disclosed in the financial statements; and
- Performing unrecorded liabilities testing and reviewing transactions around the year end to confirm amounts are correctly recorded and disclosed in the financial statements.

2) Going concern

Significant losses are being incurred by the group and it continue to rely on external finance for its operating needs during the year. There is a risk that the group might not be a going concern.

In this area our procedures included:

- Reviewing management's cash flow forecasts, which cover a future period of 6 years from the financial reporting date;
- Making enquiries with management and obtaining support for the significant inputs and assumptions used in the forecasts. We also carried out sensitivity analysis on the revenue projections;
- Reviewing board minutes during the year and up to the date of approval of the financial statements to indicate any other issues that may indicate the inability of the group to continue as a going concern;
- Reviewing documentation relating to the rollover of the convertible loan notes through to 30 June 2019; and
- Reviewing the group's ability to raise new funds successfully from the market since the financial reporting date.

Based on the outcome of the above procedures, we concluded that there was no material uncertainty in relation to going concern.

Our application of materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

We determined the materiality of the consolidated financial statements as a whole to be £161,000, calculated with reference to a benchmark of 5% of the group loss before tax before impairment. This is the threshold above which missing or incorrect information in the financial statements is considered to have an impact on the decision making of users.

The parent company materiality was set at £109,000 being 5% of loss before tax.

We reported to the Audit Committee all potential adjustments above £5,500 being 5% of the materiality for the 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 audit report thereon. Our opinion on the financial statements does not cover the other information and, except to the extend 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 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatements in the financial statements or a material misstatement of the other information. If, based on our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regards.

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:

- 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 Directors' responsibilities statement, 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 consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Councils 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Simms, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

24 May 2018

Westminster Group PLC
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	2017 Continuing Operations £'000	2017 Discontinued Operations £'000	2017 Total £'000	2016 Continuing Operations £'000	2016 Discontinued Operations £'000	2016 Total £'000
REVENUE	3	5,330	66	5,396	4,397	9	4,406
Cost of sales		(2,015)	(182)	(2,197)	(1,217)	(79)	(1,296)
GROSS PROFIT		3,315	(116)	3,199	3,180	(70)	3,110
Administrative expenses		(5,133)	(3,553)	(8,686)	(3,757)	(742)	(4,499)
LOSS FROM OPERATIONS	6	(1,818)	(3,669)	(5,487)	(577)	(812)	(1,389)
Analysis of operating loss							
Loss from operations		(1,818)	(3,669)	(5,487)	(577)	(812)	(1,389)
Add back amortisation	11	31	-	31	7	-	7
Add back depreciation	12	139	144	283	110	117	227
Add back impairment charges		397	2,491	2,888	-	-	-
Add back share option expense		63	-	63	103	-	103
Add back exceptional items[1]	4	653	335	988	492	585	1,077
EBITDA Profit/(loss) from underlying operations		(535)	(699)	(1,234)	135	(110)	25
Finance costs	5	(630)	-	(630)	(566)	-	(566)
LOSS BEFORE TAXATION		(2,448)	(3,669)	(6,117)	(1,143)	(812)	(1,955)
Taxation	7	-	-	-	46	-	46
LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(2,448)	(3,669)	(6,117)	(1,097)	(812)	(1,909)
LOSS AND TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:							
OWNERS OF THE PARENT		(2,248)	(3,669)	(5,917)	(1,097)	(812)	(1,909)
NON-CONTROLLING INTEREST		(200)	-	(200)	-	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS		(2,448)	(3,669)	(6,117)	(1,097)	(812)-	(1,909)
LOSS PER SHARE	9	(2.24p)	(3.36p)	(5.60p)	(1.42p)	(1.04p)	(2.46p)

The accompanying notes form part of these financial statements.

[1] Exceptional items relate to certain costs or incomes 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

Westminster Group PLC
Consolidated and Company Statements of Financial Position

As at 31 December 2017

		Group		Company	
	Note	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Goodwill	10	-	397	-	-
Other intangible assets	11	129	132	128	103
Property, plant and equipment	12	1,952	4,635	1,028	1,031
Investment in subsidiaries	14	-	-	7,116	12,683
TOTAL NON-CURRENT ASSETS		2,081	5,164	8,272	13,817
Inventories	18	39	198	-	-
Trade and other receivables	19	693	894	42	108
Cash and cash equivalents	20	392	152	78	21
TOTAL CURRENT ASSETS		1,124	1,244	120	129
Assets of disposal groups classified as held for sale	29	-	-	-	-
TOTAL ASSETS		3,205	6,408	8,392	13,946
Called up share capital	21	12,074	8,711	12,074	8,711
Share premium account		9,226	9,169	9,226	9,169
Merger relief reserve		299	299	299	299
Share based payment reserve		621	569	621	569
Equity reserve on convertible loan note		186	186	-	-
Revaluation reserve		134	134	134	134
Retained earnings:					
At 1 January		(16,772)	(14,739)	(6,135)	(6,071)
(Loss)/profit for the year		(5,917)	(1,909)	(8,128)	60
Other changes in retained earnings		36	(124)	36	(124)
At 31 December		(22,653)	(16,772)	(14,227)	(6,135)
(DEFICIT)/EQUITY ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		(113)	2,296	8,127	12,747
NON CONTROLLING INTEREST		(200)	-	-	-
TOTAL (DEFICIT)/EQUITY		(313)	2,296	8,127	12,747
Borrowings	23	2,184	3,059	-	988
Deferred tax liabilities	17	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		2,184	3,059	-	988
Deferred income	24	-	27	-	-
Trade and other payables	24	1,096	1,026	265	211
TOTAL CURRENT LIABILITIES		1,096	1,053	265	211
Liabilities of disposal group classified as held for sale	29	238	-	-	-
TOTAL LIABILITIES		3,518	4,112	265	1,199
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,205	6,408	8,392	13,946

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 24 May 2018 and signed on its behalf by:

Peter Fowler
Director

Martin Boden
Director

24 May 2018

Westminster Group PLC
Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share based payment reserve £'000	Revaluation reserve £'000	Equity Reserve on Convertible Loan Note £'000	Retained earnings £'000	Non Controlling interest £'000	Total £'000
AS OF 1 JANUARY 2017	8,711	9,169	299	569	134	186	(16,772)	-	2,296
Shares issued for cash	2,291	-	-	-	-	-	-	-	2,291
Cost of share issues	-	(76)	-	-	-	-	-	-	(76)
Share based payment charge	-	-	-	88	-	-	-	-	88
Exercise of share options	5	-	-	(2)	-	-	2	-	5
Lapse of share options	-	-	-	(34)	-	-	34	-	-
CLN conversion	1,067	133	-	-	-	-	-	-	1,200
TRANSACTIONS WITH OWNERS	3,363	57	-	52	-	-	36	-	3,508
Total comprehensive expense for the year	-	-	-	-	-	-	(5,917)	(200)	(6,117)
AS AT 31 DECEMBER 2017	12,074	9,226	299	621	134	186	(22,653)	(200)	(313)
AS OF 1 JANUARY 2016	6,345	9,170	299	258	134	219	(14,739)	-	1,686
Shares issued for cash	1,300	-	-	-	-	-	-	-	1,300
Share based payment charge	-	-	-	103	-	-	-	-	103
Lapse of share options	-	-	-	(37)	-	-	37	-	-
Warrants issued with loan notes	-	-	-	245	-	-	(150)	-	95
CLN conversion	1,066	-	-	-	-	(33)	(11)	-	1,022
Loan notes issued	-	(1)	-	-	-	-	-	-	(1)
TRANSACTIONS WITH OWNERS	2,366	(1)	-	311	-	(33)	(124)	-	2,519
Total comprehensive expense for the year	-	-	-	-	-	-	(1,909)	-	(1,909)
AS AT 31 DECEMBER 2016	8,711	9,169	299	569	134	186	(16,772)	-	2,296

Westminster Group PLC
Company Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share based payment reserve £'000	Revaluation reserve £'000	Equity Reserve on convertible loan note £'000	Retained earnings £'000	Total £'000
AS OF 1 JANUARY 2017	8,711	9,169	299	569	134	-	(6,135)	12,747
Shares issued for cash	2,291	-	-	-	-	-	-	2,291
Cost of share issues	-	(76)	-	-	-	-	-	(76)
Share based payment charge	-	-	-	88	-	-	-	88
Exercise of share options	5	-	-	(2)	-	-	2	5
Lapse of share options	-	-	-	(34)	-	-	34	-
CLN conversion	1,067	133	-	-	-	-	-	1,200
TRANSACTIONS WITH OWNERS	3,363	57	-	52	-	-	36	3,508
Total comprehensive expense for the year	-	-	-	-	-	-	(8,128)	(8,128)
AS AT 31 DECEMBER 2017	12,074	9,226	299	621	134	-	(14,227)	8,127
AS OF 1 JANUARY 2016	6,345	9,170	299	258	134	33	(6,071)	10,168
Shares issued for cash	1,300	-	-	-	-	-	-	1,300
Share based payment charge	-	-	-	103	-	-	-	103
Lapse of share options	-	-	-	(37)	-	-	37	-
Warrants issued with loan notes	-	-	-	245	-	-	(150)	95
CLN conversion	1,066	-	-	-	-	(33)	(11)	1,022
Loan notes issued	-	(1)	-	-	-	-	-	(1)
TRANSACTIONS WITH OWNERS	2,366	(1)	-	311	-	(33)	(124)	2,519
Total comprehensive income for the year	-	-	-	-	-	-	60	60
AS AT 31 DECEMBER 2016	8,711	9,169	299	569	134	-	(6,135)	(12,747)

Westminster Group PLC
Consolidated Cash Flow Statement

For the year ended 31 December 2017

	Note	2017 Continuing Operations £'000	2017 Discontinued Operations £'000	2017 Total £'000	2016 Continuing Operations £'000	2016 Discontinued Operations £'000	2016 Total £'000
LOSS AFTER TAX		(2,448)	(3,669)	(6,117)	(1,097)	(812)	(1,909)
Taxation credit		-	-	-	(46)	-	(46)
LOSS BEFORE TAX		(2,448)	(3,669)	(6,117)	(1,143)	(812)	(1,955)
Non-cash adjustments	25	1,294	2,635	3,929	809	107	916
Net changes in working capital	25	435	206	641	(691)	53	(638)
NET CASH USED IN OPERATING ACTIVITIES		(719)	(828)	(1,547)	(1,025)	(652)	(1,677)
INVESTING ACTIVITIES:							
Purchase of property, plant and equipment		(69)	(4)	(73)	(123)	(408)	(531)
Purchase of intangible assets		(56)	-	(56)	(105)	-	(105)
Proceeds from disposal of fixed assets		1	-	1	-	-	-
CASH OUTFLOW FROM INVESTING ACTIVITIES		(124)	(4)	(128)	(228)	(408)	(636)
CASHFLOWS FROM FINANCING ACTIVITIES:							
Gross proceeds from the issues of ordinary shares		2,376	-	2,376	1,300	-	1,300
Costs of share issues		(160)	-	(160)	(45)	-	(45)
Net proceeds from the issue of convertible loan notes		-	-	-	1,675	-	1,675
Costs associated with the issue of convertible loan notes.		-	-	-	(272)	-	(272)
Interest paid		(265)	-	(265)	(247)	-	(247)
Other loan repayments, including interest		(36)	-	(36)	(96)	-	(96)
CASH INFLOW FROM FINANCING ACTIVITIES		1,915	-	1,915	2,315	-	2,315
Net change in cash and cash equivalents		1,072	(832)	240	1,062	(1,060)	2
CASH AND EQUIVALENTS AT BEGINNING OF YEAR				152			150
CASH AND EQUIVALENTS AT END OF YEAR				392			152

Westminster Group PLC
Company Cash Flow Statement

For the year ended 31 December 2017

	Note	Company 2017 £'000	Company 2016 £'000
(LOSS)/PROFIT AFTER TAX		(8,128)	8
Non-cash adjustments	25	6,215	597
Net changes in working capital	25	120	(90)
NET CASH (USED IN) /FROM OPERATING ACTIVITIES		(1,793)	515
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(9)	(2)
Purchase of intangible assets		(56)	(105)
Advances to subsidiaries		-	(2,704)
CASH OUTFLOW FROM INVESTING ACTIVITIES		(65)	(2,811)
CASHFLOWS FROM FINANCING ACTIVITIES:			
Gross proceeds from the issues of ordinary shares		2,376	1,300
Costs of share issues		(160)	(45)
Net proceeds from the issue of convertible loan notes		-	1,675
Costs associated with the issue of convertible loan notes.		-	(272)
Interest paid		(265)	(247)
Other loan repayments, including interest		(36)	(96)
CASH INFLOW FROM FINANCING ACTIVITIES		1,915	2,315
Net change in cash and cash equivalents		57	19
CASH AND EQUIVALENTS AT BEGINNING OF YEAR		21	2
CASH AND EQUIVALENTS AT END OF YEAR		78	21

The accompanying notes form part of these 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 2017 consolidate the individual financial statements of the Company and its subsidiaries. The Group designs, supply and provides on-going advanced technology solutions and services to governmental and non-governmental organisations on a global basis.

2. Summary of significant accounting policies

Basis of preparation

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

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

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 2017.

(ii) Subsidiaries

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

(iii) Transactions eliminated on consolidation

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

(iv) Company financial statements

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

Going concern

The Group made losses during the period of £6,117,000 (2016: £1,909,000), of which £2,448,000 (2016: £1,097,000) related to continuing operations. The cash outflow from operating activities during the year was £719,000 (2016: £1,025,000), which was financed through raising new equity. The directors have reviewed the Group's resources at the date of approving the financial statements, and their projections for future trading, which due to discontinuing the Sierra Leone Ferry Operation and winning incremental new business 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 they continue to adopt the going concern basis of accounting in the preparing the financial statements.

Business combinations

The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

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

Foreign currency

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

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

Segmental reporting

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

An operating segment is a component of the Group

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

Revenue

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

(i) Supply of products

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

(ii) Supply and installation contracts and supply of services

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

(iii) Maintenance income

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

(iv) Training courses

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

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised. Certain items have been disclosed as operating exceptional due to their size and 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, and 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 exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately. Goodwill is carried at cost less accumulated impairment losses.

Other intangible assets

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

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

Property, plant and equipment

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

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

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

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

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

	Rate
Freehold buildings	2%
Plant and equipment	7% to 25%
Office equipment, fixtures & fittings	20% to 33%
Ferries	Depreciated over 21 years
Motor vehicles	20%

Leases

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

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

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

Impairment on non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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 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.

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

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

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 includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are 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.

Defined contribution pension scheme

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.

Revenue recognition

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

Consolidation of entities in which the Group holds less than 50% of the voting rights.

Management considers that the Group has de facto control of Westminster Sierra Leone Limited even though it has less than 50% of the voting rights.

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.

Standards in issue not yet effective

New standards, amendments and interpretations

No new standards, amendments or interpretations effective for the first time in the year ended 31st December 2017 have had a material impact on Group or parent Company.

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

- IFRS 9 Financial Instruments (effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective date1 January 2018)
- IFRS 16 Leases (effective date 1 January 2019)

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

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

IFRS 15 'Revenue from contracts with customers'; effective for periods beginning on or after January 1, 2018. The standard establishes a new five-step model that will apply to revenue arising from contacts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. This is a converged standard on revenue recognition which replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and related interpretations. The Group has assessed the impact of the new standard which is not material to the Group's operations.

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.

Alternative performance measures (APM)

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

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 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-maker in the Group. The Business Units operating during the year are the three operating divisions; Managed Services Aviation, Technology and Managed Services Sovereign Ferries. This split of business segments is based on the products and services each offer.

2017	Managed Services Aviation £'000	Technology £'000	Group and Central £'000	Managed Services Sovereign Ferries £'000	Group Total £'000
Supply of products	-	1,470	-	-	1,470
Supply and installation contracts	-	36	-	-	36
Maintenance and services	3,386	264	-	-	3,650
Training courses	174	-	-	-	174
Ferry ticket sales	-	-	-	66	66
Revenue	3,560	1,770	-	66	5,396
Segmental underlying EBITDA	1,195	(44)	(1,714)	(671)	(1,234)
Share option expense	-	-	(63)	-	(63)
Exceptional items (note 4)	(603)	-	(50)	(335)	(988)
Impairments	-	-	(397)	(2,491)	(2,888)
Depreciation & amortisation	(100)	(15)	(55)	(144)	(314)
Segment operating result	492	(59)	(2,279)	(3,641)	(5,487)
Finance cost	-	-	(630)	-	(630)
Profit/(Loss) for the financial year	492	(59)	(2,909)	(3,641)	(6,117)
Segment assets	1,429	360	1,414	2	3,205
Segment liabilities	368	359	2,553	238	3,518
Capital expenditure	23	3	99	4	129

2016	Managed Services Aviation £'000	Technology £'000	Group and Central £'000	Managed Services Sovereign Ferries £'000	Group Total £'000
Supply of products	-	1,286	-	-	1,286
Supply and installation contracts	-	177	-	-	177
Maintenance and Services	2,758	160	-	3	2,921
Training courses	16	-	-	-	16
Ferry ticket sales	-	-	-	6	6
Revenue	2,774	1,623	-	9	4,406
Segmental underlying EBITDA	1,280	273	(1,418)	(110)	25
Share option expense	-	-	(103)	-	(103)
Exceptional items (note 4)	(492)	-	-	(585)	(1,077)
Depreciation & amortisation	(79)	(16)	(22)	(117)	(234)
Apportionment of central overheads	(1,140)	(946)	2,116	(30)	-
Segment operating result	(431)	(689)	573	(842)	(1,389)
Finance cost	-	-	(566)	-	(566)
Income tax charge	(7)	-	53	-	46
Profit/(Loss) for the financial year	(438)	(689)	60	(842)	(1,909)
Segment assets	1,593	641	1,523	2,651	6,408
Segment liabilities	311	448	3,268	85	4,112
Capital expenditure	79	42	107	408	636

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.

	2017 £'000	2016 £'000
United Kingdom & Europe	919	369
Africa	3,779	3,458
Middle East	152	104
Rest of the World	546	475
	5,396	4,406

Some of the Group's assets are located outside the United Kingdom where they are being put to operational use on specific contracts. At 31 December 2017 fixed assets with a net book value of £895,000 (2016: £3,591,000) were located in Africa.

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

In 2017 no single customer contributed more than 10% of the Group revenue (in 2016 no customers contributed 10% of the Group's revenue). Approximately 60% (2016: 60%) of the Group's revenues are derived from the contract with the Sierra Leone airport authority. This contract contains many individual customers.

4. Exceptional Items

	2017 £'000	2016 £'000
Middle East airport pre-contract costs	603	220
Ferry closure costs	335	-
Ferry pre-launch costs	-	585
Loss of margin arising from fall in passenger numbers due to Ebola crisis	-	272
Other	50	-
	988	1,077

5. Finance costs

	Group	
	2017 £'000	2016 £'000
Interest payable on bank and other borrowings	(44)	(30)
Interest expenses on convertible loan notes (Note 16)	(586)	(536)
Total finance costs	(630)	(566)

6. Loss from operations

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

	Group	
	2017 £'000	2016 £'000
Staff costs (see Note 8)	2,367	2,267
Depreciation of property, plant and equipment	283	227
Amortisation of intangible assets	31	7
Operating lease rentals payable		
- Property	83	112
- Plant and machinery	3	3
- Other	26	42
Foreign exchange loss/(gain)	102	(22)

Auditor's remuneration

Amounts payable in both years relate to Moore Stephens LLP in respect of audit and other services with the exception of local audits in Sierra Leone which were performed by BDO LLP.

Audit services	Group	
	2017 £'000	2016 £'000
Statutory audit of parent and consolidated financial statements and review of interim results	40	22
Statutory audit of subsidiaries of the company pursuant to legislation	30	31
Taxation services including research and development tax credits	14	7
Other services not included in the above	8	-
Local audit in Sierra Leone	21	15
Total fees	113	75

7. Taxation

	Group	
	2017 £'000	2016 £'000
Current year		
UK Corporation tax on profits in the year	-	-
Potential foreign corporation tax on profits in the year	-	7
	-	7
Reconciliation of effective tax rate		
Loss on ordinary activities before tax	(6,117)	(1,955)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20.0%)	(1,178)	(391)
Effects of:		
Expenses not deductible for tax purposes	973	88
Capital allowances less than depreciation	(105)	(203)
Other short term timing differences	-	1
Unrecognised losses carried forward	310	512
Adjustment in respect of prior years	-	(53)
Total tax - credit	-	(46)

Tax losses available for carry forward (subject to HMRC agreement) were £12.6m (2016: £11.0m).

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 2016) 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.

8. Employee costs

Employee costs for the Group during the year

	Group	
	2017 £'000	2016 £'000
Wages and salaries	2,117	2,007
Social security costs	187	157
	2,304	2,164
Share based payments	63	103
	2,367	2,267

The Group operates a stakeholder pension scheme. The Group made pension contributions totalling £7,000 during the year (2016: £10,000), and pension contributions totalling £1,000 were outstanding at the year-end (2016: £1,000).

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 £623,000 (2016: £541,000) and the highest paid director received remuneration totalling £192,000 (2016: £192,000).

Average monthly number of people (including Executive Directors) employed

Group	2017 Number			2016 Number		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
By function:						
Sales	3	-	3	3	-	3
Operations	220	32	252	195	14	209
Administration	23	-	23	22	-	22
Management	5	-	5	6	-	6
	251	32	283	226	14	240

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:

	Group	
	2017 '000	2016 '000
Issued ordinary shares		
Start of year	87,107	63,455
Effect of shares issued during the year	22,087	14,261
Weighted average basic and diluted number of shares for year	109,194	77,716

For the year ended 31 December 2017 and 2016 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 5.60p (2016: 2.46p).

10. Goodwill

Group	2017 £'000	2016 £'000
Gross carrying amount at 1 January and 31 December	1,160	1,160
Accumulated impairment at 1 January	(763)	(763)
Impairment charge for the year	(397)	-
Accumulated impairment at 31 December	(1,160)	(763)
Carrying amount at 1 January	397	397
Carrying amount at 31 December	-	397

The entire goodwill balance relates to the acquisition of Longmoor Security Limited. The directors have reviewed the expected future cash flows from this asset and concluded that these cash flows no longer support the carrying value. As such the goodwill balance has been impaired down to nil during the period.

11. Other intangible assets

	Group Website and Software £'000	Company Website and Software £'000
2017		
Cost		
At 1 January 2017	212	168
Additions	56	56
Disposals	(43)	-
Transfers to assets held for sale	(32)	-
At 31 December 2017	193	224
Accumulated amortisation and impairment		
At 1 January 2017	80	65
Charge for the year	31	31
Disposals	(40)	-
Impairment of ferry operation	25	-
Transfer to assets held for sale	(32)	-
At 31 December 2017	64	96
Net book value at 31 December 2017	129	128
2016		
Cost		
At 1 January 2016	107	63
Additions	105	105
At 31 December 2016	212	168
Accumulated amortisation		
At 1 January 2016	73	61
Charge for the year	7	4
At 31 December 2016	80	65
Net book value at 31 December 2016	132	103

The impairment charge recognised during the year relates to the assets related to the Ferry Operations in Sierra Leone which was written down to nil at the year end date.

12. Property, plant and equipment

Group	Freehold property £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
2017					
Cost or valuation					
At 1 January 2017	1,014	3,407	1,424	99	5,944
Additions	-	4	69	-	73
Disposals	-	(8)	(226)	-	(234)
Transfers	-	42	(42)	-	-
Transfer to assets held for sale	-	(2,718)	(102)	-	(2,820)
At 31 December 2017	1,014	727	1,123	99	2,963
Accumulated depreciation and impairment					
At 1 January 2017	-	579	667	63	1,309
Charge for the year	-	180	77	26	283
Disposals	-	(7)	(220)	-	(227)
Impairment	-	2,385	81	-	2,466
Transfers	-	15	(15)	-	-
Transfer to assets held for sale	-	(2,718)	(102)	-	(2,820)
At 31 December 2017	-	434	488	89	1,011
Net book value at 31 December 2017	1,014	293	635	10	1,952
2016					
Cost or valuation					
At 1 January 2016	1,014	3,032	1,270	118	5,434
Additions	-	378	154	-	532
Disposals	-	(3)	-	(19)	(22)
At 31 December 2016	1,014	3,407	1,424	99	5,944
Accumulated depreciation					
At 1 January 2016	-	438	610	43	1,091
Charge for the year	-	143	57	27	227
Disposals	-	(2)	-	(7)	(9)
At 31 December 2016	-	579	667	63	1,309
Net book value at 31 December 2016	1,014	2,828	757	36	4,635

The impairment charge recognised during the year relates to the assets related to the Ferry Operations in Sierra Leone which was written down to nil at 30th September 2017 and transferred to assets held for sale.

Company	Freehold property	Freehold property	Freehold property	Freehold property
	£'000	£'000	£'000	£'000
2017				
Cost or valuation				
At 1 January 2017	1,014	20	247	1,281
Additions	-	-	9	9
Disposals	-	(6)	(40)	(46)
At 31 December 2017	1,014	14	216	1,244
Accumulated depreciation				
At 1 January 2017	-	17	233	250
Charge for the year	-	2	10	12
Disposals	-	(6)	(40)	(46)
At 31 December 2017	-	13	203	216
Net book value at 31 December 2017	1,014	1	13	1,028
2016				
Cost or valuation				
At 1 January 2016	1,014	20	245	1,279
Additions	-	-	2	2
At 31 December 2016	1,014	20	247	1,281
Accumulated depreciation				
At 1 January 2016				
Charge for the year	-	15	218	233
Disposals	-	2	15	17
At 31 December 2016	-	17	233	250
Net book value At 31 December 2016	1,014	3	14	1,031

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 property. The difference between the net book value of the freehold property if this depreciation 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.

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

	2017 £'000	2016 £'000
Historical cost	697	697
Accumulated depreciation		
At 1 January	69	66
Charge for the year	3	3
At 31 December	72	69
Net book value as at 31 December	625	628

The Group's land and buildings have been pledged as security for contingent liabilities incurred as part of the normal trading of Westminster International, see note 26.

13. Operating lease commitments

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

	Group Property £'000	Group Other £'000	Group Total £'000	Company Other £'000
As at 31 December 2017				
Within one year	57	14	71	3
In the second to fifth years inclusive	42	15	57	1
Total	99	29	128	4
As at 31 December 2016				
Within one year	51	91	142	14
In the second to fifth years inclusive	84	27	111	4
Total	135	118	253	18

Remaining lease terms range from 4 months to 4 years.

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Minimum lease payments under operating leases recognised as an expense in the year	113	158	8	22

14. Investment in subsidiaries

Company	2017 £'000	2016 £'000
Cost		
At 31 December	16,458	16,089
Accumulated impairment		
At 1 January	(3,406)	(3,406)
Provided for in the year	(5,936)	-
At 31 December	(9,342)	(3,406)
	7,116	12,683

The impairment charge booked in the year relates to the investments in Westminster Facilities Management Limited, Sovereign Ferries Limited, Sovereign Ferries SL Limited, Longmoor Security Limited and CTAC Limited. The expected net present values of cash flows arising from the remaining investments in subsidiaries is expected to be in excess of the carrying value of these investments.

15. Subsidiary undertakings

The subsidiary undertakings at 31 December 2017 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 division	100
Sovereign Ferries Limited	England	Marine Transport West Africa	100
Westminster Operating Limited	England	Special purpose vehicle which exists solely for listing the 2013 CLN on the CISX. Year end 31 October. Only transactions are intra group	100
Sovereign Ferries SL Limited	Sierra Leone	Ferry operations (sold Jan 2018)	100
Longmoor (SL) Limited	Sierra Leone	Security and terminal guarding	100
Facilities Operations Management Limited	Sierra Leone	Ferry and other infrastructure management	90
Westminster Sierra Leone Limited	Sierra Leone	Local infrastructure for airport operations	49
Westminster Group GMBH	Germany	Dormant	100
Westminster Sicherheit GMBH	Germany	Managed Services infrastructure	85
Westminster Facilities Management Limited	England	Dormant	100
CTAC Limited	England	Dormant	100
Westminster Aviation Security Services (ME) Limited	England	Dormant	100
Westminster JV Holdings Limited	England	Dormant (liquidated February 2018)	100
Travel Safety and Security Limited	England	Dormant (liquidated February 2018)	100

Subsidiary company registered addresses:

England - Westminster House, Blacklocks Hill, Banbury, Oxfordshire, OX17 2BS, United Kingdom.
Sierra Leone - Government Wharf, Freetown, Sierra Leone.
Germany - Bernauer Strasse 16, 83209 Prien am Chiensee, Germany.

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		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Financial assets				
Trade and other receivables (note 19)	644	814	12	87
Cash and cash equivalents (note 20)	392	152	78	21
	1,036	966	90	108
Financial liabilities				
Financial liabilities measured at amortised cost				
Borrowings (note 23)	2,184	3,059	-	988
Trade and other payables (note 24)	1,040	951	231	182
Liabilities held for sale (note 29)	238	-	-	-
	3,462	4,010	231	1,170

See note 2 for a description of the accounting policies for each category of financial instruments. The fair values are presented in the related notes. A description of the Group's risk management and objectives for financial instruments is given in note 27.

Convertible Loan Notes

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

	Secured Convertible Loan Notes ("CLN")
Amount	£2.245m
Conversion Price	35p
Security	Secured fixed and floating subordinate to HSBC
Redemption Date	19 June 2018
Management Fee	£25,000 per annum
Coupon	10% 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. Company can make repayment without penalty if the share price > 42p for 15 working days after 19 June 2016. These conditions were not met in the year.

	2017 CULN £'000	2017 CLN £'000	2017 Total £'000	2016 CULN £'000	2016 CLN £'000	2016 Total £'000
At 1 January	952	2,071	3,023	520	1,972	2,492
Fair value of new loans issued	-	-	-	1,408	-	1,408
Fair value of warrants included in the issue (note 22)	-	-	-	(112)	-	(112)
Amortised finance cost	248	338	586	116	324	440
Interest paid	-	(225)	(225)	-	(225)	(225)
Converted in the year	(1,200)	-	(1,200)	(980)	-	(980)
At 31 December	-	2,184	2,184	952	2,071	3,023

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

	2017 CULN £'000	2017 CLN £'000	2017 Total £'000	2016 CULN £'000	2016 CLN £'000	2016 Total £'000
At 1 January	1,200	2,245	3,445	750	2,245	2,995
New Issue	-	-	-	1,675	-	1,675
Conversion	(1,200)	-	(1,200)	(1,247)	-	(1,247)
Financing Charge (equity settled)	-	-	-	22	-	22
Closing Balance	-	2,245	2,245	1,200	2,245	3,445

The carrying value of the convertible loan notes upon conversion in the year was as follows:

Reconciliation on Conversion	2017 £'000	2016 £'000
Group and Company		
Amortisation of Loan Note Interest Cost Element	(248)	(86)
Carrying Value at conversion	1,200	1,066
Total	952	980

The Convertible Loan Notes have been separated into two components, the Host Debt Instrument and the Embedded Derivative on initial recognition. The value of the Host Debt Instrument will increase to the principal sum amount by the date of maturity. The effective interest cost of the Notes is the sum of that increasing value in the period and the interest paid to Noteholders. The Derivative element will vary in value according to the market price of the underlying Ordinary Shares and the period remaining for conversion amongst other factors. The value of the embedded derivative was not material at inception and at the end of the year and is included in the fair value of the overall instrument for disclosure.

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.

Unlike 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.

17. Deferred tax assets and liabilities

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 17% (2016: 18.0%). Any changes in the future would affect these amounts proportionately.

The Group has not recognised a UK deferred tax assets of £2,210,000 (2016: £2,340,000) in respect of losses on the grounds that recoverability of the assets is considered uncertain in the foreseeable future based on expected profitability.

18. Inventories

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Finished goods	39	198	-	-
	39	198	-	-

The cost of inventories recognised as an expense within cost of sales amounted to £1,182,000 (2016: £1,371,000). No reversal of previous write-downs was recognised as a reduction of expense in 2017 or 2016.

19. Trade and other receivables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Amounts falling due within one year:				
Trade receivables, gross	557	564	-	-
Allowance for credit losses	(52)	(75)	-	-
Trade receivables	505	489	-	-
Amounts recoverable on contracts	116	199	-	-
Other receivables	23	126	12	87
Financial assets	644	814	12	87
Prepayments	49	80	30	21
Non-financial assets	49	80	30	21
Trade and other receivables	693	894	42	108

The average credit period taken on sale of goods in 2017 was 36 days (2016: 32 days). An allowance has been made for estimated irrecoverable amounts of £52,000 (2016: £75,000). This allowance has been based on the knowledge of the financial circumstances of individual receivables at the reporting date.

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.

	2017 £'000	2016 £'000
Current	346	342
Not more than 3 months	208	222
More than 3 months but less than 6 months	3	-
	557	564
Allowances for Credit Losses		
Opening balance at 1 January	75	69
Net amounts written off	(36)	(45)
Impairment loss	13	51
Closing balance at 31 December	52	75

There are no significant credit risks from financial assets that are neither past due nor impaired. At 31 December 2017 £510,000 (2016: £353,000) of trade receivables were denominated in US dollars and £nil (2016: £51,000) in Euros, and £47,000 (2016: £160,000) in Sterling. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

20. Cash and cash equivalents

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash at bank and in hand	392	181	78	21
Bank overdraft	-	(29)	-	-
Cash and cash equivalents	392	152	78	21

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:

Ordinary Share Capital	2017		2016	
	Number	£'000	Number	£'000
At 1 January	87,107,903	8,711	63,454,538	6,345
Arising on conversion of Convertible Loan Notes	10,669,227	1,067	10,653,365	1,066
Arising on exercise of Share Options and Warrants	55,000	5	-	-
Shares issued to settle an annual broker fee	250,000	25	-	-
Other Issues for Cash	22,661,290	2,266	13,000,000	1,300
At 31 December	120,743,420	12,074	87,107,903	8,711

During the year the following equity issues took place:

Date	Comment	Shares Issued	Issue price
1 February 2017	CULN conversion	2,228,367	13.463p
28 February 2017	Equity placing	5,161,290	11.625p
28 February 2017	CULN conversion	3,440,860	11.625p
4 April 2017	Employee share options exercised	55,000	10.0p
18 April 2017	Equity placing	10,000,000	10.0p
18 April 2017	Share based payment	250,000	10.0p
18 April 2017	CULN conversion	5,000,000	10.0p
26 September 2017	Equity Placing	7,500,000	10.0p

22. Share Options

The Company adopted the 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”

Options have subsequently been granted on this basis.

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

The company has the following share options outstanding to its employees (including those on good leaver terms)

The weighted average share price at the reporting date was 30.5p (2016: 30.7p). The average life of the unexpired share options was 6.6 years (2016: 7.1 years).

		31 December 2017		31 December 2016	
Grant Date	Exercise Price	Number Outstanding	Average Life Outstanding (Years)	Number Outstanding	Average Life Outstanding (Years)
5 April 2007	£0.1000	-	n/a	176,000	0.3
21 June 2007	£0.6750	-	n/a	67,862	0.5
21 April 2008	£0.5250	15,000	0.3	15,000	1.3
25 September 2009	£0.3450	58,000	1.7	58,000	2.7
27 May 2010	£0.3275	-	n/a	15,000	3.4
28 June 2012	£0.3650	295,000	4.5	395,000	5.5
1 July 2014	£0.5100	250,000	6.5	320,000	7.5
10 December 2014	£0.2850	3,000,000	6.9	3,000,000	7.9
9 October 2015	£0.1400	40,000	7.3	40,000	8.3
		3,658,000	6.6	4,086,862	7.1

During the year, no employee options were granted, 55,000 were exercised and 373,862 lapsed. The weighted average price of the options lapsed in the year was 35.8p (2016: 42.9p).

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

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

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

The amount recognised in profit or loss in respect of employee share-based payments was £63,000 (2016: £112,000).

Warrants

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

- On 22 April 2015 (£1.65m CULN) Darwin Securities Limited were issued with 1.1m detachable warrants over 10p ordinary shares. They have a strike price of 39p, a life of 2 years and were exercisable with immediate effect. These lapsed in April 2017
- On 3 June 2016 the Company announced a placing of 10,000,000 Ordinary Shares to Hargreave Hale. For every two shares one detachable warrant was issued to Hargreave, each warrant having a life of three years and an exercise price of 12p per share. Darwin and Hargreave 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

23. Borrowings

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-current				
Convertible loan note (note 16)	2,184	2,071	-	-
Convertible unsecured loan note (note 16)	-	952	-	952
Other	-	36	-	36
Total borrowings	2,184	3,059	-	988

24. Trade and other payables

Current	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade payables	257	398	90	89
Accruals and other creditors	783	553	141	93
Financial liabilities	1,040	951	231	182
Other taxes and social security payable	56	75	34	29
Deferred income	-	27	-	-
Non-financial liabilities	56	102	34	29
Total current trade and other payables	1,096	1,053	265	211

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 2017 was 24 days (2016: 35 days). The directors consider that the carrying value of trade payables approximates to their fair value.

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

At 31 December 2017 £155,000 (2016: £72,000) of payables were denominated in US dollars, £nil (2016: £56,000) in Euros and £102,000 (2016: £270,000) in Sterling.

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	2017 Continuing Operations £'000	2017 Discontinued Operations £'000	2017 Total £'000	2016 Continuing Operations £'000	2016 Discontinued Operations £'000	2016 Total £'000
Adjustments:						
Depreciation, amortisation and impairment of non-financial assets	567	2,635	3,202	127	107	234
Finance costs	630	-	630	566	-	566
Loss on disposal of non-financial assets	9	-	9	13	-	13
Share-based payment expenses	88	-	88	103	-	103
Total adjustments	1,294	2,635	3,929	809	107	916
Net changes in working capital:						
Decrease/(increase) in inventories	159	-	159	(141)	-	(141)
Decrease/(increase) in trade and other receivables	162	39	201	(431)	21	(410)
Decrease in deferred income	(27)	-	(27)	-	-	-
Increase/(decrease) in trade and other payables	141	167	308	(119)	32	(87)
Total changes in working capital	435	206	641	(691)	53	(638)

Company	2017 £'000	2016 £'000
Adjustments:		
Depreciation, amortisation and impairment of non-financial assets	5,611	21
Finance costs	516	473
Share-based payment expenses	88	103
Total adjustments	6,215	597
Net changes in working capital:		
Decrease in trade and other receivables	66	18
Increase/(decrease) in trade and other payables	54	(108)
Total changes in working capital	120	(90)

26. Contingent assets and contingent liabilities

The Company is party to a multilateral guarantee in respect of bank overdrafts of all companies within the Group. At 31 December 2017, these borrowings amounted to £nil (2016: £6,000).

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.

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

Group	Short-term exposure USD £'000
31 December 2017	
Financial assets	510
Financial liabilities	(155)
Total exposure	355
31 December 2016	
Financial assets	356
Financial liabilities	(72)
Total exposure	284

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a loss of profits in 2017 of £194,000 (2016: £27,000). 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 bank overdraft 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

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.

Liquidity risk analysis

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

As at 31 December 2017, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current (within 6 months)	6 to 12 months	Non Current (1-5 years)
Group			
As at 31 December 2017			
Convertible loans	2,184	-	-
Trade and other payables	1,096	-	-
Total	3,280	-	-
Company			
As at 31 December 2017			
Trade and other payables	265	-	-
Total	265	-	-
Group			
As at 31 December 2016			
Convertible loans	112	113	2,357
Other Loans	41	-	-
Trade and other payables	1,026	-	-
Total	1,179	113	2,357
Company			
As at 31 December 2016			
Other loans	41	-	-
Trade and other payables	211	-	-
Total	252	-	-

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.

Loss for the year from discontinued operations:

	2017 £'000	2016 £'000
Revenue	66	9
Cost of sales	(182)	(79)
Gross Profit	(116)	(70)
Administration expenses	(3,553)	(742)
Operating loss from discontinued activities before taxation	(3,669)	(812)
Income tax expense	-	-
Loss from discontinued ordinary activities after taxation	(3,669)	(812)
Earnings per share relating to the discontinued operations	(3.36p)	(1.04p)
Cash flows relating to the discontinued operation are as follows:		
Operating cash flows	(828)	(652)
Investing cash flows	(4)	(408)

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:

	2017 £'000	2016 £'000
Assets held for sale:		
Tangible fixed assets at cost	2,820	-
Accumulated depreciation	(354)	-
Intangible assets at cost	32	-
Accumulated amortisation	(7)	-
Impairment charge	(2,491)	-
Assets held for sale	-	-
Related liabilities:		
Accruals	(222)	-
Trade payables	(16)	-
Liabilities directly associated with assets classified as held for sale	(238)	-

30. Events after the Reporting Period

- On 3 January 2018, Beaufort Securities exercised warrants over 875,000 new Ordinary Shares of 10p each at an exercise price of 10p per Ordinary Share. Accordingly, 875,000 new Ordinary Shares were issued in settlement of this exercise. Beaufort Securities Limited are no longer joint broker to the Company
- On 31 January 2018, the Company raised £0.75m (gross) through a placing of 3,409,091 new Ordinary Shares of 10p each at 22 pence per Ordinary Share. The placing was undertaken by S P Angel Corporate Finance LLP who received 170,455 Warrants to subscribe for Ordinary Shares at an exercise price of 22 pence per share
- On 28 March 2018, the Technology division secured a $4.5m contract for the provision of advanced vehicle screening solutions to an existing client in the Middle East
- On 10 May 2018, the Company announced that its major Middle East project opportunity is in Iran. The contract has been signed but the project is on hold as the Company investigates the impact of the US withdrawal from the JCPOA and the implications for the Company's supply chain
- On 24 May 2018, the Company extended the term of its Secured Convertible Loan Notes from 18 June 2018 to 30 June 2019, with an option to extend for a further six months to 31 December 2019. The coupon increases from 10% to 12% until June 2019 and increases to 15% for the six months to 31 December 2019 should the Company exercise its option. The conversion price has been reduced from 35p per share to 25p

Company Information

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Stuart Fowler
Martin Boden

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Lt Col Sir Malcolm Ross (Deputy Chairman)
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