Annual Report & Accounts 2010

WESTMINSTER GROUP PLC

Worldwide World Class Protection




FIRE I SAFETY I SECURITY I DEFENCE

WESTMINSTER
GROUP PLC

The Westminster Group is a specialist security group operating worldwide via an extensive international network of agents and offices in over 45 countries.

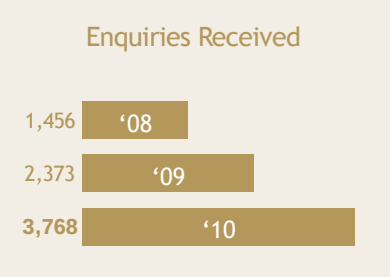
The Group's principal activity is the design, supply and ongoing support of advanced technology Fire, Safety, Security and Defence solutions to governments and government agencies, non-governmental organisations and blue chip commercial organisations worldwide.

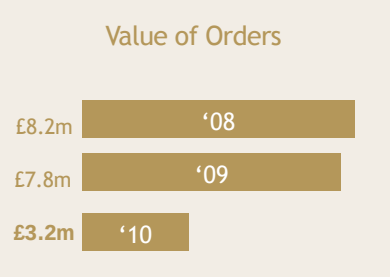
The Mission of Westminster Group plc is to be recognised as a worldwide centre of excellence for the provision of Fire, Safety, Security and Defence products and services.

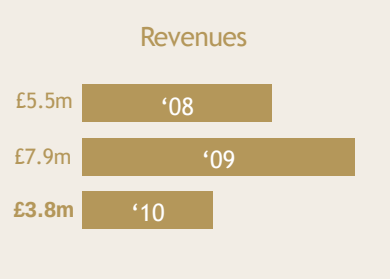
CONTENTS

"We have demonstrated our ability to deliver complex and innovative solutions to an impressive list of clients worldwide and have therefore clearly established credibility and a demonstrable track record with governments and blue chip organisations, which stand us in good stead to secure and deliver increasing business within this target market."

Peter Fowler
Chief Executive Officer







Key Points

- Continued expansion of international distribution network to over 45 countries offering unique in-country representation, knowledge and support
- New agents amongst others in Vietnam, Brazil, Colombia, Morocco and Latvia
- Record number of delegates trained by our close protection business Longmoor
- Exclusive distribution agreement for heart beat scanning equipment in UK
- Acquisition of niche security specialist CTAC Limited for £825,000
- Contracts won in fields of: Intruder Detection, Fever Detection, Access Control, Command & Control, Blast Film Protection, Overt & Covert Scanning Equipment, Close Protection, Countermeasures Equipment, Explosive Detection Equipment and Fire Prevention
- Placings to raise £2.27m in aggregate before expenses
- Underlying loss from operations, £2.77m
- Net assets at 31 December 2010, £2.24m
- Net cash at 31 December 2010, £0.26m

Post Year End

- £11.9m of new order wins to date, including:
- Multi million pound scanning order, expected completion in 2011
- Multi million pound order for the Middle East, expected completion in Q1 2012

Acquisition of CTAC – 24hr Control Room

On 15 April 2010 Westminster acquired CTAC Limited. CTAC is a specialist integrated provider of high end security solutions.

A key strength of the business is its 24 hour Alarm Receiving Centre (ARC) which is built, operated and certified to the National Security Inspectorate (NSI) Gold standard.

The ARC provides 24 hour control and monitoring services to third party organisations producing a valuable recurring revenue stream for the Group.

Fire Solution: Academy Upgrade - United Kingdom

RMS was awarded a contract to supply fire detection and other equipment to an academy site in the UK.

The site comprises of four blocks and an enterprise area, every block has its own addressable fire alarm system, networked to form one complete system. The Academy has installed automatic detection and manual call points to activate sounders and plant shutdown. The system is also integrated with a Class Change System which sends an input at allotted times to the fire alarm to activate the sounders utilizing a different sound so that the pupils are alerted to the fact that it's time to change class.

£200k

Contract Value

"I am pleased to report that our international reputation and demand for our services continues to grow and our enquiry activity is now at an all time high.".

Lt. Col Sir Malcolm Ross GCVO, OBE
Chairman

The Westminster Group Plc is a highly experienced and internationally acclaimed Fire, Safety, Security and Defence group operating worldwide through an extensive network of agents and international offices in 45 countries. The Group consists of five operating divisions providing a wide range of solutions and services.

Westminster International Ltd:

Providing solutions to almost any Fire, Safety, Security and Defence requirement, working with government agencies, military establishments, airports, sea ports, embassies, banks, power stations and major organisations and corporations worldwide.

The range of products and services is broad and covers Anti-Terrorism & Risk Reduction Solutions, Border & Perimeter Security, Covert & Overt Surveillance and Tracking Systems together with Defence & Homeland Security Solutions etc.

www.wi-ltd.com

Longmoor Security Ltd:

Recognised as a leading provider of quality security personnel and corporate security solutions worldwide protecting high profile international customers including organisations such as the BBC. Longmoor's operatives all hold British Home Office or British Armed Forces qualifications in their specialist fields.

The company covers four areas – Training, Security & Protection, Risk Management and Special Projects – providing a complete security solution.

www.longmoor-security.com

RMS Integrated Solutions Ltd:

A specialist provider of integrated low voltage systems throughout the UK, including Fire & Security Systems, CCTV, Structured Cabling, TV & Satellite Distribution and Wireless Technology Distribution. Solutions are tailored to clients' specific needs, keeping goals and budgets at the forefront of design.

www.rms-is.com

CTAC Ltd:

A specialist integrated provider of 'high end' security solutions to a blue chip client base which operates in operationally critical, high value and high profile fields such as cash handling, bullion storage, jewellery and diamond merchants, chemical storage and the utilities market.

www.ctac-ltd.com

International Monitoring Services Ltd:

Acquired as part of CTAC, International Monitoring Services Ltd was established to operate and expand the 24 hour Alarm Receiving Centre (ARC) which is built, operated and certificated to the National Security Inspectorate (NSI) Gold standard and is capable of monitoring signals from around the world. The ARC has now been established under its own trading entity and launched as International Monitoring Services to reflect the international potential of the company within the Group.

www.international-monitoring.com

Safety Solution: Fever Detection Equipment - North Africa

Westminster secured a contract to supply a number of Westminster's WG520 specialist Fever Detection Systems for public buildings in North Africa, which will be used to screen visitors for flu epidemics so that appropriate action can be taken.

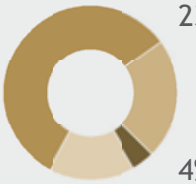
The portable WG520 Fever Detection System identifies persons who may be suffering from common influenza, SARS and other flu variants such as Avian flu, Bird and Swine flu etc. by identifying individuals whose body temperature exceeds a predetermined threshold. The WG520 is suitable for mass screening at airports, ports, stadiums and public buildings.

$200k

Contract Value

Geographical Revenue Analysis

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

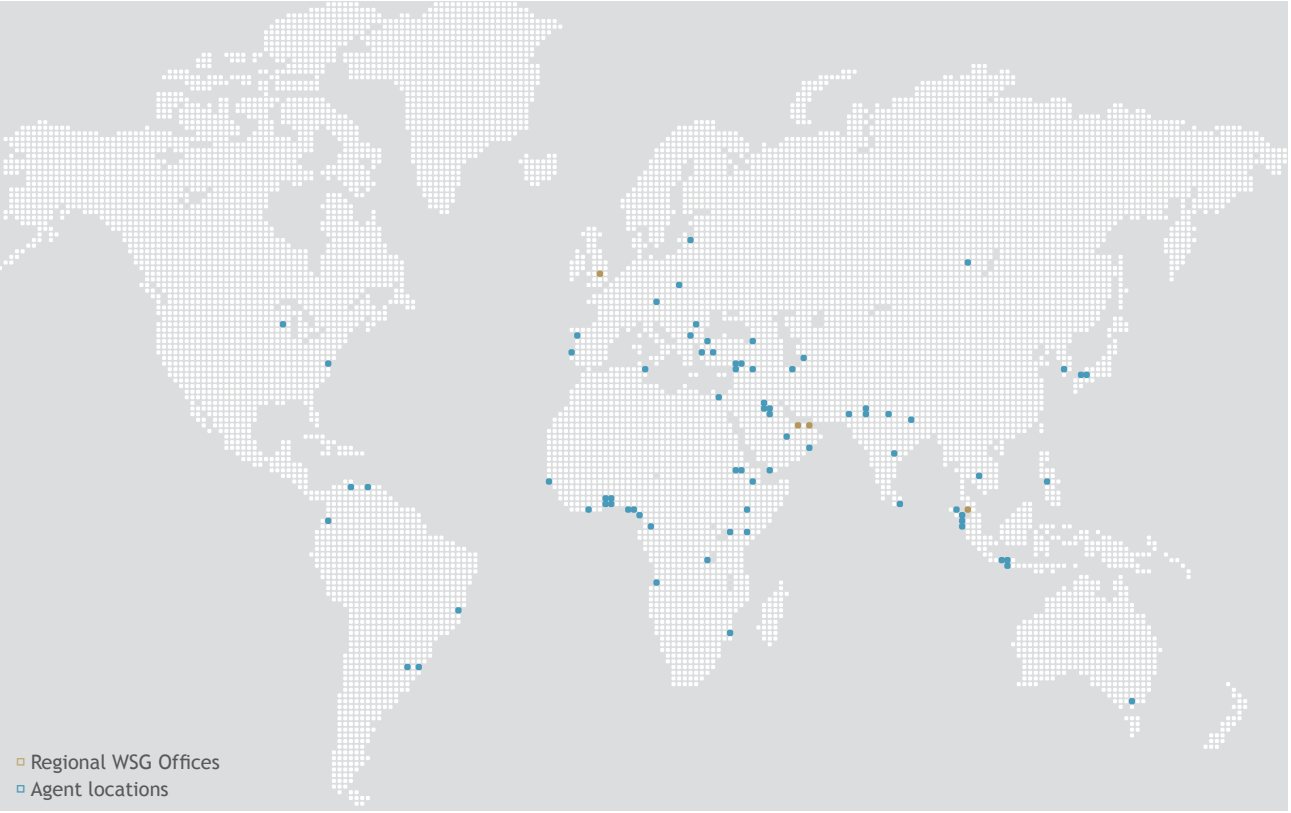


Worldwide World Class Protection

The focus of our business is to provide niche products and services to niche markets around the world. We do so through an expanding network of strategically located offices and agents in over 45 countries covering every continent with the exception of Antarctica.

We have invested and continue to invest heavily in building our international presence and agency network. The strategy we have developed to capitalise on the market opportunities that undoubtedly exist around the world today is, we believe, creating a competitive advantage for our Group and we are therefore well placed to achieve significant growth from the many opportunities presented.

A growing network of agents and offices in over 45 countries



Security Solution: Scanning Equipment - Middle East

Westminster International won a contract to supply baggage scanning equipment to a customer in the Middle East.

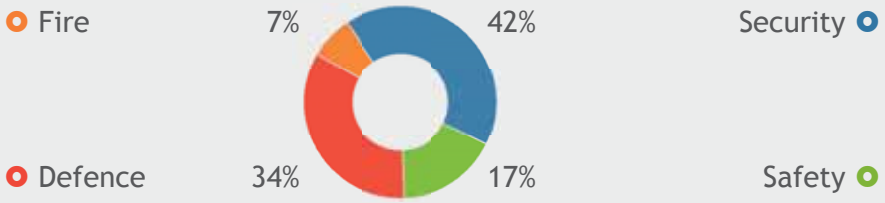
The contract consisted of a number of Westminster's advanced x-ray baggage scanner systems. X-ray baggage scanners which are familiar to all travellers are becoming increasingly important in the fight against the threat of terrorism in both commercial and governmental establishments.

$165k

Contract Value

Sector Analysis

The four sectors in which the group operates are represented as follows.



Based on orders received

A broad range of services

We are not a manufacturer and are not therefore tied to any one single product or technology; this is a key strength of our Group! We are not dependent on any one supplier, customer or region.

As a solutions provider/systems integrator, we offer a broad range of products and services from suppliers all over the world, wherever possible negotiating advantageous or exclusive rights prior to promoting them to our target client base. We believe that another key strength of the Group is our ability to bring together and integrate a wide range of technologies from different sources to produce comprehensive bespoke solutions suited to our clients' needs.

Westminster is continually developing and expanding its range of solutions for customers in all sectors. Our recent acquisitions of Longmoor and CTAC have further extended our range of services and, in addition to our technology solutions, we now also offer risk management, training, close protection and 24/7 monitoring services.

Sectors

Airports & Aviation
Westminster's wide portfolio of Fire, Safety, Security and Defence solutions and expertise in the provision of airport security is helping to protect airports throughout the world.

Banking
Westminster can provide security solutions for every aspect of the Banking and financial services industry.

Border Security
Westminster can provide a wide range of Border Security solutions for the surveillance, detection and screening of persons crossing national land, sea or air borders.

Buildings & Compounds
Threats to buildings & compounds are many and vary from the tangible to intangible. Westminster offers a wide range of equipment and solutions to counter such threats; from leak detection to blast protection.

Critical Infrastructure
Westminster has an extensive portfolio of solutions to protect critical infrastructure, such as electricity generation and distribution, water supplies, transport, tunnels and bridges.

Embassies
Westminster has a wide portfolio of products and services both for the protection of Embassies and Embassy staff worldwide.

Governments
Westminster is able to assist Governments and their agencies to deal with various security issues, whether it be protecting buildings, infrastructure, information or individuals or the gathering of intelligence or provision of systems for the fight against crime, insurgency and terrorism.

Hotels, Clubs, Casinos & Bars
Anywhere where there are large numbers of people there is the potential for disturbance, unrest, fraud, criminal and even terrorist activity. Westminster offers a wide range of products and solutions to assist the management of these threats and to protect guests and patrons accordingly.

Military
Westminster can supply a wide range of non-offensive military equipment and defence solutions such as RF jammers, armoured vehicles, mine detection and disposal equipment, protective clothing, ID systems, medical and trauma packs, survival equipment, diver detection sonar and perimeter detection systems.

Non-Governmental Organisations
Westminster has extensive experience of providing safety and security solutions to protect NGO's such as the UN or World Food Programme in hostile areas around the globe.

Oil & Gas
Westminster can provide expert guidance on oil & gas production plants, pipeline infrastructure, pumping stations, terminals and even shipping and has a wide range of specialist fire and security solutions for the protection of such facilities, including advanced pipeline protection solutions.

Police & Law Enforcement
Westminster offers a range of covert and overt scanning and tracking solutions, data gathering solutions and protective equipment to assist the security services carry out their vital roles safely and efficiently.

Ports & Harbours
Westminster has a wide range of security and defence solutions which can be deployed to protect ports & harbours including both land and marine based systems.

Power Stations & Utilities
Westminster can protect power stations & utilities using a range of specialist solutions including perimeter security, surveillance systems and specialist fire detection & suppression systems.

Prison & Detention Centres
Westminster provides a range of effective security solutions for prisons & detention centres to control and monitor the flow of people moving in and out of the premises, as well as within the facilities themselves.

Schools & Hospitals
There is a growing concern around the world that schools and colleges are now becoming subject to violent crime. Staff in the healthcare sector are regularly subject to violent threats and attack from patients and guests. Westminster can advise on and supply a wide range of solutions to address this problem.

Theatres, Stadiums & Arenas
Large entertainment venues provide a unique set of safety and security challenges. Westminster can provide a vast array of security and safety solutions to help minimise risk and disruption and also provide structured and comprehensive training of officials in how to cope with threats and emergencies as well as risk assessment planning.

VIP & Personal Protection
Westminster provides comprehensive solutions for VIP protection. Individuals themselves can be protected using Westminster's specialist and discreet personal security and close protection teams.

Defence Solution: Countermeasures Equipment - Far East

Westminster International secured a contract for the supply of a sophisticated electronic countermeasures system valued around $645,000

The contract was secured following a selective tender process with a national government in the Far East.

Under the contract, Westminster will provide specialised electronic countermeasures equipment compliant with export control requirements. The contract is expected to be completed in the first half of 2011

$645k

Contract Value

"A key strength of our business model is the wide-ranging network of agents and offices we have established and continue to expand around the world.".

Lt. Col Sir Malcolm Ross GCVO, OBE
Chairman

Overview

I am pleased to present the accounts of Westminster Group plc for the year ended 31 December 2010. Whilst the results show a reduction in revenues for the year and an underlying loss from operations of £2.77 million I am pleased to report that our international reputation and demand for our services continues to grow as illustrated by the current order book and our enquiry activity is now at an all time high. The downturn we experienced during the challenging economic conditions of 2010 was due to delays on expected major contract awards from our governmental and blue chip client base. I am pleased to report however that we have started 2011 on a particularly strong note with several of the contracts we expected to secure in 2010 being won in early 2011, including two multi million pound contracts, which are the largest we have won to date.

Market

Despite continued global economic uncertainties we believe the market for security, defence, fire and safety solutions will continue to develop as recent events in North Africa and the Middle East illustrate only too well. Organisations throughout the world remain mindful of the need to protect their infrastructure, their assets and their people. Westminster, with its global presence and growing international reputation, is well placed to take advantage of such opportunities.

A key strength of our business model is the wide-ranging network of agents and offices we have established and continue to expand around the world.

We are a British based but internationally focussed business with our focus outside of the UK being predominantly the Middle East, Asia and Africa. This network means we can carry out our international business in a very cost effective manner and ensures scalability in our operations. We have agents located in all the countries in which we wish to operate. Although we cover a wide range of countries, we focus our efforts on countries where our skills and expertise can be of most benefit and do not actively pursue other markets.

Corporate governance

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

Staff

As a service based business our staff are vital to the continued growth and development of our business. We are fortunate in having a highly committed and dedicated workforce who have performed exceptionally well during a difficult period and I warmly thank them for all their hard work and effort during the past year.

Summary

2011 has started on a strong note with a number of significant new contract awards and the Directors believe the Company will show considerable organic growth in 2011.

Finally I would also like to thank you, our shareholders, for your continued support.

Lt. Col. Sir Malcolm Ross GCVO, OBE
Chairman
1 June 2011




FIRE I SAFETY I SECURITY I DEFENCE

"We continue to be focussed on providing niche products and services for niche markets worldwide and in 2010 we successfully delivered a wide range of products and services which illustrate that focus.".

Peter Fowler
Chief Executive Officer

Overview

The Group's principal activity remains the design, supply and ongoing support of advanced technology security, defence, fire and safety solutions, together with risk management, close protection and training services. Our principal clients are governments and related agencies, non-governmental organisations (NGOs), military establishments, airports, sea ports, banks, power stations and blue chip commercial organisations worldwide.

2010 was a challenging year with the continued global uncertainty of the economic downturn causing our government and corporate clients around the world to defer their spending plans. As a consequence, after three years of growth in turnover, we experienced a downturn in revenues resulting in an underlying loss from operations of £2.77 million for the year. The results however do not reflect the success of the Company during the year in building its international reputation and presence, evidenced by the significant increase in enquiries received, which by the year end were at their highest ever level.

We continue to be focussed on providing niche products and services for niche markets worldwide and in 2010 we successfully delivered a wide range of products and services which illustrate that focus.

The scope of our services ranges from the regular supply of a wide array of products and services to the design and provision of large scale major projects to our governmental and commercial clients worldwide. Whilst the provision of large scale major projects may have long lead times and can be subject to delays as experienced in 2010, it is such projects that we believe will deliver substantial growth to the Company in due course.

In this respect we made good progress in 2010 and we are currently negotiating a number of important potential major projects any one of which, if secured, would be transformational.

Our Market

Our market is wide and diverse with intense competition in certain areas, whilst having under-developed, fragmented competition in others. These latter areas are the primary focus of our international activities.

Whilst we have a presence and operate in around 45 countries, our market focus outside of the UK is predominantly the Middle East, Asia and Africa with a growing interest in Eastern Europe and South America. We have made, and continue to make, significant investment in building up our international presence and agency network which, together with the marketing strategy we have developed, provide Westminster with a competitive advantage and I believe we are therefore well placed to achieve significant growth from the many opportunities presented in our focussed markets.

Our acquisition of CTAC extends our market into the high security and utilities market as well as opening up new markets in the extensive area of remote monitoring and surveillance whilst our Longmoor Security division further extends our market focus and capabilities with the provision of risk management, close protection and training services to high net worth clients, corporations and government bodies worldwide.

Strategy

We believe success in our target markets requires meeting exacting criteria: credibility, financial stability, professionalism and experience, with a demonstrable track record and, crucially, 'in-country' knowledge and connections. These, together with the political and logistical issues presented in many countries, present a significant barrier to entry for many companies, yet provide a major opportunity for a company such as Westminster, which has the right credentials and an extensive local support network. Our target clients are potentially high value repeat order customers with demanding performance criteria.

We have demonstrated our ability to deliver complex and innovative solutions to an impressive list of clients worldwide and have therefore clearly established credibility and a demonstrable track record with governments and blue chip organisations, which stands us in good stead to secure and deliver increasing business within this target market.

We have, in recent years, devoted much of our efforts to establishing a credible worldwide network of agents who can provide in-country logistics support, manpower, intelligence and, critically for our clients, on-going service support once we have provided the goods or services. We now have an extensive agent network in over 45 countries covering every continent with the exception of Antarctica, which has undoubtedly helped us achieve our global exposure. However, our strategy is to build on and improve this network, replacing underperforming agents and in key markets appointing 'Super Agents', who have the size and financial strength to prime and finance major contracts in their regions. We have already appointed super agents in the UAE and Qatar and are in discussions with potential super agents in Iraq, Saudi Arabia and a number of other countries.

Our strategy is to deliver significant growth via the successful deployment of major projects whilst increasing the flow of smaller product and services sales. We recognise however that this can lead to lumpy revenue depending on the timing of contracts, which was the strategic objective of acquiring CTAC in order to acquire its 24 hour Alarm Receiving Centre (ARC) which generates regular recurring revenue and has substantial capacity for expansion. We are now in the process of establishing the ARC as its own operating division under the name of International Monitoring Services and are already in discussions with several major corporations regarding the provision of large scale monitoring services, which, if successful, would generate significant additional recurring revenue. The installation and maintenance business of CTAC will be merged with our existing UK systems integrator RMS.

We have now established Longmoor Security as a leading training provider for ex-military personnel wishing to obtain SIA licensing to operate as close protection officers and our strategy going forward is to extend the number and scope of the training courses provided both within the UK and overseas. We are also looking to extend the scope of its close protection operations and risk assessment studies worldwide.

We are not a manufacturer and are not therefore tied to any one single product or technology. As a solutions provider, we offer a broad range of products and services from manufacturers all over the world, wherever possible negotiating advantageous or exclusive rights prior to promoting them to our target client base. We believe that one of the key strengths of the Group is our ability to bring together and integrate a wide range of technologies from different sources to produce comprehensive bespoke solutions suited to clients' needs.

We are committed to delivering this strategy both through organic growth and by strategic and targeted acquisitions.

Marketing

Due to the global nature of our business, an effective web presence is an important aspect of our marketing strategy. We have established a major website presence for each of our operating companies as well as our investor based Group website and we continue to invest heavily in search engine optimisation. Our international website is particularly successful and is believed to be one of the largest security product websites in the world running into hundreds of pages. We are currently creating multi lingual versions of key pages including an extensive Russian version with the assistance of our Ukrainian agent.

Our various group websites are as follows:

- www.wg-plc.com
- www.wi-ltd.com
- www.longmoor-security.com
- www.rms-is.com
- www.ctac-ltd.com
- www.international-monitoring.com

All websites are fully interactive and provide an excellent showcase for the Group's extensive range of products and services.

We also have a number of Group videos which can be viewed on the various websites or on the Westminster Channel on Youtube - http://www.youtube.com/user/WestminsterGroup.

Our various Group brochures may be found here - http://www.wg-plc.com/media/brochures

Westminster's growing international reputation is evidenced by the increasing number of events and lectures that the Company is asked to attend or speak at.

In March 2010 Westminster Group Plc provided the keynote speaker on security issues facing the Oil and Gas industries at the prestigious Oceantex 2010 Conference & Exhibition in Mumbai.

In June 2010 Westminster International provided a major presence at the Ministry of Justice Exhibition at the Queen Elizabeth II Conference Centre in London.

In November 2010 we were interviewed by Sky News following the attempted armed kidnapping of Formula One champion Jenson Button in Brazil. We were selected to be interviewed as experts in the field of Close Protection and defensive driving skills in order to comment on the incident.

In November 2010 Westminster UAE (our UAE super agent) hosted the VIP luncheon at the Roadex and Railex Exhibition in Abu Dhabi, United Arab Emirates and lectured on security.

Business review

2010 was a difficult year in terms of revenue and earnings due to delayed orders in a continuing uncertain economic climate. Nevertheless the year was a success in terms of the continued enhancement in the quality and size of enquiries in which we are involved, the number and size of quotations issued, acquisition, new strategic investors and the overall activity of the various Group companies.

CTAC

On 15 April 2010 we acquired CTAC Limited. CTAC is a specialist integrated provider of 'high end' security solutions to a blue chip client base and which operates in operationally critical, high value and high profile fields such as cash handling, bullion storage, jewellery and diamond merchants, chemical storage and utilities.

A key strength of the business is its 24hour Alarm Receiving Centre (ARC) which is built, operated and certificated to the National Security Inspectorate (NSI) Gold standard, the highest level of such certification in the UK. The ARC operates as a 24/7 control & command centre and monitors alarm and video signals from over 1,000 systems across the UK, producing a strong recurring revenue stream.

Founded in 2004, CTAC operates from a 3,000sq ft premises in Kidderminster, UK, supporting clients primarily within the UK but with a growing interest and significant market potential internationally.

The addition of CTAC to the Group continues Westminster's expansion through the integration of complementary services. Synergistic benefits of the acquisition include:

- Niche business in sector and good fit with Westminster's core business;
- 24 hour Control & Command facility and Alarm Receiving Centre is a major enhancement to the Group's service operations presenting cross selling opportunities to other Group companies and international clients operating across international time zones;
- Opportunity to add new services such as 24 hour travel advice, emergency medical and hostile extraction services to overseas travellers and third party remote monitoring and call centre services; and;
- Ready built nationwide service team and infrastructure to serve Westminster's increasing UK customer base, including Westminster's recently announced contract with the Ministry of Justice covering 139 Prisons in England and Wales.

The extent of these opportunities means that the Board remains confident that CTAC will prove to have been a worthwhile acquisition.

A review of business activities by region is given below:

The Middle East

The Middle East is a key focus market for us and one we have been actively developing throughout the year. We have increased our agency representation including the appointment of super agents in the UAE and Qatar and are in discussions with suitable companies to become super agents in Iraq and in Saudi Arabia.

We delivered a range of solutions in the Middle East including blast protection to various countries in the region, explosive detection equipment and training, various scanning and screening systems and are currently in advanced negotiations with several governments and major clients in the region on several very sizeable potential projects.

In October 2010 we hosted a high level delegation from the Ministry of Interior in Iraq to discuss and see field trials of a confidential multi million dollar project we have been in discussions about for sometime and which could result in significant business in the region.

In December 2010 we also hosted a delegation from the UAE Navy for presentations and trials of marine security solutions. This followed a multi million dollar bid submission by Westminster for a marine security solution at naval facilities. The meetings and trials went very well and Westminster has been shortlisted as a potential supplier. In March 2011 a second high ranking UAE naval delegation visited Westminster for further discussions on an increased scope of works.

Our contract for the installation of an advanced security net across the river Nile to protect the new Nagaa Hammadi Dam complex in Egypt is well underway and, despite minor disruption during the recent troubles in Egypt, the project is on course for completion in 2011.

The ability to design and deliver wide and diverse creative solutions of this nature, addressing difficult security issues is, we believe, what distinguishes Westminster in the market.

Africa

Africa remains an important market for us and one where we see significant business opportunities for the future. During 2010 we continued to secure a wide range of contracts for a diverse range of equipment in the region. For example we provided fever screening equipment to Libya, electronic ordinance disposal equipment to an East African Government and various x-ray scanning solutions to clients in the region.

Our major contracts for a complete airport security solution at Juba Airport in Southern Sudan and for a comprehensive surveillance solution for the National Bank of Ethiopia are both progressing well and both are expected to be completed in 2011. Both contracts have also been subject to increased scope of work and extension contracts.

The Americas

We see South America as a potential growth market and our activities in the region continue to grow. As a result we have appointed new agents in Brazil and Colombia. We have secured a number of valuable smaller orders in the region, including risk assessments on potential major projects. We are not focussed on winning business in North America at this time.

Asia Pacific

The Asia Pacific region is also a focus area for the Group where we anticipate growing demand for our services. We have received a number of significant enquiries for our products and services in the region during 2010 and secured a number of contracts including frequency jamming equipment to an Asian Government, silent drilling equipment for covert operations to an Asian security services, fire detection equipment to both New Zealand and Australia as well as numerous sales of x-ray screening and bomb disposal equipment within the region. We have also already secured further significant contract wins in early 2011.

UK & Europe

As reported earlier we are focussed on providing niche products and services to an international marketplace. The UK and Europe are important markets for us and our acquisition of CTAC during the year and the addition of the Alarm Receiving Centre (ARC) that was part of the acquisition, means that we are now expanding our customer base in the region with a broader range of products, services and security solutions, with a focus on delivering recurring revenue streams through monitoring services. The ARC is being separated from the CTAC business under the name of International Monitoring Services allowing the business to operate independently from the installation side of the business and therefore be more attractive to other installers and users of monitoring services. We are already in discussions with several major retailers regarding their monitoring requirements.

During the year we continued to supply and support HM Prisons, under the four-year framework contract with the UK Ministry of Justice (MoJ), relating to the supply and maintenance of various security equipment for UK Prisons. The MoJ oversees the operation of 139 prisons in England and Wales with varying levels of security requirements. Despite the cutbacks experienced within the MoJ we are now seeing increased activity and a growing demand for the Group's services. In addition we have begun to supply prisons and correctional facilities outside of the UK.

RMS continued to suffer from the downturn in construction activity within the UK. However during the period RMS did increase its recurring revenue stream by over £60,000. Going forward the RMS business is being merged with the installation and maintenance business of CTAC and the business refocused away from construction.

Longmoor Security made good progress in 2010, increasing its revenues by 175%. Its training courses for ex military personnel wishing to obtain SIA licences to work in the private security arena were well subscribed and the company ran regular accredited close protection training courses throughout the year.

Management & Staff

We started 2010 with 45 staff which by the year end had grown to 70, including our overseas operatives.

Share issues

During the year we have issued shares to raise £2.27 million before expenses. This included investment from new institutional shareholders and strategic investment from business partners.

Current trading and outlook

Whilst 2010 suffered a downturn due to delayed contract awards, we have made an extremely positive start to 2011 with several significant contract awards being announced, including two multi million pound contracts. In January we announced a major contract award for mobile surveillance vehicles, which was then our largest contract award to date and is now expected to be fully completed by the end of the year.

We have since announced an even larger contract for the supply of integrated security solutions to high profile sites in the Middle East. This contract involves the protection of a number of high profile sites within the Middle East and involves the provision of advanced detection and surveillance equipment including radars, sonars and thermal imaging surveillance equipment networked to an advanced integrated central Control & Command system.

The above two orders show a step change in the size and value of projects that we are now securing and bode well for future trading. As at 1 June 2011 we have received £11.9 million of orders in 2011, which means that our order book is at its highest level ever. We also have a number of other significant contracts under negotiation. Our enquiries are running at record levels and we have our largest ever active quote bank. The timing of orders and the delivery of such is, of course, difficult to forecast with certainty and can be delayed by matters beyond the Company's control.

We continue to demonstrate our ability to deliver complex and innovative solutions and secure a broad range of contracts in our target markets globally. Westminster's reputation in these markets is significantly enhanced with each contract delivered.

We have a solid order book, a robust business plan and vision, clear strategic goals and objectives and a commitment to the continuing development of our operational infrastructure. We have a strong management team and an experienced board of Directors. Accordingly we are confident of a solid performance for 2011 and exciting growth prospects beyond.

P.D. Fowler

Chief Executive Officer
1 June 2011




PORT I AIRPORT I UTILITIES I INFRASTRUCTURE

"The value of orders received so far in 2011 is £11.9 million, the highest level that the Group has known, which is the basis for the Directors' belief that 2011 is likely to show a substantial improvement over 2010".

Nicholas Mearing-Smith
Finance Director

General

The revenues of the business fell in 2010 to £3.8 million, 52% lower than in 2009. Principally as the result of this fall in revenues and the impairment of goodwill, we made a loss after tax for the year of £3.82 million, compared with a profit of £121,000 in 2009. The net cash reserves of the Group at 31 December 2010 were £0.3 million (2009: £0.2 million).

Income statement

The revenue reduction in 2010 to £3.8 million (2009: £7.9 million) was primarily attributable to delays in placing orders by our principal government customers, rather than losing bids for contracts. In 2010 UK and Europe represented 57% of revenues (2009: 34%), whereas Africa only represented 16% of revenues (2009: 53%).

Our gross profit in 2010 fell to £399,000 (2009: £2.75 million), as discussed under Gross profit margin below.

Administrative expenses increased by 76% over the year to £4.57 million (2009: £2.60 million). £763,000 of this increase is impairment of goodwill, £430,000 is the administrative costs of CTAC, which was acquired during the year, £545,000 is a provision for bad debt against a specific client and £38,000 the acquisition costs of CTAC. In 2010 the Group benefitted from invoicing in dollars and holding dollars to the extent of £93,000, whereas in 2009 we had foreign exchange losses of £73,000. Excluding the impairment of goodwill, CTAC administrative costs, the bad debt provision, CTAC acquisition costs and currency gains or losses, our comparable administrative expenses rose by 14% year on year (2009: 11%). We continue to keep costs under tight control, whilst ensuring that we spend sufficiently to support our continuing growth.

Financing costs were £190,000 for the year (2009: £116,000), £174,000 of this cost was the effective interest cost on the Convertible Loan Notes that were issued on 29 June 2009 (2009: £82,000). Finance income was £136,000 (2009: £107,000), which was all attributable to the fair value movement relating to the embedded derivative in the Convertible Loan Notes.

We have increased the deferred tax asset from £347,000 in 2009 to £770,000 in 2010. The deferred tax asset does not reflect all the tax losses that are available to the Group, but only those that the Directors consider will be usable in the foreseeable future based upon current trading

Segmental performance

Our advanced technological division, Westminster International, saw revenues reduce by 72%, which resulted in a loss after tax of £1,356,000 (2009: profit £239,000). Our low voltage division, RMS, saw a reduction in revenues of 73%, and also came under margin pressure, largely as the result of the downturn in the construction industry. As a result the loss after tax increased from £165,000 in 2009 to £533,000 in 2010. Our close protection division, Longmoor Security, generated a loss after tax of £851,000 (2009:£134,000). Although revenues increased by 164% on a year on year basis, a bad debt provision of £562,000 reversed the benefit of that revenue increase.

Balance sheet

At 31 December 2010 the Group had shareholders' equity of £2.24 million (2009: £3.8 million). The Group's principal tangible assets are £0.3 million cash (2009: £0.2 million) and the 4.5 acre freehold head office site in Oxfordshire. The site was valued as at 31 December 2010 at £890,000.

Trade receivables were £0.90 million at 31 December 2010 (2009: £3.60 million). On the Juba contract $194,000 was due at 31 December 2010 (2009: $3.4million).

The Group has contracts that straddle financial periods and that are closer to completion than invoicing would suggest; this has enabled the Group to recognise amounts recoverable on contracts of £663,000 that will be invoiced in 2011 (2009: £94,000). 792,683 new ordinary shares were issued in the year as part of the consideration for the acquisition of CTAC Limited. They were issued at a price of 41p each, thereby generating a premium of £246,000 taken to merger relief reserve. In the statement of changes of equity this amount has been utilised against the impairment of goodwill recognised in the income statement. In the accounts of the Company the merger relief reserve has been utilised against the impairment in value of CTAC.

During 2010, 8,546,000 new ordinary shares were issued for total cash proceeds before expenses of £2.27 million, generating a total share premium of £1.41 million. Part of the share premium has been utilised in relation to the direct costs of those issues, which totalled £350,000 (2009: nil). Details are set out in note 22 to the financial statements.

Liabilities include trade payables which totalled £753,000 at 31 December 2010 (2009: £518,000). Deferred income stands at £188,000 (2009: £423,000) and represents invoices raised on which the revenue has not yet been recognised on a number of contracts. Accruals and other payables have risen to £231,000

at the year end (2009: £179,000) and represent a number of relatively minor items. Finance lease liabilities totalling £192,000 (2009: nil) have been recognised as onerous leases, as the Directors do not consider that these leases for software and equipment represent ongoing assets of the business.

One unusual aspect of our balance sheet is the need to provide performance bonds, advance payment guarantees and bid bonds underwritten by our bank in respect of various contracts that we have secured or are seeking. Our bank facility used to provide for a maximum of £545,000 of such bonds to be outstanding at any one time, but has now been limited to those bonds currently outstanding of £232,000. If the total of bonds outstanding exceeds that figure, then the excess has to be locked up as cash on deposit to secure the bonds. In May 2011 the Company entered into a short term loan agreement for £150,000, which is repayable in July 2011.

Cash flows

The Group had net cash inflows of £59,000 (2009: outflow £370,000), which comprised operating cash used of £1.2 million (2009: £1.2 million), investing cash used £755,000 (2009: £185,000) and financing activities cash generated of £1.98 million (2009: £1.02 million). The operating cash used is primarily owing to the losses for the year, reduced by a reduction in working capital of £1.92 million, (2009: increase £1.47 million); cash used relates mainly to the acquisition of CTAC.

Gross profit margin

Gross profit margin in 2010 fell to 10.5% (2009: 34.6%). Our gross margins are a function of the mix of business with large complex projects tending to generate higher gross profit margins than the more straightforward supply of products. In 2010 there was limited revenue from larger projects and certain UK contracts made losses, partly attributable to the problems in the UK construction industry.

Earnings per share

The Group recorded a basic loss per share of 20.54 pence (2009: earnings per share 0.82 pence).

Key performance indicators

The main performance indicators used in 2010 were gross profit margin, operating profit and loss and individual job profitability. The Group management information contains significant detail concerning operational performance and, in addition to the above measures, the Board reviews the ratio of operating profit to operating cash flows, administrative expenses compared to budget as well as debtor ageing and revenue visibility.

In addition to the main financial indicators, the Board reviews a range of non-financial indicators. The business is long-term in nature, meaning that decisions concerning major projects can take years to develop to the point of order. Therefore operational management monitors enquiry activity very closely. The Group maintains an extensive quote book of live enquiries which are reviewed on a regular basis with all call activity logged. We particularly focus on those enquiries where decisions are expected imminently. In addition, the number and average size of orders are carefully reviewed to identify any emerging trends in order sizes or products demanded. The use of these extensive indicators ensures that we are informed of, and in control of, the finances of the Group.

The following table shows the key non-financial indicators that are relevant to the Group:

	2008	2009	2010
Number of enquiries	1,456	2,373	3,768
Number of orders placed	465	454	662
Value of orders placed (£m)	8.2	7.8	3.2

The number of enquiries is rising substantially each year, which is an important indicator of the effectiveness of the Group's marketing efforts. It can be seen that the number of orders fell in 2009, but rose again in 2010. However the value of orders placed in 2010 fell significantly, as described elsewhere in this report. This demonstrates that the lack of one or two expected major orders in a single year can have a very significant effect on the results for the year. However, the value of orders received so far in 2011 is £11.9 million, the highest level that the Group has known, which is the basis for the Directors' belief that 2011 is likely to show a substantial improvement over 2010.

Acquisition of CTAC Limited

On 15 April 2010 Westminster Group plc acquired the entire issued share capital of CTAC Limited for an initial consideration of £825,000, which was satisfied by £500,000 in cash and the balance of £325,000 by the issue of 792,683 new ordinary shares of 10p each in Westminster at 41p on the date of completion.

As stated in notes 9 and 29 a claim for £740,000 is being made against the vendors of CTAC under the terms of the Sale and Purchase Agreement. Nevertheless the Directors believe that CTAC will prove to be valuable addition to the Group.

N. P. Mearing-Smith

Finance Director
1 June 2011



BANKS I EMBASSIES I HOTELS I STADIUMS

Lieutenant Colonel Sir Malcolm Ross GCVO, OBE

Non-Executive Chairman

Lieutenant-Colonel Sir Malcolm Ross GCVO OBE, was a member of the Royal Household of the Sovereign of the United Kingdom, and from 2006 to 2008, of the Prince of Wales.

Sir Malcolm was educated at Eton and Sandhurst. He served in the Scots Guards, holding the posts of Adjutant at the Royal Military Academy Sandhurst, and reached the rank of Lieutenant-Colonel in 1982.

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

Peter Fowler

Chief Executive Officer

Peter has over 40 years experience operating within the security industry, with particular reference to the electronic protection sector.

Peter started his career in the security industry in 1970, quickly progressing into senior management roles and has a long history of running successful companies having built and sold two security businesses, successfully carried out acquisitions and disposals and has held several senior positions in listed companies.

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

Nicholas Mearing-Smith BScEcon, FCA, ATII, MSI

Finance Director

Nicholas is a chartered accountant, a former partner of a major stockbroking firm and an ex-investment banker. In 1989 he founded a cable television business, which became part of NYNEX CableComms plc, of which he became Chief Financial Officer. When NYNEX CableComms merged into Cable & Wireless Communications plc, he became Finance Director of the operation which had a £2.3 billion turnover. Both companies were floated on the London Stock Exchange, in 1995 and 1997 respectively.

Nicholas left in 1999 to become C.E.O. of an international cable business and has more recently been involved in starting and managing new telecoms and related businesses.

Nicholas joined Westminster as Finance Director in February 2007.

Roger Worrall

Commercial Director

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

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

Stuart Fowler BEng (Hons)

Operations Director

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

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

Sir Michael Pakenham KBE, CMG

Non-Executive Director

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

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

The Directors present their report and the audited financial statements for the year ended 31 December 2010.

Principal activities

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

The Group operates through a network of agents located in 45 countries at 31 December 2010. These agents typically generate sales leads and work with the Group in preparing tender documentation. The majority of the agents are based in the Middle East, the Far East and Africa.

Review of business, future developments and key performance indicators

A full review of the business and future developments, incorporating key performance indicators, is set out in the Chief Executive Officer's and Finance Director's reports.

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

Executive Directors	Non-Executive Directors
P.D. Fowler	Lt. Col. Sir Malcolm Ross GCVO OBE
S.P. Fowler	The Hon. Sir Michael Pakenham KBE CMG
N.P. Mearing-Smith	
R.W. Worrall	

Risk management objectives and strategy

The Group faces a number of risks posed by international expansion, the solvency of contractors, start date risks as well as political risks. The Group also has large contracts, which create particular risks. The Group's management is active in assessing all risks and uncertainties facing the Group and is proactive in taking preventative action to mitigate these risks wherever possible. However, political risks are beyond the control of the Group's management.

The main implications for our business of these risks are:

- International expansion creates risks of doing business in countries and jurisdictions with differing cultures and laws to that of the UK. By working with agents who are local to each country, we seek to minimise those risks;
- The solvency of suppliers/contractors is a potential risk. Although we try to ensure that alternative suppliers are available to us, this is not always possible. Under such circumstances great care is taken to ensure the stability of such suppliers and commercial terms are agreed to reduce the risk to the Group;
- Large contracts, due to size, can constitute some risk. However we aim to reduce this risk by careful planning, project management and obtaining a broader spread of contracts;
- We experience start date risks with some of our larger contracts, as the clients cannot always be sure of when their budgets will be approved and, sometimes, we have to fit our schedule around that of a larger overall contract, which may impact timing of cash flows. We seek to limit such risks by avoiding committing ourselves to purchasing supplies until the start date has been firmly agreed;
- Political risks are always an issue when dealing with Government clients. We endeavour to minimise such risks by having sound contracts and a good understanding of what is happening in the specific country through the knowledge of our agents;

The Directors believe that the Group's strategy of not being a manufacturer or being dependent on any particular technology and in offering a broad range of products and services to a wide range of clients with a wide geographical spread is a key strength and helps minimise operational risk.

The main financial risks are set out in Note 30. At the balance sheet date in 2009, the most significant risk was in respect of the amount due on the Juba contract. However at the balance sheet date in 2010 the amount due was at a significantly lower level than it was at the end of the previous year. Owing to the lumpy nature of the Group's business there is a risk if major contracts are not secured in a timely fashion and if external finance is not then available until those contracts are signed. This risk is very closely monitored by the Board in order to limit the overall risk to the business. Other risks are monitored and controlled on a continuing basis.

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 (2009: 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 1 June 2001 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	Holding %
Hamed Al Jamel	16.49%
Northcote (IOM) Ltd	13.48%
Clairefield Holdings	4.02%

Policy on payments to suppliers

It is a policy of the Group in respect of all suppliers, where reasonably practical, to agree the terms of payment with those suppliers when agreeing the terms of each transaction and to abide by them. The ratio of amounts owed by the Group to trade creditors at the year end to total purchases during the year was 107 days (2009: 43 days). This increase was partly the result of the low level of revenues and, hence, purchases during the year, which reduced the denominator for the calculation. The lumpy nature of the Group's business also contributed, as can be seen by comparing these figures with the equivalent figure at the end of 2008, which was 70 days. The ratio of amounts owed by the Company to trade creditors at the year end to total purchases during the year was 58 days (2009: 36 days).

Share price

During 2010 the Company's share price ranged from 15.75p to 37.5p and the share price at 31 December 2010 was 15.75p (2009: 32.5p).

Acquisition of CTAC Limited

On 15 April 2010 the Group acquired CTAC Limited. See note 9.

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.

Going Concern

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

As explained further in note 2, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Auditor

In accordance with s489(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting to be held on 28 June 2011

On behalf of the Board

P.D. Fowler	**N.P. Mearing-Smith**
Director	Director
1 June 2011	
Registered number	3967650

The information contained in this report is unaudited except where specified.

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.

Unaudited

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

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

The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Chief Executive, all other Executive Directors, the Company Secretary 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.

- 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 health insurance.
- Annual bonus, 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. For the years ended 31 December 2010 and 2009 no bonus payments were payable.

Meetings

The Remuneration Committee met once during the year.

Options

The Group considers it important to incentivise employees and Directors through share incentive arrangements. The Company adopted the Share Option Scheme on 3 April 2007, under which it granted EMI options and unapproved options to certain employees and Directors over its ordinary shares. Options have been granted subsequently, as set out in note 24, as are the main terms of the option scheme.

Non-Executive Directors' remuneration

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

Non-Executive Directors	Severance	Notice	Contractual Fees £
Lt. Col. Sir Malcolm Ross	None	3 months	35,000
Sir Michael Pakenham	None	3 months	24,000

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 2010 are as follows:

Audited

Executive Directors	Basic salary/fee £'000	Benefits in kind £'000	Bonus £'000	Share based payment cost £'000	Group national insurance cost £'000	Total cost of employment £'000
P.D. Fowler	150	1	-	-	18	169
S.P. Fowler	75	1	-	1	9	86
N.P. Mearing-Smith	125	2	-	1	15	143
R.W. Worrall	75	1	-	-	9	85
	425	5	-	2	51	483
Non-Executive Directors						
Lt. Col. Sir M. Ross	35	3	-	1	4	43
Sir Michael Pakenham	24	-	-	-	3	27
	59	3	-	1	7	70
	484	8	-	3	58	553

Unaudited

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

Executive Directors and Non-Executive Directors	Interest at end of year	Interest at beginning of year
Lt. Col. Sir M. Ross	37,550	37,550
P.D. Fowler	4,625,930	4,625,930
S.P. Fowler	541,618	541,618
N. P, Mearing-Smith	91,944	91,944
R.W. Worrall	2,128,522	2,128,522
Sir Michael Pakenham	-	-

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

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

Directors	1 Jan 2010	Granted	Exercised	Forfeited	31 Dec 2010	Exercise price	Market price at date of grant	Date from which exercisable
Lt. Col. Sir M. Ross	67,862	-	-	-	67,862	67.5p	67.5p	21 Jun 09
S.P. Fowler	48,000	-	-	-	48,000	10.0p	5.7p	5 Apr 09
S.P. Fowler	15,000	-	-	-	15,000	34.5p	34.5p	25 Sep 11
N.P. Mearing-Smith	15,000	-	-	-	15,000	10.0p	5.7p	5 Apr 09
N.P. Mearing-Smith	9,000	-	-	-	9,000	74.0p	75.0p	20 Sep 09
N.P. Mearing-Smith	15,000	-	-	-	15,000	34.5p	34.5p	25 Sep 11
R.W. Worrall	24,000	-	-	-	24,000	10.0p	5.7p	5 Apr 09
R.W. Worrall	5,000	-	-	-	5,000	34.5p	34.5p	25 Sep 11
Sir Michael Pakenham	15,000	-	-	-	15,000	52.5p	52.5p	21 Apr 10
Sir Michael Pakenham	2,000	-	-	-	2,000	34.5p	34.5p	25 Sep 11

The market price of the shares at 31 December 2010 was 15.75p and the range during the year was 15.75p to 37.5p.

On behalf of the Board

Lt. Col. Sir Malcolm Ross
Chairman of the Remuneration Committee
1 June 2011

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 Combined Code is not a formal obligation. The Group has, however, sought to adopt the provisions of the Code that are appropriate to its size and organisation and establish frameworks for the achievement of this objective. The Board of Directors operates within the framework described below.

The Board

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

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

Organisational structure and control environment

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

Internal control

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

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

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

Risk management

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

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

Corporate responsibility

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

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

Financial planning, budgeting and monitoring

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

Capital management policies and procedures

The Group's capital management objectives are:

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

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

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

There is no requirement for the Group to maintain a strong capital base for each of its UK subsidiaries and therefore each subsidiary is financed by inter-company debt from the parent 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.

Capital for the reporting periods under review is summarised as follows:

	2010 £'000	2009 £'000
Total equity	1,622	3,817
Cash and cash equivalents	(261)	(202)
Capital	1,361	3,615
Total capital	1,361	3,615
Borrowings	897	843
Overall financing	2,258	4,458
Capital to overall financing ratio	0.60	0.81

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. Sir Malcolm holds shares in the Company and both he and Sir Michael have been awarded share options in the Company. These interests in the share capital of the Company are not considered to be likely to affect their judgement as Directors of the Group.

Audit Committee

The Audit Committee meets no less than twice a year with the auditor in attendance. It also assists the Board in observing its responsibility for ensuring that the Group's accounting systems provide accurate and timely information and that the Group's published financial statements represent a true and fair reflection of the Group's financial position and its performance in the period under review. The Committee also ensures that internal controls and appropriate accounting policies are in place, reviews the scope and results of the audits, the independence and objectivity of the auditor and establishes that an effective system of internal financial control is maintained.

The Committee has primary responsibility for making a recommendation on the appointment or re-appointment of the external auditor. In order to maintain the independence of the external auditor, the Board has determined guidelines as to what non-audit services can be provided by the Company's external auditor and the approval processes related to them. Under those policies work of a consultancy nature will not be offered to the external auditor unless there are clear efficiencies and value added benefits to the Company. Additionally the auditor confirms its independence in writing each year. The committee also monitors the level of non-audit fees paid to the external auditor.

The Audit Committee consists of Sir Michael Pakenham as Chairman and Sir Malcolm Ross.

Remuneration Committee

The Remuneration Committee meets no less than once a year and is responsible for determining the remuneration of main Board Directors and agrees the terms and conditions of their service contracts. It has access to relevant comparable information in respect of similar businesses. The Committee is responsible for the allocation of options under the Company's executive share option scheme. The Committee also maintains a watching brief over the general employment terms and pay structures, existing or proposed, for the subsidiary trading companies. The Remuneration Committee consists of Sir Malcolm Ross as Chairman, Sir Michael Pakenham and Peter Fowler.

Risks and uncertainties

The Group's management is active in assessing all the risks and uncertainties facing the Group and is proactive in taking preventative action to mitigate these risks wherever possible.

Dialogue with Institutional Shareholders

The Directors seek to build on a mutual understanding of objectives between the Group and its institutional shareholders. This is done through meetings following the publication of the year-end and interim results.

Board attendance

The Board and principal Committee meetings attended by each Director during the year are shown in the table below:

Director	Board meetings attended in the year		Audit Committee meetings attended in the year	Remuneration Committee meetings attended in the year
	Scheduled meetings	Non-scheduled meetings		
Total	6	4	3	1
Lt Col Sir Malcolm Ross	6	3	3	1
Sir Michael Pakenham	6	3	3	1
P.D. Fowler	6	4	-	1
S.P. Fowler	6	4	-	-
N.P Mearing-Smith	6	4	3	1
R.W. Worrall	6	4	-	-

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor are 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 are aware of that information.

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

On behalf of the Board

P.D. Fowler
Director
1 June 2011

N.P. Mearing-Smith
Director

We have audited the financial statements of Westminster Group plc for the year ended 31 December 2010 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated and company statement of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement as set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Tracey James
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
1 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £'000	2009 £'000
REVENUE	3	3,797	7,948
Cost of sales		(3,398)	(5,197)
Gross profit		399	2,751
Administrative expenses		(4,568)	(2,602)
(LOSS)/PROFIT FROM OPERATIONS		(4,169)	149
Analysis of (loss)/profit from operations			
(Loss)/profit before net finance costs, tax, exchange gains and losses, impairment of goodwill, impairment of property, plant and equipment and exceptional bad debt (Underlying (loss)/profit from operations)		(2,770)	222
Exchange gains/(losses)		93	(73)
Acquisition costs		(38)	-
Impairment of goodwill		(763)	-
Impairment of property, plant and equipment		(146)	-
Exceptional bad debt		(545)	-
(LOSS)/PROFIT FROM OPERATIONS		(4,169)	149
Financing costs	4	(190)	(116)
Finance income	4	136	107
(LOSS)/PROFIT BEFORE TAX		(4,223)	140
Income tax	6	383	(19)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(3,840)	121
OTHER COMPREHENSIVE INCOME:			
Revaluation of non-current assets		14	-
Deferred tax liability on revaluation of non-current assets		4	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(3,822)	121
(LOSS)/EARNINGS PER SHARE ON CONTINUING ACTIVITIES:			
Basic in pence	8	(20.54)	0.82
Diluted in pence	8	(20.54)	0.81

All the activities of the Group are classed as continuing.

The accompanying notes form part of these financial statements.

		Group		Company	
		2010	2009	2010	2009
	Note	£'000	£'000	£'000	£'000
Goodwill	10	397	578	-	-
Other intangible assets	11	323	41	29	39
Property, plant and equipment	12	1,164	1,137	946	934
Investment in subsidiaries	14	-	-	4,642	4,575
Trade and other receivables	19	1	10	-	-
Deferred tax asset	17	727	350	2	11
TOTAL NON-CURRENT ASSETS		2,612	2,116	5,619	5,559
Inventories	18	229	232	-	-
Trade and other receivables	19	1,797	3,765	69	29
Cash and cash equivalents	21	261	202	129	-
TOTAL CURRENT ASSETS		2,287	4,199	198	29
TOTAL ASSETS		4,899	6,315	5,817	5,588
Share capital	22	2,425	1,492	2,425	1,492
Share premium		3,369	2,304	3,369	2,304
Merger relief reserve	23	299	299	299	299
Share based payment reserve		27	22	27	22
Revaluation reserve		134	116	134	116
Retained earnings		(4,010)	(416)	(1,861)	(110)
TOTAL SHAREHOLDERS' EQUITY		2,244	3,817	4,393	4,123
Trade and other payables	26	141	181	118	181
Borrowings	25	897	843	897	843
Embedded derivative	16	48	184	48	184
Deferred tax liabilities	17	97	104	97	101
TOTAL NON-CURRENT LIABILITIES		1,183	1,312	1,160	1,309
Borrowings	25	-	-	-	24
Trade and other payables	26	1,472	1,186	264	132
TOTAL CURRENT LIABILITIES		1,472	1,186	264	156
TOTAL LIABILITIES		2,655	2,498	1,424	1,465
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,899	6,315	5,817	5,588

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 1 June 2011 and signed on their behalf by:

P.D. Fowler **N.P Mearing-Smith**
Director Director
1 June 2011
Registered number 3967650

	Share capital	Share premium	Merger relief reserve	Share based payment reserve	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AS OF 1 JANUARY 2010	1,492	2,304	299	22	116	(416)	3,817
Share based payment charge	-	-	-	8	-	-	8
Deferred tax adjustments	-	-	-	(3)	-	-	(3)
Issue of shares for the acquisition of subsidiary	79	-	246	-	-	-	325
Exercise of share options	2	-	-	-	-	-	2
Other share issues	852	1,415	-	-	-	-	2,267
Cost of other share issues	-	(350)	-	-	-	-	(350)
Merger relief reserve utilised in respect of impairment of value of associated subsidiaries	-	-	(246)	-	-	246	-
TRANSACTIONS WITH OWNERS	933	1,065	-	5	-	246	2,249
Loss for the year	-	-	-	-	-	(3,840)	(3,840)
Other comprehensive income:							
Revaluation of non-current assets	-	-	-	-	14	-	14
Deferred tax liability on revaluation of non-current assets	-	-	-	-	4	-	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	-	-	-	-	18	(3,840)	(3,822)
AS AT 31 DECEMBER 2010	2,425	3,369	299	27	134	(4,010)	2,244
AS OF 1 JANUARY 2009	1,402	2,304	-	14	116	(537)	3,299
Share based payment charge	-	-	-	6	-	-	6
Deferred tax adjustments	-	-	-	2	-	-	2
Issue of shares for the acquisition of subsidiary	90	-	299	-	-	-	389
TRANSACTIONS WITH OWNERS	90	-	299	8	-	-	397
Profit for the year	-	-	-	-	-	121	121
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	-	-	-	-	-	121	121
AS AT 31 DECEMBER 2009	1,492	2,304	299	22	116	(416)	3,817

The accompanying notes form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2010

	Share capital	Share premium	Merger relief reserve	Share based payment reserve	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AS OF 1 JANUARY 2010	1,492	2,304	299	22	116	(110)	4,123
Share based payment charge	-	-	-	8	-	-	8
Deferred tax adjustments	-	-	-	(3)	-	-	(3)
Issue of shares for the acquisition of subsidiary	79	-	246	-	-	-	325
Exercise of share options	2	-	-	-	-	-	2
Other share issues	852	1,415	-	-	-	-	2,267
Cost of other share issues	-	(350)	-	-	-	-	(350)
Merger relief reserve utilised in respect of impairment of value of associated subsidiaries	-	-	(246)	-	-	246	-
TRANSACTIONS WITH OWNERS	933	1,065	-	5	-	246	2,249
Loss for the year	-	-	-	-	-	(1,997)	(1,997)
Other comprehensive income:							
Revaluation of non-current assets	-	-	-	-	14	-	14
Deferred tax liability on revaluation of non-current assets	-	-	-	-	4	-	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	-	-	-	-	18	(1,997)	(1,979)
AS AT 31 DECEMBER 2010	2,425	3,369	299	27	134	(1,861)	4,393
AS OF 1 JANUARY 2009	1,402	2,304	-	14	116	(289)	3,547
Share based payment charge	-	-	-	6	-	-	6
Deferred tax adjustments	-	-	-	2	-	-	2
Issue of shares for the acquisition of subsidiary	90	-	299	-	-	-	389
TRANSACTIONS WITH OWNERS	90	-	299	8	-	-	397
Profit for the year	-	-	-	-	-	179	179
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	-	-	-	-	-	179	179
AS AT 31 DECEMBER 2009	1,492	2,304	299	22	116	(110)	4,123

	Note	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
(LOSS)/PROFIT BEFORE TAX		(4,223)	140	(1,991)	188
Adjustments	27	1,139	130	2,413	59
Net changes in working capital	27	1,923	(1,474)	63	(51)
NET CASH (USED)/FROM OPERATING ACTIVITIES		(1,161)	(1,204)	485	196
INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		(187)	(126)	(179)	(35)
Purchase of intangible assets		(1)	(15)	(1)	(12)
Cash costs of acquisition of subsidiary net of cash acquired	9	(579)	(44)	(538)	(38)
Proceeds from disposal of fixed assets		12	-	-	-
Advances to subsidiaries		-	-	(1,551)	(1,135)
NET CASH USED IN INVESTING ACTIVITIES		(755)	(185)	(2,269)	(1,220)
FINANCING ACTIVITIES:					
Gross proceeds from the issue of Convertible Loan Notes		-	1,200	-	1,200
Costs of Loan Note issue		-	(116)	-	(116)
Gross proceeds from the issues of Ordinary shares		2,269	-	2,269	-
Costs of share issues		(350)	-	(350)	-
Proceeds from finance leases		192	-	146	-
Interest paid		(136)	(65)	(128)	(68)
NET CASH FROM FINANCING ACTIVITIES		1,975	1,019	1,937	1,016
Net change in cash and cash equivalents		59	(370)	153	(8)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR		202	572	(24)	(16)
CASH AND EQUIVALENTS AT END OF YEAR	21	261	202	129	(24)

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 listed on the London Stock Exchange AIM Market. The Group's financial statements for the year ended 31 December 2010 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group").

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

2. Summary of significant accounting policies

Basis of preparation

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

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

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements, except for the adoption of IFRS 3 Business Combinations (Revised 2008).

The revised standard on business combinations (IFRS 3R) introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in IFRS 3R that had an impact on the Group's acquisition in 2010 are as follows:

- Acquisition-related costs of the combination are recoded as an expense in the profit or loss. Previously these costs would have accounted for as part of the costs of the acquisition;
- Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are recognised in profit or loss. Previously, contingent consideration was recognised only once its payment was probable and changes were recognised as an adjustment to goodwill; and
- The measurement of assets acquired and liabilities assumed at their acquisition-date fair values is retained. However, IFRS 3R includes certain exceptions and provides specific measurement rules.

As permitted by the Companies Act 2006 s408, a separate profit and loss account for the Company has not been included in these financial statements. The loss presented in the financial statements of the Company is £1,997,000 (2009 profit: £179,000).

Going concern

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

Management regularly forecast profit, financial position and cash flows for the Group. A worst-case budget for 2011 and 2012 has been prepared which only includes revenues from major contracts that have already been secured by 1 June 2011 and the predictable regular flow of smaller contracts. Based upon these projections the Group has adequate working capital for the 12 months following the date of signing these accounts.

In the event that the Directors are of the opinion that the cash flow forecasts might not be achieved then further measures will be taken. These could include cost reductions and the raising of equity from existing or new shareholders.

The major risks for future trading are set out in the Directors' Report.

It is therefore considered appropriate to use the going concern basis to compile these financial statements.

Basis of measurement

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

Consolidation

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Westminster Group plc and its subsidiaries for the year ended 31 December 2010.

(ii) Subsidiaries

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

(iii) Transactions eliminated on consolidation

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

(iv) Company financial statements

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

Business combinations

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

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

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

Prior to 1 January 2010, business combinations were accounted under the previous version of IFRS3 (see above for a summary of the significant changes).

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 tax (see Note 5).

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 of 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.

(iii) Maintenance income

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

(iv) Close protection services

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

(v) Training courses

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

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

Interest income and expenses

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

Goodwill

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

Other intangible assets

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the group intends to complete the intangible asset and use or sell it;
- the group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

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. Licences comprise the fair value of the Alarm Receiving Centre which has been acquired with the NACOSS gold approval licensed by the national security inspectorate as part of CTAC. This asset is being amortised over a period of 8 years.

Property, plant and equipment

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position 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 profit or loss.

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, on the following bases:

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

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

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.

The Group as lessee

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 of non-financial assets

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

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement financial assets are classified as loans and receivables upon initial recognition.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'financing costs' or 'finance income', except for impairment of trade receivables which is presented within 'administration expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at original effective interest rate. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the statement of comprehensive income.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Borrowings are initially recorded at their fair value, net of transaction costs incurred and subsequently measured at amortised cost. Finance charges are allocated to the statement of comprehensive income as "financing costs" or "financing income" using an effective interest rate, on the outstanding carrying value of the instrument.

Trade and other payables are measured subsequently at amortised cost using the effective interest method.

The conversion option in relation to the convertible loan leads to a potentially variable number of shares, therefore the convertible loan is accounted for as a host debt with an embedded derivative. The embedded derivative financial instrument in relation to the convertible loan is accounted for at fair value through profit or loss and fair valued at each reporting date. All changes in the instrument's fair value are reported in profit or loss and included within 'financing costs' or 'finance income'.

The main purpose of these financial instruments is to fund the Group's operations and manage working capital.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for the management of these risks and these are summarised in note 30. These policies have remained unchanged throughout the year.

Inventories

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

Income tax

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 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 nor 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 on the balance sheet.

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.

All transactions with owners of the parent are recorded separately within equity.

Defined Contribution Pension Scheme

The Group operates a defined contribution pension scheme for employees. However no contributions have yet been made to the scheme. If contributions were made, then the assets of the scheme would be held separately from those of the Group; the pension cost would be charged against profits to represent the amounts payable by the Group or Parent Company and would be expensed as it becomes payable.

Employee benefits - Share-based compensation

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. In respect of the parent company, the fair value of the employee services received were also expensed.

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

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

Provisions

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

Significant management judgements in applying accounting policies

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

Revenue recognition

Recognition of income is considered appropriate when all significant risks and rewards of ownership are transferred to third parties. In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion, where the stage of completion can be assessed with reasonable accuracy. In this process management makes 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.

Deferred tax assets

The assessment of the probability of future taxable income against which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.

Estimation uncertainty

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

Going concern

The directors have considered the ability of the Group to continue as a going concern and this is considered to be the most significant judgement made by the directors in preparing the financial statements.

The ability of the Group to continue as a going concern is ultimately dependent upon the amount and timing of cash flows arising from potential contracts. The directors consider it is appropriate for the financial statements to be prepared on a going concern basis based on the estimates they have made, which are summarised above.

Impairment

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

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value management uses estimates about future cash flows and discount rates, however, the actual results may vary. Any subsequent change in these estimates would affect the amount of goodwill, if the change qualifies as a measurement period adjustment. Any other change would be recognised in the income statement in the subsequent period. Details of the assets and liabilities acquired are given in note 9.

Share-based payments

With regard to the share-based payments outstanding, the fair values have been estimated using a Black-Scholes model in

accordance with the judgemental assumptions set out in note 24.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in note 16 regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

In valuing the embedded derivative in relation to the Convertible Loan Notes management has employed professional valuers.

Revalued freehold property

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

Adopted IFRSs in the year:

- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009) - See page 33 for the impact of this standard

Adopted IFRS not yet applied:

At the date of authorisation of these financial statements, the following relevant standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)

The Directors anticipate that the adoption of these standards and Interpretations in future periods will have no material impact on the financial statements of the Company or Group.

3. Segment reporting

Operating segments

The following segment information has been prepared in accordance with IFRS 8 Operating Segments, which defines requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 follows the management approach, which is the basis for decision making within the Group.

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 are the four operating companies: Westminster International, RMS Integrated Solutions, Longmoor Security and CTAC. This split of business segments is based on the products and services each offer.

Westminster International provides advanced technological products, systems and solutions, RMS Integrated Solutions provides low voltage systems for high-rise buildings, Longmoor Security provides close protection training, consultancy and services and CTAC provides high end' security solutions and operates an alarm receiving centre.

2010	Westminster International £'000	RMS Integrated Solutions £'000	Longmoor Security £'000	CTAC £'000	Unallocated £'000	Group £'000
Supply of products	867	13	1	-	1	882
Supply and installation contracts	864	248	-	762	-	1,874
Maintenance and service	45	77	-	-	-	122
Close protection services	-	-	397	-	-	397
Training courses	-	-	522	-	-	522
Revenue	1,776	338	920	762	1	3,797
Segment result	(1,850)	(472)	(851)	(647)	(349)	(4,169)
Finance cost	-	-	-	(8)	(182)	(190)
Finance income	-	-	-	-	136	136
Income tax	494	(61)	(43)	-	(7)	383
(Loss)/profit for the financial year	(1,356)	(533)	(894)	(655)	(402)	(3,840)
Segment assets	2,622	138	502	462	1,175	4,899
Segment liabilities	616	215	624	439	761	2,655
Capital expenditure	5	-	4	12	167	188
Depreciation and amortisation	63	4	1	37	175	280
Revaluation of property	-	-	-	-	14	14
Impairment of investment (see note 14)	-	-	-	-	763	763

2009	Westminster International £'000	RMS Integrated Solutions £'000	Longmoor Security £'000	Unallocated £'000	Group £'000
Supply of products	1,614	12	-	9	1,635
Supply and installation contracts	4,740	1,155	-	-	5,895
Maintenance and service	17	81	18	-	116
Close protection services	-	-	204	-	204
Training courses	-	-	113	-	113
Intragroup sales	(6)	(9)	-	-	(15)
Revenue	6,365	1,239	335	9	7,948
Segment result	324	(191)	(181)	197	149
Finance cost	(1)	-	-	(115)	(116)
Finance income	1	-	-	106	107
Income tax benefit	(85)	26	47	(7)	(19)
Profit/(loss) for the financial year	239	(165)	(134)	181	121
Segment assets	3,820	555	629	1,311	6,315
Segment liabilities	769	172	373	1,184	2,498
Capital expenditure	88	2	1	50	141
Depreciation and amortisation	62	7	2	44	115

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 geographic market, irrespective of the origin of the goods/services:

	Group	
	2010 £'000	2009 £'000
United Kingdom & Europe	2,172	2,738
Africa	610	4,217
Middle East	854	858
Rest of the World	161	135
	3,797	7,948

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 2010 fixed assets with a net book value of £86k were located in Africa and the Middle East (2009: £127k).

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

In 2010 none of the Group's customers contributed more than 10% of Group revenue (in 2009 one customer contributed 31% through Westminster International).

4. Finance costs and income

	Group	
	2010 £'000	2009 £'000
Finance costs:		
Interest payable on bank borrowings	(16)	(5)
Interest payable on Convertible Loan Notes	(120)	(60)
Embedded derivative transaction costs	-	(29)
Amortised finance cost on Convertible Loan Notes (see note 16)	(54)	(22)
	(190)	(116)
Finance income:		
Fair value movement of embedded derivative (see note 16)	136	107
	136	107
Net finance costs	(54)	(9)

5. (Loss)/profit from operations

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

	Group	
	2010 £'000	2009 £'000
Impairment of goodwill (see note 10)	763	-
Staff costs (see Note 7)	2,082	1,879
Depreciation of property, plant and equipment:		
- Owned assets	117	104
Amortisation of intangible assets	14	11
Operating lease rentals payable		
- Property	70	70
- Plant and machinery	14	14
- Other	50	50
Foreign exchange (gain)/loss	(93)	73
Impairment of property, plant and equipment (note 12)	146	-

Amortisation and impairment of intangible assets is included within administrative expenses in the statement of comprehensive income.

Auditor's remuneration

Amounts payable to Grant Thornton UK LLP and their associates in respect of both audit and non-audit services:

	Group	
	2010 £'000	2009 £'000
Audit services		
- Statutory audit of parent and consolidated accounts	17	17
- the auditing of accounts of associates of the company pursuant to legislation	31	25
Total audit fees	48	42
Other services supplied pursuant to legislation	-	-
Other services relating to taxation	-	-
Services relating to corporate finance transactions	-	-
Total non-audit fees	-	-
Total fees	48	42

6. Income tax expense

Analysis of (credit)/charge in year:

	Group	
	2010 £'000	2009 £'000
Current year tax expense	-	-
Movement in deferred tax	(403)	26
Adjustment to prior year charge	8	(7)
Change in rate	12	-
Tax (credit)/charge	(383)	19
Reconciliation of tax expense		
(Loss)/profit on ordinary activities before tax	(4,223)	140
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	(1,182)	39
Effects of:		
(Income)/expenses not deductible for tax purposes	337	(11)
Utilisation of tax losses	-	(96)
Capital allowances less than depreciation	32	-
Other short term timing differences	15	-
Unrealised losses arising in the period	-	94
Deferred tax asset no longer provided	43	-
Unrecognised losses carried forward	352	-
Adjustment of tax rate	12	-
Adjustment to prior year charge	8	(7)
Total tax (credit)/charge	(383)	19

7. Staff costs

Staff costs for the Group during the year

	Group	
	2010 £'000	2009 £'000
Wages and salaries	1,888	1,708
Social security costs	186	165
	2,074	1,873
Share based payments	8	6
	2,082	1,879

The Group operates a stakeholder pension scheme. The Group made no pension contributions during the year and no pension contributions were outstanding at the year end (2009: £nil).

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

Average monthly number of people (including Executive Directors) employed

	Group	
	2010 Number	2009 Number
By function		
Sales	9	7
Production	32	22
Administration	16	11
Management	9	8
	66	48

8. (Loss)/Earnings 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	
	2010 '000	2009 '000
Issued ordinary shares		
Start of period	14,917	14,022
Effect of shares issued during the period	3,782	760
Weighted average basic number of shares for period	18,699	14,782
Dilutive effect of options	-	190
Weighted average diluted number of shares for period	18,699	14,972

Basic and diluted earnings per share is calculated as follows:

	Group	
	2010	2009
(Loss)/profit for the year attributable to equity shareholders of the Company (£'000)	(3,840)	121
Basic (loss)/earnings per share (pence)	(20.54)	0.82
Diluted (loss)/earnings per share (pence)	(20.54)	0.81

For the year ended 31 December 2010 the issue of additional shares on exercise of outstanding share options would decrease the basic loss per share and there is therefore no dilutive effect.

9. Acquisition of CTAC Limited

On 15 April 2010 Westminster Group plc acquired 100% of the share capital of CTAC Limited, thereby obtaining control. The acquisition was made to acquire a 24 hour alarm receiving centre and an established UK based specialist security installation, maintenance and monitoring business that is synergistic to existing group businesses.

The details of the business combination are as follows:

Fair value of consideration transferred	£000
Amount settled in shares	325
Amount settled in cash	500
Fair value of consideration transferred	825

Recognised amounts of identifiable net assets	Pre-acquisition carrying amount at 15 April 2010 £'000	Adjustments to fair value at 15 April 2010 £'000	Fair value at 15 April 2010 £'000
Plant, property & equipment	127	-	127
Intangible assets (note 11)	-	269	269
Total non-current assets	127	269	396
Inventories	43	-	43
Trade and other receivables	614	-	614
Total current assets	657	-	657
Bank liabilities	(41)	-	(41)
Finance leases	(69)	-	(69)
Trade and other payables	(881)	-	(881)
Total current liabilities	(991)	-	(991)
Identifiable net assets/(liabilities)	(207)	269	62
Goodwill on acquisition (note 10)			763

Consideration transferred settled in cash	500
Bank liabilities acquired	41
Net cash outflow on acquisition	541
Acquisition costs charged to expenses	38
Net cash paid relating to the acquisition	579

Consideration transferred

The acquisition of CTAC was settled for an initial consideration of £825,000, which was satisfied by the issue of 792,683 Ordinary shares at 41p and £500,000 cash on the date of completion. The Directors considered that this constituted a fair value for the business acquired, and no external valuation was considered necessary.

In each of the two years following completion, a calculation of net profit before tax will be made and, on the basis of that calculation, two performance based payments will be made of 40% of those profits, if earned, up to a maximum aggregate additional payment of £1 million. Based upon the budgeted profitability of CTAC, the fair value of the deferred contingent consideration has been assessed as nil in respect of 2010 or 2011.

Acquisition-related costs amounting to £38,000 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated income statement, as part of 'administrative expenses'.

Goodwill

The goodwill of £763,000 was attributed at the time of acquisition to the synergies that are expected to arise in the post acquisition period, the reputation established by the business in its market and the substantial skill and expertise of the company's staff. Goodwill has been allocated to the cash-generating unit at 31 December 2010, but has now been fully impaired, as referred to in note 10. The goodwill is not expected to be deductible for tax purposes.

CTAC's contribution to the Group results

	Results included in the consolidated statements £'000	Results for the full year £'000	Group results for the full year £'000
Revenues	762	967	3,797
Loss after tax	(655)	(794)	(3,822)

Contingent asset

As referred to in note 29, a claim under the Sale and Purchase Agreement is being made against the vendors of CTAC, as the result of a deficiency in net assets as at the Completion Date. The amount being claimed amounts to £740,000.

10. Goodwill

Group	2010 £'000	2009 £'000
Gross carrying amount		
Balance 1 January	578	-
Acquired through business combination (Note 9)	763	397
Adjustment to contingent deferred consideration in respect of previous acquisition	(181)	181
Balance 31 December	1,160	578
Accumulated impairment		
Balance 1 January	-	-
Impairment loss recognised	(763)	-
Balance 31 December	(763)	-
Carrying amount at 31 December	397	578

At 31 December 2009 a discounted provision of £181,000 had been made to reflect the deferred contingent consideration expected to be payable to the vendors of Longmoor Security Limited. This is no longer expected to be payable and has therefore been adjusted.

Goodwill on the acquisitions of Longmoor and CTAC is reviewed at the end of each financial period for impairment.

At the year end management carried out an impairment review of goodwill. Following that review management are of the opinion that full impairment of the goodwill relating to CTAC should be made. In its review of other assets management is of the opinion that the carrying value of such assets is reasonably stated and that no impairment has occurred.

For the purpose of annual impairment testing goodwill was allocated to the following cash-generating units, as shown below:

	Longmoor Security		CTAC	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
At 1 January	578	-	-	-
Arising on acquisition of subsidiary	-	397	763	-
Adjustment to contingent deferred consideration	(181)	181	-	-
Impairment of goodwill	-	-	(763)	-
At 31 December	397	578	-	-

The recoverable amount of each cash-generating unit was determined based on value in use calculations for the next five years which management believe will reflect the minimum period during which the business will benefit from the resulting cash generation. Projections are based on the detailed two year forecast and cash flows for the business unit, followed by an extrapolation of expected cash flows for the full review period, applying growth rates which management believe are prudent in the prevailing economic conditions. The development of the business is based upon performance since the business was acquired by the Group and by the increased flow of potential business. Some of that business is recurring in nature and some appears reasonably predictable. The business is unlikely to be affected by technological change.

The discount factor used was 18.33% which reflects the Group's cost of capital during the review period.

Management's key assumptions include profit margins based on past experience in this market which management see as the best available information to forecast this market.

Apart from the considerations described in determining value in use, management are not aware of any reasonable changes in key assumptions that would necessitate changes in key estimates.

As a result of this analysis management are of the opinion that the remaining goodwill in respect of Longmoor Security should be maintained and that the goodwill in respect of CTAC should be impaired in full. The impairment review did not identify any further assets of either cash-generating unit that were impaired, as any impairment would reduce those assets below their individual recoverable amounts.

11. Other intangible assets

Group	Website and other software £'000	Licences £'000	Total £'000
2010			
Gross carrying amount			
At 1 January	62	-	62
Additions	1	-	1
Acquisition through business combination	42	269	311
Written off	(3)	-	(3)
At 31 December	102	269	371
Amortisation and impairment			
At 1 January	21	-	21
Charge for the year	14	-	14
Acquisition through business combination	13	-	13
At 31 December	48	-	48
Net book value at 31 December	54	269	323
2009			
Gross carrying amount			
At 1 January	47	-	47
Additions	15	-	15
At 31 December	62	-	62
Amortisation and impairment			
At 1 January	10	-	10
Charge for the year	11	-	11
At 31 December	21	-	21
Net book value at 31 December	41	-	41

Website and other software is amortised over five years, of which approximately three years remains for most of the assets. Licences will be amortised over 8 years, of which 8 years is remaining at 31 December 2010.

Company	Website £'000
2010	
Gross carrying amount	
At 1 January	59
Additions	1
At 31 December	60
Amortisation and impairment	
At 1 January	20
Charge for the year	11
At 31 December	31
Net book value at 31 December	29
2009	
Gross carrying amount	
At 1 January	47
Additions	12
At 31 December	59
Amortisation and impairment	
At 1 January	10
Charge for the year	10
At 31 December	20
Net book value at 31 December	39

12. Property, plant and equipment

Group	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
2010					
Gross carrying amount					
At 1 January	859	225	271	77	1,432
Additions	17	-	164	6	187
Acquired through business combination	-	34	104	50	188
Revaluation	14	-	-	-	14
Disposals	-	(9)	(8)	-	(17)
At 31 December	890	250	531	133	1,804
Depreciation and impairment					
At 1 January	-	87	152	56	295
Charge for the year	-	49	56	12	117
Acquired through business combination	-	17	53	20	90
Disposals	-	(4)	(4)	-	(8)
Impairment	-	-	146	-	146
At 31 December	-	149	403	88	640
Net book value at 31 December	890	101	128	45	1,164
2009					
Gross carrying amount					
At 1 January	840	158	229	77	1,304
Additions	19	67	40	-	126
Acquired through business combination	-	-	2	-	2
At 31 December	859	225	271	77	1,432
Depreciation and impairment					
At 1 January	-	42	104	45	191
Charge for the year	-	45	48	11	104
At 31 December	-	87	152	56	295
Net book value at 31 December	859	138	119	21	1,137

Company	Freehold property	Plant and equipment	Office equipment fixtures and fittings	Total
	£'000	£'000	£'000	£'000
2010				
Gross carrying amount				
At 1 January	859	14	172	1,045
Additions	17	-	162	179
Revaluation	14	-	-	14
At 31 December	890	14	334	1,238
Depreciation and impairment				
At 1 January	-	13	98	111
Charge for the year	-	1	34	35
Impairment	-	-	146	146
At 31 December	-	14	278	292
Net book value at 31 December	890	-	56	946
2009				
Gross carrying amount				
At 1 January	840	14	156	1,010
Additions	19	-	16	35
At 31 December	859	14	172	1,045
Depreciation and impairment				
At 1 January	-	12	65	77
Charge for the year	-	1	33	34
At 31 December	-	13	98	111
Net book value at 31 December	859	1	74	934

Capital commitments

Group and Company	2010 £'000	2009 £'000
Contracted but not provided for in the financial statements	147	184

The freehold property was valued professionally by Berry Morris, Chartered Surveyors, on 24 February 2011. The valuation was made on the basis of recent market transactions on arm's length terms and on an alternative use basis. The increase in valuation of £14,000, increased by the change in deferred tax provision of £4,000, was credited to Revaluation Reserve. The Revaluation Reserve is not available for distribution to shareholders.

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

	2010 £'000	2009 £'000
Historical cost	695	678
Accumulated depreciation		
At 1 January	48	45
Charge for the year	3	3
At 31 December	51	48
Net book value at 31 December	644	630

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 29.

The assets impaired were those acquired under finance leases as disclosed in note 26.

13. Operating lease commitments

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

As at 31 December 2010	Group Total Commitments		Company Total Commitments	
	Property £'000	Other £'000	Property £'000	Other £'000
Within one year	50	64	-	12
In the second to fifth years inclusive	200	57	-	2
After five years	250	-	-	-
	500	121	-	14

As at 31 December 2009	Group Total Commitments		Company Total Commitments	
	Property £'000	Other £'000	Property £'000	Other £'000
Within one year	42	85	-	17
In the second to fifth years inclusive	-	71	-	11
	42	156	-	28

Remaining lease terms range from 2 months to 10 years.

	Group £'000	Company £'000
Minimum lease payments under operating leases recognised as an expense in the year	213	8

14. Investments in subsidiaries

Company	2010 £'000	2009 £'000
Shares in subsidiary undertakings at cost		
At start of period	542	4
Acquisition of Longmoor Security Limited	-	608
Acquisition of CTAC Limited	825	-
Transfer to amounts due from subsidiaries	-	(70)
Elimination of deferred consideration	(181)	-
Impairment in value of subsidiaries	(763)	-
At end of period	423	542
Amounts due from subsidiaries	4,219	4,033
	4,642	4,575

In the opinion of the Directors, the investments in the subsidiary undertakings are valued at least at the amounts at which they are stated in the balance sheet. Details of subsidiaries are set out below. Fair value information for these investments has not been disclosed because their fair value cannot be measured reliably. This is because the investments are unlisted and there is therefore no active market for them. The company has no immediate plans to dispose of these investments.

15. Subsidiary undertakings

The subsidiary undertakings at 31 December 2010 are as follows:

Name	Country of incorporation	Principal activity	% of nominal Ordinary share capital and voting rights held
Westminster International Limited	England	Advanced technology	100
RMS Integrated Solutions Limited	England	Low voltage systems	100
Longmoor Security Limited	England	Close protection training and services	100
CTAC Limited	England	Specialist security systems	100
Westminster Technologies Limited	England	Non-trading	100
Westminster Facilities Management Limited	England	Dormant	100
International Monitoring Services Limited	England	Dormant	100

16. Financial assets and liabilities

Categories of financial assets and liabilities

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

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Financial assets				
Loans and receivables				
- Amount owed by subsidiary undertakings (note 14)	-	-	4,219	4,033
- Trade and other receivables (note 19)	1,744	3,706	59	7
- Cash and cash equivalents (note 21)	261	202	129	-
	2,005	3,908	4,407	4,040
Financial liabilities				
Financial liabilities measured at amortised cost				
- Borrowings (note 25)	897	843	897	867
- Trade and other payables (note 26)	1,035	697	206	111
	1,932	1,540	1,103	978
Derivatives carried at fair value through profit or loss				
- Embedded derivative (see below)	48	184	48	184

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 30.

Convertible Loan Notes

On 29 June 2009 the Group issued Convertible Loan Notes with an aggregate principal amount of £1,200,000.

The right of the Loan Notes to be converted into Ordinary Shares was conditional upon resolutions being passed at the Extraordinary General Meeting held on 23 July 2009. The resolutions were duly passed. A summary of the key terms applying to the Loan Notes is as follows:

Term

- 5 years

Coupon

- 10% per annum

Conversion terms

A noteholder has the right to convert their Loan Notes into Ordinary Shares at the conversion price, which is the lower of

- 5% over the average share price for the 10 days prior to date of the Instrument and
- 5% over the price at which subsequent shares are first issued as equity financing (i) for acquisitions and/or (ii) where the new shares represent 5% or more of the issued share capital of the Company prior to the date of issue.

Board observer status

- the lead investor will be paid a monitoring fee of £25,000 p.a. They will have the right to appoint a director if there is or is likely to be an event of default (as defined in the Instrument).

Security

- There is a debenture secured against all the assets of the Company and its subsidiaries, which is subordinated to the Debenture held by HSBC.

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

	2010 £'000	2009 £'000
Host debt		
At 1 January	843	-
Fair value of host debt instrument net of transaction costs at 29 June 2009	-	821
Finance charge (note 4)	54	22
At 31 December (note 25)	897	843
Embedded derivative		
At 1 January	184	-
Fair value on recognition at 29 June 2009	-	291
Fair value movement (note 4)	(136)	(107)
Fair value at 31 December	48	184

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 £1.2m at the date of maturity of the Convertible Loan Notes in 2014. The effective interest cost of the Notes is the sum of that increasing value in the period and the interest paid to Noteholders. The Derivative element will vary in value according to the market price of the underlying Ordinary Shares and the period remaining for conversion amongst other factors. The valuation of the Host Debt and embedded derivative on initial recognition and valuation of the embedded derivative at 31 December 2010 was undertaken by independent valuers, Globalview Advisers limited, using a Black Scholes valuation model. In 2009 the valuation was undertaken using a Monte Carlo simulation, as the conversion price had not then been fixed.

The key assumptions being:

Valuation date	Risk free rate	Beta	Risk premium	Small company risk	Specific risk premium	Volatility	Cost of equity
29/06/09	3.55%	0.89	5.0%	5.81%	4.00%	47.00%	17.81%
31/12/09	4.07%	0.89	5.0%	5.81%	4.00%	54.00%	18.33%
31/12/10	1.71%	-	-	-	-	53.00%	-

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

2010	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Liabilities				
Embedded derivative	-	48	-	48
Total	-	(48)	-	(48)

2009	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Liabilities				
Embedded derivative	-	184	-	184
Total	-	(184)	-	(184)

There have been no transfers between levels 1 and 2 in the reporting period.

The derivative entered into by the Group is not traded in active markets. The fair value of the contract is estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates (Level 2). See above.

17. Deferred tax assets and liabilities

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 27% (2009: 28%). Any changes in the future would affect these amounts proportionately. The movements in deferred tax assets and liabilities during the year are shown below:

Group	1 Jan 2010 £'000	Recognised in business combination £'000	Recognised in equity £'000	Recognised in profit and loss £'000	31 Dec 2010 £'000
Deferred tax (liabilities)/assets					
Non-current liabilities					
Property, plant & equipment	(104)	-	4	3	(97)
Non-current assets					
Share based payments	5	-	(3)	-	2
Unused tax losses	345	-	-	380	725
	246	-	1	383	630
Recognised as					
Deferred tax asset	350				727
Deferred tax liability	(104)				(97)

	1 Jan 2009	Recognised in business combi-nation	Recognised in equity	Recognised in profit and loss	31 Dec 2009
	£'000	£'000	£'000	£'000	£'000
Deferred tax (liabilities)/assets					
Non-current liabilities					
Property, plant & equipment	(104)	-	-	-	(104)
Non-current assets					
Share based payments	3	-	2	-	5
Unused tax losses	183	181	-	(19)	345
	82	181	2	(19)	246
Recognised as					
Deferred tax asset	186				350
Deferred tax liability	(104)				(104)

Company	1 Jan 2010	Recognised in equity	Recognised in profit and loss	31 Dec 2010
	£'000	£'000	£'000	£'000
Deferred tax (liabilities)/assets				
Non-current liabilities				
Property, plant & equipment	(101)	4	-	(97)
Non-current assets				
Share based payments	5	(3)	-	2
Unused tax losses	6	-	(6)	-
	(90)	1	(6)	(95)
Recognised as				
Deferred tax asset	11			2
Deferred tax liability	(101)			(97)

	1 Jan 2009	Recognised in equity	Recognised in profit and loss	31 Dec 2009
	£'000	£'000	£'000	£'000
Deferred tax (liabilities)/assets				
Non-current liabilities				
Property, plant & equipment	(97)	-	(4)	(101)
Non-current assets				
Share based payments	3	2	-	5
Unused tax losses	9	-	(3)	6
	(85)	2	(7)	(90)
Recognised as				
Deferred tax asset	12			11
Deferred tax liability	(97)			(101)

The deferred tax asset primarily relates to accumulated tax losses carried forward. Based on future forecast and orders, the Group is anticipating to have sufficient profits to utilise these tax losses. The Group has a further £1.26 million of tax losses for which no deferred tax asset is recognised.

18. Inventories

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Finished goods	229	232	-	-
	229	232	-	-

The cost of inventories recognised as an expense within 'cost of sales' amounted to £1,395k (2009: £3,621k).

No reversal of previous write-downs was recognised as a reduction of expense in 2010 or 2009. None of the inventories are pledged as securities for liabilities.

19. Trade and other receivables

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts falling due within one year:				
Trade receivables, gross	1,575	3,667	4	-
Allowance for credit losses	(679)	(72)	-	-
Trade receivables	896	3,595	4	-
Amounts recoverable on contracts	663	94	-	-
Other receivables	184	7	55	7
Financial assets	1,743	3,696	59	7
Prepayments	54	69	10	22
Non-financial assets	54	69	10	22
Trade and other receivables	1,797	3,765	69	29
Amounts falling due after one year:				
Trade receivables	1	10	-	-
Financial assets	1	10	-	-
Trade and other receivables	1	10	-	-

The average credit period taken on sale of goods in 2010 was 142 days (2009: 143). An allowance has been made for estimated irrecoverable amounts from the sale of goods of £679,000 (2009: £72,000). This allowance has been based on the knowledge of the financial circumstances of individual receivables at the balance sheet date. The amount outstanding at 31 December 2010 from the Government of Southern Sudan Juba contract was $194,000 (2009: $3.4 million). A provision has been made in 2010 against a customer account in Longmoor Services for £545,000.

The Group holds no collateral against these receivables at the balance sheet date.

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

	2010 £'000	2009 £'000
Not more than 3 months	189	283
More than 3 months but less than 6 months	230	303
More than 6 months but not more than 1 year	416	533
More than 1 year	36	-
	871	1,119

The movement in the allowance for credit losses can be reconciled as follows

	2010 £'000	2009 £'000
Balance 1 January	72	12
Amounts written off (uncollectable)	638	(29)
Impairment loss	(31)	89
Balance 31 December	679	72

There are no significant credit risks from financial assets that are neither past due nor impaired. At 31 December 2010 £391,000 (2009: £2,574,000) of trade receivables were denominated in US dollars and £1,425,000

(2009: £1,103,000) in sterling. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

20. Contracts in progress

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

	2010 £'000	2009 £'000
Contract costs incurred plus recognised profits less recognised losses to date	1,874	5,895
Less: progress billings	(1,399)	(6,224)
	475	(329)
Recognised as:		
Due from contract customers included in trade and other receivables	663	94
Due to contract customers included in trade and other payables	(188)	(423)
	475	(329)

At 31 December 2010 retentions held by customers for contract work amounted to £21,000 (2009: £67,000).

21. Cash and cash equivalents

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Cash at bank and in hand	911	466	129	-
Short-term bank deposits	9	9	-	-
	920	475	129	-
Bank overdraft	(659)	(273)	-	(24)
Cash and cash equivalents for the purposes of the cash flow statements	261	202	129	(24)

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

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

Currency	Balance invested £'000	Weighted average interest rate	Weighted average term
Sterling	9	0.00%	Overnight

22. Called up share capital

Group and Company

Authorised

The total number of authorised shares is 80,000,000 ordinary shares of £0.10 each (2009: 80,000,000 ordinary shares of £0.10 each).

Issued and fully paid

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

	Ordinary shares	
	Number	£'000
At 1 January 2009	14,022,336	1,402
Issued for the acquisition of Longmoor Services Limited (now Longmoor Security Limited)	894,735	90
At 31 December 2009	14,917,071	1,492
Issued for the acquisition of CTAC Limited	792,683	79
Exercise of share options	24,000	2
Other issues for cash	8,522,000	852
At 31 December 2010	24,255,754	2,425

The Company has one class of ordinary share, which carries no right to fixed income. On 15 April 2010 the Company issued 792,683 Ordinary Shares of 10p each at 41p giving rise to premium of £246,000 for a share for share exchange on the acquisition of CTAC, which has been taken to a merger relief reserve.

On 15 April 2010 Westminster Group plc placed 747,000 New Ordinary Shares at a placing price of 33.5p to raise £250,000 before expenses, giving rise to premium of £176,000 which has been taken to share premium.

On 16 April 2010 the Group raised working capital through a subscription of 1,250,000 new Ordinary Shares at 41p, raising £512,000 before expenses from new investors, giving rise to premium of £387,000 which has been taken to share premium.

On 24 August 2010 the Group raised working capital through a subscription of 2,525,000 new ordinary shares of 10p each in the ordinary share capital of Westminster at a placing price of 20p each to raise £505,000 before expenses from new investors, giving rise to premium of £252,000 which has been taken to share premium.

On 25 October 2010 the Group raised working capital through a subscription of 4,000,000 new ordinary shares of 10p each in the ordinary share capital of Westminster at a placing price of 25p each to raise £1,000,000 before expenses from a new investor, giving rise to premium of £600,000 which has been taken to share premium.

The costs of issuing new shares for cash during the year totalled £350,000. Part of the share premium that arose from the share issues has been utilised tin relation to the costs of those issues.

Details of the Group's capital management policies and procedures are provided as part of the corporate governance report.

23. Merger relief reserve

Group and Company

	2010 £'000	2009 £'000
At 1 January	299	-
Premium on shares issued for the acquisition of Longmoor Security Limited	-	299
Premium on shares issued for the acquisition of CTAC Limited (note 22)	246	-
Utilised against impairment of goodwill/investment in subsidiaries	(246)	-
At 31 December	299	299

24. Share options

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

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

Options have subsequently been granted on the same basis as above, which are set out below.

Share options and weighted average exercise prices are as follows for the reporting periods presented:

	Number of options	Weighted average exercise price per share (p)
Outstanding at 1 January 2009	543,585	38
Granted	104,000	34
Forfeited	(20,000)	24
Outstanding at 31 December 2009	**627,585**	**34**
Granted	15,000	33
Exercised	(24,000)	10
Forfeited	(30,000)	32
Outstanding at 31 December 2010	**588,585**	**36**
Exercisable at 31 December 2009	-	-
Exercisable at 31 December 2010	486,585	35

The weighted average share price at the date the shares were exercised was 34.5p.

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

		2010		2009	
Date of grant	Exercise price	Number outstanding at end of year	Weighted average remaining contractual life (in years)	Number outstanding at end of year	Weighted average remaining contractual life (in years)
5 Apr 2007	10p	274,000	6.3	298,000	7.3
11 Dec 2009	32p	-	-	30,000	9.9
27 May 2010	32.75p	15,000	9.4	-	-
25 Sep 2009	34.5p	72,000	8.7	72,000	9.7
21 Apr 2008	52.5p	15,000	7.3	15,000	8.3
21 Jun 2007	67.5p	203,585	6.5	203,585	7.5
20 Sep 2007	74p	9,000	6.7	9,000	7.7
Total		**588,585**	**6.7**	**627,585**	**7.8**

A 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:

	5 Apr 2007	21 Jun 2007	20 Sep 2007	21 Apr 2008	25 Sep 2009	11 Dec 2009	27 May 2010
Number of options granted	311,000	203,585	9,000	15,000	74,000	30,000	15,000
Share price at date of grant (p)	5.6	67.5	75.0	52.5	34.5	32	32.75
Exercise Price (p)	10.0	67.5	74.0	52.5	34.5	32	32.75
Volatility (annualised)	1.6%	1.6%	1.6%	1.6%	25.50%	25.50%	28.33%
Average expected term to exercise (years)	4.5	4.5	4.5	4.0	4.5	4.5	3.5
Risk free rate %	1.81	1.81	2.35	2.35	4.07	4.07	1.71
Expected dividends	-	-	-	-	-	-	-
Fair value (p)	-	5.3	8.4	4.7	15.8	14.7	2.65

For share options granted in 2007 and 2008 the expected share price volatility was determined taking the share price account of the historic daily share price movements. For 2009 and 2010 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 a similar size to the Company, listed on the AIM index, as well as the volatility of other listed companies in similar industries.

The average expected term to exercise used in the models is based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural conditions, forfeiture and historical experience.

The risk free rate has been determined from market yields for government gilts with outstanding terms equal to the average expected term to exercise for each relevant grant.

The amount recognised in profit or loss in respect of share based payments was £8,000 (2009: £6,000).

25. Borrowings

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current				
Bank overdraft (secured)	-	-	-	24
Non current				
Convertible loan note	897	843	897	843
Total	897	843	897	867

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

26. Trade and other payables

Current	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade payables	753	518	100	38
Accruals and other payables	231	179	78	73
Finance lease liabilities	51	-	28	-
Financial liabilities	1,035	697	206	111
Other taxes and social security payable	249	66	58	21
Deferred income	188	423	-	-
Non-financial liabilities	437	489	58	21
Total current trade and other payables	1,472	1,186	264	132

Non-current	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Deferred consideration	-	181	-	181
Finance lease liabilities	141	-	118	-
Financial liabilities	141	181	118	181
Total non-current trade and other payables	141	181	118	181

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs, as well as payments received in advance for contracts that have not yet been delivered. The average credit period taken for trade purchases in 2010 was 100 days (2009: 91 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 2010 £56,000 (2009: £65,000) of payables were denominated in US dollars, £6,000 (2009: £4,000) in Euros and £691,000 (2009: £449,000) in sterling.

Finance lease liabilities

	Group £'000	Company £'000
At 1 January 2010	-	-
Acquired through business combination	46	-
Acquired in the year	146	146
At 31 December 2010	192	146

The finance lease liabilities are in respect of leases where there is no expected future benefit. The corresponding asset has therefore been fully impaired. The Directors have used discounted cash flows in valuing the finance lease liabilities.

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

	Group £'000	Company £'000
Within one year	51	28
In the second to fifth years inclusive	141	118
	192	146

27. Cash flow adjustments and changes in working capital

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

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Adjustments:				
Depreciation, amortisation and impairment of non-financial assets	279	115	192	44
Financing costs	190	(107)	183	(107)
Fair value movement of embedded derivative in Convertible Loan Notes	(136)	116	(136)	116
Impairment of goodwill	763	-	-	-
Impairment of investment in subsidiaries	-	-	763	-
Provision on intercompany debt	-	-	1,365	-
Profit on disposal of non-financial assets	(3)	-	-	-
Share-based payment expenses	8	6	8	6
Acquisition costs included in investing activities	38	-	38	-
Total adjustments	1,139	130	2,413	59
Net changes in working capital:				
Decrease/(Increase) in inventories	46	(46)	-	-
Decrease/(Increase) in trade and other receivables	2,592	(964)	(40)	(6)
(Decrease)/increase in trade and other payables	(714)	(464)	103	(45)
Total changes in working capital	1,924	(1,474)	63	(51)

28. Related parties

Transactions with key management personnel

The Group has a related party relationship with its shareholders and with its Directors who are its Executive officers. Details of the Executive and Non-Executive Directors' remuneration are set out in the Remuneration Committee report.

There were no amounts owed to the Directors at the year end (2009: £nil).

Transactions and balances between Group entities

At the period end, the following balances were owed to the Company by Group entities:

	Company	
	2010 £'000	2009 £'000
Westminster International Limited	3,383	3,154
RMS Integrated Solutions Limited	646	599
Longmoor Security Limited	836	280
CTAC Limited	719	-
Westminster Facilities Management Limited	3	3
Westminster Technologies Limited	192	192
Less: provision against amounts due	(1,560)	(195)
	4,219	4,033

During the period management charges were made from Westminster Group plc to its subsidiary companies as follows:

	Company	
	2010 £'000	2009 £'000
Westminster International Limited	988	1,337
Longmoor Security Limited	471	90
CTAC Limited	347	-
	1,806	1,427

The amounts due from the subsidiaries to the Company resulting from management charges and other intercompany activity are held as intercompany accounts and are not secured. The amounts due to the Group form part of the capital used by the subsidiaries.

At 31 December 2010 one of the Directors, P D Fowler, and his wife were together the largest shareholder in the Company through their interest in 26% of the shares of the Company. As of 1 June 2011 they control 26%.

29. Contingent assets and contingent liabilities

Westminster International has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to its contracts, which are cross-guaranteed by the other Group companies. The total amount outstanding at 31 December 2010 was £232,000 (2009: £306,000).

A claim under the Sale and Purchase Agreement is being made against the vendors of CTAC, as the result of a deficiency in net assets as at the Completion Date. The amount being claimed amounts to £740,000, which has not been recognized in the financial statements, but constitutes a contingent asset. This claim is being adjudicated by an Expert appointed by the President of the Institute of Chartered Accountants.

30. Financial risk management

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

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

Foreign currency sensitivity

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

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

Group	Short-term exposure USD £'000	Long-term exposure USD £'000
31 December 2010		
Financial assets	144	-
Financial liabilities	(56)	-
Total exposure	88	-
31 December 2009		
Financial assets	2,574	-
Financial liabilities	(65)	-
Total exposure	2,509	-

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a loss of profits in 2011 of £33,500 (2010: £250,900). This calculation is based upon an instantaneous 10% weakening of sterling relative to the dollar from the level applicable at 31 December 2010. A strengthening of sterling would have an equal and opposite effect. Such analysis is for illustrative purposes only – in practice market rates rarely change in isolation.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Foreign currency denominated financial assets and liabilities are immaterial for the Company.

Interest rate sensitivity

The only borrowings of the Group and Company are the convertible loans (see note 16), which are at fixed interest rates. Interest on the cash holdings of the Group is not material and therefore no calculations of interest rate sensitivity have been undertaken.

Credit risk analysis

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Cash and cash equivalents	261	202	129	-
Trade and other receivables	1,744	3,706	59	7
	2,005	3,908	188	7

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 letter of credit or similar instruments.

The Group's management considers that the financial assets above that are not impaired or past due for each of the reporting dates under review are of good credit quality.

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

Some of the unimpaired trade receivables are past due at the reporting date. Financial assets past due but not impaired can be shown as follows:

Group	2010 £'000	2009 £'000
Not more than 3 months	189	282
More than 3 months but less than 6 months	230	303
More than 6 months but not more than 1 year	416	533
More than 1 year	36	-
	871	1,118

In respect of trade and other receivables, the Group is exposed to a credit risk from a single Government customer see note 19. Trade receivables consist of a large number of customers in different sectors of the market and geographical locations. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The carrying amount of financial assets whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2009: £nil).

The credit risk for cash and cash equivalents is considered negligible, since the funds are held with banks supported by the UK government.

No unimpaired trade receivables are past due at the reporting date in respect of the Company.

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 2010, the Group's liabilities have contractual maturities (including interest payments where applicable) as summarised below:

Group	Current		Non-current	
	£'000		£'000	
31 December 2010	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Convertible loans	60	60	1,500	-
Finance lease liabilities	26	25	141	-
Trade and other payables	1,421	-	-	-
Total	1,507	85	1,641	-

Company	Current		Non-current	
	£'000		£'000	
31 December 2010	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Convertible loans	60	60	1,500	-
Finance lease liabilities	14	14	118	-
Trade and other payables	236	-	-	-
Total	310	74	1,618	-

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

Group	Current		Non-current	
	£'000		£'000	
31 December 2009	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Convertible loans	60	60	1,620	-
Trade and other payables	1,186	-	-	-
Total	1,246	60	1,620	-

Company	Current		Non-current	
	£'000		£'000	
31 December 2009	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Convertible loans	60	60	1,620	-
Bank borrowings	24	-	-	-
Trade and other payables	131	-	-	-
Total	215	60	1,620	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying value of the liabilities at the reporting date. Where the customer has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required.

31. Post balance sheet event

In May 2011 the Company entered into a short term loan agreement for £150,000, which is repayable in July 2011

Directors

Executive

Peter Fowler
Nicholas Mearing-Smith
Stuart Fowler
Roger Worrall

Non-Executive

Lt. Col. Sir Malcolm Ross (Chairman)
Sir Michael Pakenham

Secretary

Nicholas Mearing-Smith

Registered office

Westminster House
Blacklocks Hill
Banbury
Oxfordshire
OX17 2BS

Principal bankers

HSBC Bank plc
17 Market Place
Banbury
Oxfordshire
OX16 5ED

Nominated adviser

Zeus Capital Limited
3 Ralli Courts
West Riverside
Manchester
M3 5FT

Stockbroker

XCAP Securities
24 Cornhill
London
EC3V 3ND

Solicitors

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

Registrars

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

Auditor

Grant Thornton UK LLP
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
OX4 2WB

Financial public relations

Winningtons
Westpoint
78 Queens Rd
Bristol
BS8 1QX

Westminster Group Plc

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

Westminster International Ltd

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

Longmoor Security Ltd

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

RMS Integrated Solutions Ltd

P: +44 (0) 1295 257770 F: +44 (0) 1295 257187 E: info@rms-is.com

CTAC Ltd

P: +44 (0) 845 2252820 F: +44 (0) 1299 253202 E: info@ctac-ltd.com

International Monitoring Systems Ltd

P: +44 (0) 845 2252820 F: +44 (0) 1299 253202 E: info@international-monitoring.com

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

www.wg-plc.com