WESTMINSTER

GROUP PLC

Worldwide World Class Protection

WESTMINSTER
GROUP PLC

The Westminster Group is a specialist security group operating worldwide via an extensive international network of agents and offices in over 46 countries.

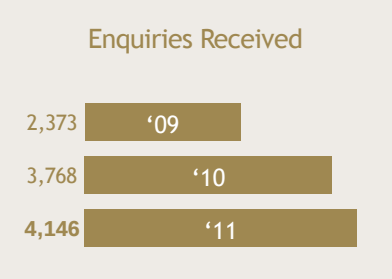
The Group's principal activity is the design, supply and ongoing support of advanced technology Fire, Safety, Security and Defence solutions to governments and government agencies, non-governmental organisations and blue chip commercial organisations worldwide.

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

"Our strategy of building a global security business is very much on track and I am pleased to report we delivered a strong performance in 2011 with record enquiries, record orders and record revenue performance from our activities worldwide."

Peter Fowler
Chief Executive Officer

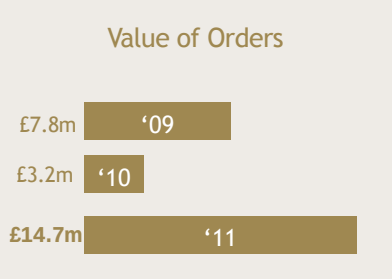


Financial Highlights for the Year ended 31 Dec 2011

- Record order intake during the year of £14.7m (2010: £3.2m)
- Record revenues achieved £10.1m (2010: £3.8m)
- Gross margins improved to 24% (2010: 10%)
- Underlying operating profits in H2 £0.65m (2010: loss £1.8m)
- Underlying operating loss reduced by 62% to £1.6m (2010: loss £4.2m)
- Cash at 31 December £0.4m (2010: £0.3m)
- Placing raised £0.61m net of expenses

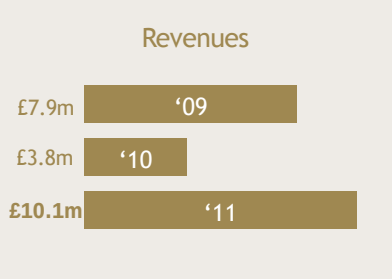
Operating Highlights

- Multi-million pound contract award for advanced security systems for the palace of a Middle Eastern royal family;
- Multi-million contract award for advanced technology scanning vehicles for a West Africa police force
- Board strengthened with the appointment of a new CFO, Ian Selby in July 2011 and Matt Wood appointed as non executive director in December 2011
- Longmoor management strengthened with the appointment of a new Chief Operating Officer, Maj (Retd) Keith Wright, a highly experienced ex Special Forces (22 SAS) training officer



Post Year End

- New aviation division formed, Westminster Aviation Security Services Ltd and highly experienced aviation expert, Dr Phil Jackson, appointed as Chief Operating Officer
- Major new 15 year contract award to protect a West African international airport with potential in excess of $150m won in February 2012 providing recurring revenue. Commencing 1st May 2012 this is already producing revenues in line with expectations.
- Strategic investor with influence in target markets subscribing for £0.5m new shares
- 10 year Franchise business established in Nigeria providing minimum of £1.7m in franchise fees plus substantial project revenue potential
- Longmoor Training Academy opened May 2012



Westminster Commence Airport Security Operations

On 1st May 2012 Westminster commenced operations within a West African International Airport. The project, a 15 year contract, is to provide the complete ground security services at the airport. As part of the contract Westminster have deployed a highly experienced management team and taken on the 100+ strong security team and are implementing advanced training programs to increase the knowledge and performance of the staff. Westminster have also provided a dog detection team trained in the detection of explosives and narcotics quickly and effectively increasing the security of air travel. In addition Westminster is, through our systems division, implementing a wide range of advanced security solutions including CCTV, access control, advance x-ray equipment and other such technologies.

Fire Solution: Large Stately Home - United Kingdom

Westminster's UK based systems integration division, RMS (CTAC) Integrated Solutions Ltd was awarded a contract to supply advanced fire detection and other equipment to a large a Stately Home and estate situated close to London.

Due to the historic nature of the property a highly effective but discrete solution was required and RMS's expertise in the provision of specialist systems and professional installation standards made them the ideal choice for the project. The systems installed provide superior fire detection and enhanced personal safety and have been designed to blend in with the character of the building.

£500k

Contract Value

"We have built an extensive presence around the world and established strong brand awareness in our key markets. We have a successful track record of delivering complex security projects worldwide and have an extensive 'blue chip' client base."

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 46 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

Westminster Aviation Security Services Ltd:

Westminster Aviation Services Ltd is a specialist division providing complete security solutions to the aviation and other transportation sectors protecting infrastructure, operations & assets and the travelling public throughout the world.

Westminster provides a wide range of solutions including the manning and operation of complete airport security facilities, the provision of specialised screening of people, baggage and cargo, provision of surveillance, monitoring and detection equipment, explosive and narcotics detection, emergency repatriation flights, emergency aid distribution and relief flights.

www.wass-ltd.com

International Monitoring Services Ltd:

International Monitoring Services Ltd is the Westminster Group's highly secure 24/7 Control & Command Centre.

The company operates a major 24hour Alarm Receiving Centre (ARC) which is built, operated and certificated to the National Security Inspectorate (NSI) Gold standard, the highest level of independent certification in the UK and is capable of monitoring signals from tens of thousands of connections throughout the world.

www.international-monitoring.com

RMS (CTAC) Integrated Solutions Ltd:

RMS is a specialist integrated provider of 'high end' security solutions to a blue chip client base who operate in operationally critical, high value and high profile fields such as national utilities, cash handling, bullion storage, jewellery and diamond merchants, chemical storage and critical national infrastructure.

A UK specialist integrator of low voltage systems providing Fire & Security Systems, CCTV, Structured Cabling, TV & Satellite Distribution and Wireless Data Technology Distribution, Public Address and Evacuation Systems.

www.rms-ctac.com

Safety Solution: Site Management Consultancy - Middle East

Westminster have been contracted to undertake safety & security audits for one of the largest and fastest growing telecoms companies in the Middle East.

Operating from several hundred sites in the region, the client has appointed Westminster as its consultant to undertake detailed audits and to report on the Building Management, Safety, and Security Systems, with a view to upgrading and improving the safety of their facilities.

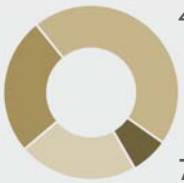
The initial contract for 20 critical sites is to produce a gap analysis on the status of each building and report on security improvements that can be made.

$727k

Contract Value

Geographical Revenue Analysis

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

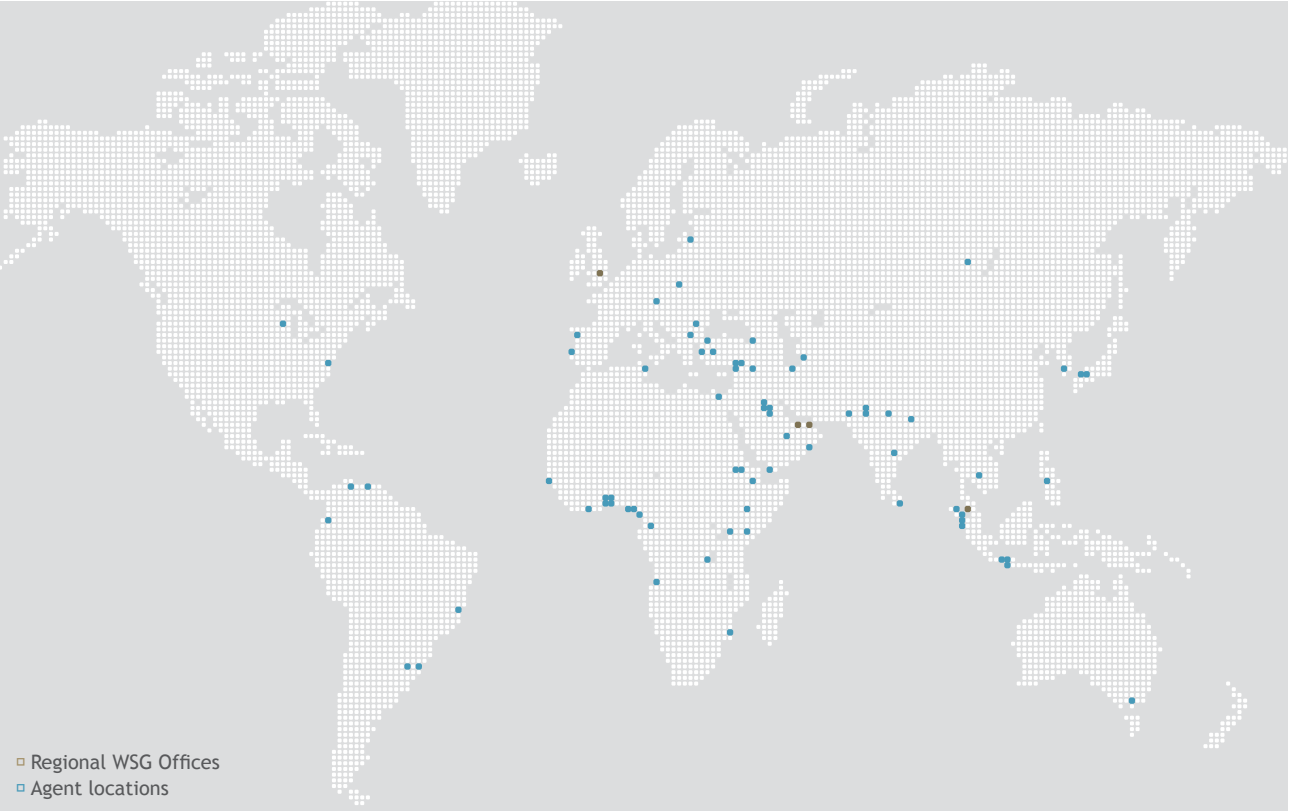


Worldwide World Class Protection

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 46 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 46 countries



Security Solution: Covert Scanning Equiment - Africa

Westminster secured a multimillion GBP contract to supply specialist covert scanning solutions to a governmental client in Africa.

The equipment allows for covert scanning of vehicles and cargo allowing for the detection of contraband substances, drugs, explosives and stowaways at border crossings, airports, ports and other facilities. The system also allows for covert security and anti terrorism operations in an urban environment.

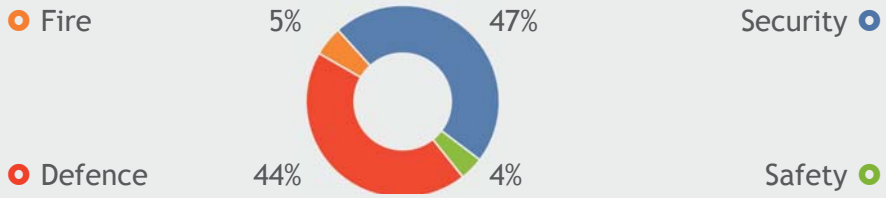
In addition to the equipment supply Westminster, via its Longmoor division, provided comprehensive training on covert security deployment techniques.

£Multi Millon

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 product agnostic. We are not therefore tied to any one single product or technology which means we are able to promote the most approprite secutions for our customers needs; this is a key strength of our Group. We are not dependent on any one supplier, technology, 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. We have now a complimentary group of companies which enable us to offer a complete 'end to end' solution for all their needs including consultancy, risk assessments, installation services, maintenance and monitoring of technology solutions, the supply of specilist equipment, the supply of manned security and comprehensive training 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.

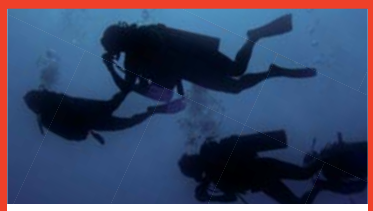
Theatres, Stadiums & Arenas
Large entertainment venues provide a unique set of safety and security challenges. Westminster can provide a vast array of security and safety solutions to help minimise risk and disruption and also provide structured and comprehensive training of officials in how to cope 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: Royal Palaces Protection - Middle East

This multimillion GBP contract involved the protection of a number of Royal Palaces within the Middle East and was secured following a lengthy tender process including stringent operational assessment trials.

Under the contract, Westminster are providing advanced detection and surveillance equipment including advanced radar and sonar systems for the protection of the approaches to the palaces from both land and sea. The project also includes thermal imaging surveillance equipment networked to an advanced integrated central Control & Command system.



£Multi Millon
Contract Value

"Our strong brand and international reputation has helped us win several multi-million pound contracts in 2011 as well as numerous other significant contracts from prestigious clients 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 2011. We delivered a strong performance during the year both in terms of orders and revenue, culminating in record revenues of £10.1m, some 265% of those in 2010. This resulted in an underlying (adjusted for the items in note 4) operating profit £0.65m in the second half of the year which helped reduce the operating loss before taxation by 62 % to £1.6m (2010: loss £4.2m).

Our strong brand and international reputation has helped us win several multi-million pound contracts in 2011 as well as numerous other significant contracts from prestigious clients around the world. Demand for our services continues to grow and we are experiencing record enquiries, increasing order flow, improving margins and conversion rates. I am pleased to report that the momentum established in 2011 has continued into 2012 and we have already secured a major multi-million, multi-year recurring revenue contract.

Strategy

In the difficult economic climate faced by many countries in the western world today, our decision to focus on being an export led business operating globally but with a primary focus on the high growth and emerging economies of the Middle East, Asia and Africa can be seen to be a wise one. We are not a manufacturer and are product agnostic, being able to promote and deliver the most appropriate solutions for our customers' needs. We are therefore not reliant on any particular region, customer, technology or supplier. Our agency network has grown and strengthened during the year, and in 2012 we announced our first franchise in Nigeria. We continue to work with potential strategic investors as they can bring added value to the business, and we were pleased in April 2012 to receive a £0.5m strategic investment.

Our strategy is to continue with this model and to expand our international footprint and broad range of products and services with an increasing focus on high margin and long term recurring revenue. A key part of this strategy on building a recurring revenue model is to develop long term 'managed services' business and we have made a good start in that respect with the latest airport contract secured in February 2012 which is a multi-million pound, multi-year contract for the provision of complete security services at a West African airport. I am pleased to report this project is already underway and producing revenue. I am also pleased to report that we are in discussions regarding a number of other potentially similar projects.

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 and Board

We strengthened the executive board during the year with the appointment of Ian Selby as CFO in July and he has quickly become a valued member of the team, and Matt Wood as a non executive director in December.

I would like to take the opportunity to express my appreciation to all our employees, both in the UK and overseas, who have worked extremely hard during the year. As a service based business, our staff are vital to the continued growth and development of our business and we are fortunate in having a highly committed and dedicated workforce and their dedication is crucial to how we are able to rapidly grow our business and develop our worldwide reputation. We have been strengthening our senior team in 2011 and 2012 with key appointments to help take the Company to the next stage of its growth and I warmly thank them for all that they have done for us.

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

Lt. Col. Sir Malcolm Ross GCVO, OBE
Chairman
30 May 2012




FIRE I SAFETY I SECURITY I DEFENCE

"We are delivering on our vision and are now seen as a truly global security business. We have a strong management team and an experienced board of Directors. Accordingly we are confident of a solid performance for 2012 and exciting growth prospects beyond."

Peter Fowler
Chief Executive Officer

Business Overview

The Group's principal activity is 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.

2011 has been a year of record achievements marking an inflection point for the Group. The investment we have made over the last few years in building our global presence has begun to produce meaningful results.

Our vision is to build a global security business focused on delivering 'end to end' integrated security solutions to high growth and emerging markets around the world. Over the past few years much of our efforts have been employed in building our international presence and we have invested heavily in developing our agent network and establishing a strong corporate brand which is now well recognised by our target customers.

We are now seeing the benefit of all this effort and investment. We have a truly global footprint with over 100 agents and offices in 46 countries, we have a track record of successfully delivering complex security solutions around the world and have an extensive and impressive 'blue chip' customer base. We operate one of the largest security websites in the world (www.wi-ltd.com) and are now receiving record levels of enquires and have an active quote bank of over £350m. We are securing substantial orders including several multi-million pound contracts, and in 2011 produced a record revenue performance with sales of £10.1m, 265% of those recorded in 2010.

This momentum is continuing into 2012 and we have already secured a wide range of contracts around the world including a 15 year contract with a potential value well in excess of $150m for ground security services at a West African airport. This brings to the group a powerful, transactionally driven recurring cash flow, and we are in active discussions to replicate this model. We believe that such deals are transformational for our business and thus for shareholder returns.

Our Markets

We are a British based but internationally focussed and export led security business with our focus outside of the UK being predominantly the high growth regions of the Middle East, Asia and Africa, but with growing interest from South America and Eastern Europe.

We operate in a market which is huge, growing and unlikely to see any contraction in the foreseeable future. Hundreds of billions USD are spent by Governments and corporations annually on security issues. Today, as we face international terrorism on a global scale, the fundamental need to protect national borders, transportation and infrastructure, buildings, assets and people is a matter of the highest importance.

Many developing economies are now flourishing thanks to the discovery of and demand for minerals and other natural resources together with opportunities presented by international trade. In order to fully capitalise on these market opportunities, Governments and large national and multinational corporations are being forced to invest in effective security, defence, fire and safety solutions, to protect their interests from the continuing significant threat of international crime and terrorism. Economies in many parts of Asia and the Middle East are flourishing however civil unrest together with national, geographical and religious disputes all drive the need for effective security solutions. Frequently the competitive landscape in these territories is underdeveloped and fragmented.

To be successful in this market requires meeting exacting criteria: credibility, 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.

Whilst there are many companies providing security services in one form or another, there are relatively few doing so on a global basis due to the reasons previously given and the logistical and cultural difficulties in dealing with many diverse countries around the world and even fewer who can do so in providing fully integrated services. Westminster, with its global presence and growing international reputation, is well placed to take advantage of such opportunities and this is evidenced by the record levels of enquiries we are now receiving.

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.

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 such as those experienced in 2010, it is such projects that we believe can deliver substantial growth. In this respect we made good progress in 2011 securing several large scale prestigious contracts.

Strategy

The Group's strategy is to build shareholder value through the generation of long term recurring profitable cash flows.

Our vision of building a global security business has meant our strategy in recent years has been devoted 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 46 countries covering every continent (with the exception of Antarctica), which has helped us achieve our global exposure. However, our strategy is to build on and improve this network replacing underperforming agents. As this agent network has matured, 'Super Agents' have evolved in key markets who have the size and financial strength to prime and finance major contracts.

Additionally, in 2012 we have introduced a franchise model which allows the franchisee to operate exclusively under the Westminster brand in the given territory. They are responsible for setting up offices and marketing in accordance with the Westminster brand. This is at their cost and is subject to the payment of an annual franchise fee to Westminster. All goods and services will continue to be sourced centrally via Westminster. This means we achieve greater brand awareness and in-country representation at no cost and for no loss of margin, indeed this is revenue enhancing due to the franchisee fee. It is a good model, is already now in operation and something we intend to roll out to other regions.

The next stage of our strategy is to deliver increasing recurring revenue streams both from the maintenance and servicing of the equipment and systems we are delivering around the world and also from the expansion of our Alarm Receiving Centre (ARC).

In addition we are also moving towards being a managed services business by providing long term recurring revenue services, an example of such is the recent 15 year airport contract

We are committed to delivering this strategy largely through organic growth, but complemented by strategic and earnings enhancing acquisitions.

Divisional Review

Our strategy of building a global security business is very much on track and I am pleased to report we delivered a strong performance in 2011 with record enquiries, record orders and record revenue performance from our activities worldwide.

We are encouraged that not only are our enquiry levels for our group services now at an all time high, averaging around 345 per month, but the size and complexity of the enquiries we receive is growing also which is a testament to our growing international reach and reputation.

We have made good progress with integration and expansion of all our operating subsidiaries and now have a complementary group of companies which enable us to offer clients a complete end to end solution for all their needs including consultancy, risk assessments, installation, maintenance & monitoring of technology solutions, the provision of specialist equipment, the supply of manned security and comprehensive training services

A review of Group companies follows:

Westminster International

Our international business had an excellent year both in terms of revenue and expansion. We have strengthened our business development team with new appointments and continue to expand our international agent network with new agents in Malaysia, Indonesia, India and Turkey. We now have over 100 agents in 46 countries.

We hosted numerous delegations from governments, organisations and corporations at our UK head office for presentations and demonstrations at our 4.5 acre demonstration grounds. We carried out a number of large scale trials of technologies for potential clients both here in the UK and overseas. We travelled extensively around the world meeting with agents and potential customers etc including a number of senior governmental figures in different countries.

Westminster International has secured and delivered the international contracts listed in the Global Markets Review below. We have a significant active quote bank and are negotiating on a number of very large projects any one of which, if secured, would further transform our business.

Longmoor Security

Longmoor is our close protection and training business which is now performing well and its training courses are running at an all time high.

In July 2011 we appointed a new Chief Operating Officer, Major (retd) Keith Wright who has transformed Longmoor and has brought added professionalism and direction to the business. The company has seen a dramatic improvement in operational performance since his arrival. Prior to joining Longmoor, Keith had an illustrious service career including 34 years unbroken service with the Special Air Service where he was ultimately in charge of training services.

Enquiries for training courses are at an all time high, which is helped by the several thousand leavers from the UK forces who receive a resettlement allowance on leaving which may be used for funding training courses such as Longmoor.

In addition Longmoor is receiving increasing enquiries for large scale training and operational services from governments and security organisations, and we are optimistic of future growth in this business

RMS (CTAC) Integrated Solutions

Following our acquisition of CTAC in

April 2010 we have now stabilised and restructured the business. The installation side of the business has now been merged with our existing UK systems integration business, RMS, and the combined entity is now trading as RMS (CTAC) Integrated Solutions This will serve to improve customer service whilst reducing our ongoing cost base. The Alarm Receiving Centre (ARC) which was part of the CTAC acquisition has been separated into its own entity International Monitoring Services (see below).

The combined RMS (CTAC) business had a good year and secured several new contracts including a major UK Stately Home worth several hundred thousand pounds in revenue. The business continues to serve a wide range of UK customers including a major UK utility and has over 1,000 sites under maintenance.

The Group is pursuing warranty claims against the vendors of CTAC and hopes to reach a resolution during 2012.

International Monitoring Services

The strategic objective of acquiring CTAC in 2010 was to acquire its 24 hour Alarm Receiving Centre (ARC) which generates regular recurring revenue and has very substantial capacity for expansion. The ARC is built, operated and certificated to the National Security Inspectorate (NSI) Gold standard, the highest level of such certification in the UK, and monitors alarm and video signals from over 1,000 systems across the UK.

The ARC has now been established as an independent operating division under the name of International Monitoring Services which more closely reflects the international services the centre will be providing. Whilst relatively small in 2011, we have invested in a dedicated sales resource to support anticipated growth. We are already in discussions with several major corporations and governmental clients around the world regarding the provision of large scale monitoring services, which, if successful, would generate significant additional recurring revenue. In addition we are differentiating from the commoditised UK market by offering a range of high value additional services such as asset tracking, lone worker monitoring and travel services.

Global Markets Review

In 2011 we delivered a wide range of services and solutions to clients worldwide and a review of just some of that activity is given below.

The Middle East

The Middle East remains a key focus market for us and one we have been actively developing throughout the year with considerable success.

We secured a major multi-million pound contract to provide comprehensive security including radar, sonar and specialist surveillance equipment to protect a number of Royal Palaces in a Gulf country. This is an extremely prestigious contract award that was won against major multinational competitors following technical trials and demonstrations of our solutions. The project took several years from initial enquiry to contract award and is illustrative of the length of time that can be involved in major projects of this type.

Other projects include vehicle control equipment for the Royal Commission in Saudi Arabia, explosive detection equipment for the Japanese Embassy in Iraq, a major consultancy contract for a major telecommunications company within the Middle East, Blast suppression equipment for a major client in the UAE and X-Ray screening equipment to a number of countries including Iraq, Palestine and Lebanon

Africa

Africa is an important market for us and one where we see significant growth opportunities. This view is supported by a recent IMF report which stated that seven out of the 10 fastest growing economies in the world in 2012 will be in Africa. We see the African commodity boom generating additional security requirements as governments and private organisations seek to protect their infrastructure and assets.

During 2011 we continued to secure a wide range of contracts for a diverse range of equipment in the region. For example we secured a multi-million pound contract to supply specialist scanning vehicles to a West African police force, we supplied personnel monitoring equipment to Morocco, we protected a major oil company's premises in Egypt against blast damage, we supplied advanced security investigation equipment to the security services in Southern Africa as well as a wide range of security equipment and solutions to countries such as Algeria, Rwanda, Uganda, Republic of Sudan, Tunisia and South Africa.

The Americas

We see South America as a potential growth market and our activities in the region continue to grow. We have secured a number of valuable contracts in the region including x-ray scanning equipment for the prison service in Guyana, CCTV surveillance to the UN in Haiti, poison detection equipment to the USA. We also carried out a major security audit for a high profile client in Mexico, supplied personal safety equipment to a Juvenile Detention Centre in the USA, specialist shoe scanning equipment to Sony within the USA as well as other equipment to the Americas and Canada

Asia Pacific

The Asia Pacific region is another key 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 2011 and secured a number of contracts including specialist vehicle surveillance equipment to Siemens in India, radiation detection equipment to Japan, covert surveillance and counter terrorism equipment to Vietnam, explosive detection and other security equipment to embassies and organisations in Afghanistan together with a range of equipment and solutions to countries such as Thailand and Malaysia.

UK & Europe

Whilst Westminster is principally focused on providing niche products and services to international growth markets, the UK is the main focus for RMS (CTAC) and the vast majority of our Longmoor training is currently with UK customers.

During 2011 we achieved a number

of notable contract awards including integrated solutions to several high net worth properties in the UK including a stately home, a CCTV control centre for Wembley, security protection to a major Gulf State embassy in London and various solutions to major clients such as South Hook LNG, British American Tobacco and the Foreign and Commonwealth Office (FCO).

In addition we continue to deliver multiple products to the UK Prison Services, as well as protecting a large number of UK Utility sites.

Current Trading and Outlook

The strong momentum and trading we experienced during 2011 has continued into 2012.

In January 2012 we launched our new aviation security business to focus on our ever increasing aviation business. At the same time we recruited an extremely experienced aviation security expert, Dr Philip Jackson, as the new Chief Operating Officer of the business. In February 2012 we secured a 15 year airport security contract in West Africa for the provision of a wide range of detection and surveillance technologies as well as the deployment of security personnel within the terminals, the airside zone and the airfield perimeter with fees paid by the airlines based on embarking passenger numbers. This is our largest ever contract.

When we initially announced this contract in February we announced a potential revenue value in excess of $150million USD over the term of the contract, however following a review of operations and potential growth in passenger numbers we revised our estimates and updated the market in April suggesting that we may achieve the forecast figure of $150m by the year 8 break point rather than the full contract term of 15 years. Should that be the case, the revenue potential for the full contract term would be substantial.

I am pleased to announce our operations at the airport in question formally commenced on 1st May 2012 and we have already made a notable difference to the airport's and travelling public's security. Within the first two weeks of operations we have arrested an intruder on the runway, detected a person carrying a weapon before they reached the aircraft, discovered a package with illegal contraband, dealt with a left luggage parcel including using explosive detection dogs and discovered a person trying to smuggle currency out of the country concealed within their clothing. We have received recognition from international bodies for the considerable improvements we have made to the airport security which is likely to lead to more airlines looking to bring operations to the airport, further increasing revenues. The first few weeks of operations and review of passenger numbers would indicate that our revenue expectations are sound and that the growth potential is real.

In addition to the airport contract mentioned above we have secured a contract to supply scanning and detection equipment to an airport in Saudi Arabia as well as a sizable contract for the supply of security equipment to the security services of a Sub-Saharan government.

In May 2012 we also announced the opening of the new Longmoor Training Academy in response to the increasing demand for Longmoor CP courses which will enable the Company to further expand the range and scope of its courses, both residential and non-residential. New courses offered will include: expanded ship's security officer training, conflict management, hostile environment awareness advanced trauma medical, hostage rescue and survival training, major incident management and communications.

The Academy is a 19,000 sq ft, 30 bedroom, self contained training centre comprising of a number of training rooms, lecture halls, catering and leisure facilities all set within 442 acres of grounds in central England with easy access to the M40. The Academy has been secured on a leasehold basis of an initial 12 month term with the option to extend for a further 4 years. The unrestricted access to the facilities will allow for significant operational efficiencies to be achieved resulting in a wider range of courses being offered and at better potential profit margins.

We continue to receive record levels of enquiries and 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 new contract delivered.

We have a solid order book, growing recurring revenues, improving gross margins, a robust business plan and vision. We have clear strategic goals and objectives and a commitment to the continuing development of our operational infrastructure. We are delivering on our vision and are now seen as a truly global security business. We have a strong management team which has been further strengthened and an experienced board of Directors. Accordingly we are confident of a solid performance for 2012 and exciting growth prospects beyond.

Peter Fowler

Chief Executive Officer
30 May 2012




PORT I AIRPORT I UTILITIES I INFRASTRUCTURE

"I am pleased to report that the Company achieved record revenues of £10.1m (2010: £3.8m). The growth of 265% was driven by a record sales order intake of £14.8m (2010: £3.2m)"

Ian Selby
Chief Financial Officer

Income Statement

I am pleased to report that the Group achieved record order intake of £14.8m (2010: £3.2m), this resulted in revenues of £10.1m, 265% of the £3.8m recorded in 2010. The benefit of these orders was largely felt in the second half of the year with revenues of £8.2m (2010: £1.6m) being achieved. These orders included a substantial element of higher gross margin solution sales which drove overall gross margins for the year from 10% to 24%. The Group remained an export led organisation with 74% (2010: 43%) of its revenues being non-European markets. We are particularly pleased that export sales to high growth markets such as the Middle East and Africa grew by 460% to £7.4m (2010: £1.6m).

Administrative costs were £4.1m (2010: £4.6m). When adjusted for the items detailed in note 4 to the accounts, the underlying operating cost base was reduced by approximately 3% to £3.1m (2010: £3.2m). The average number of employees during the year was 64 (2010: 66). In the second half of the year administrative cost reduction programs were put in place, the full benefit of which should be felt in 2012 and this will enable resources to be redirected to support the growth of the business.

The Group generated operating profit of approximately £0.28m (2010: loss £3.10m) in the second half of the year and consequently the annual operating loss fell by 62% to £1.6m (2010: £4.2m). When adjusted for the items detailed in note 4, the underlying operating profit in the second half year was £0.65m (2010: loss £1.8m), and therefore the annual loss on this basis was reduced by 77% to £0.65m (2010: loss £2.8m).

Financing costs were £0.4m (2010: £0.2m) which included £0.3m (2010: £0.1m) from the 2014 convertible loan note which was revised in October 2010. The remainder of the financing costs relate to other smaller loans of £0.1m (2010: £0.02m). Finance income of £0.04m (2010: £0.14m) arose from the annual revaluation of the embedded derivative within the convertible loan note. The taxation charge of £0.73m (2010: gain £0.38m) represents the reversal of the previously recognised deferred tax asset held at 31 December 2010 which was reversed in our interim results for the six months ended 30 June 2011.

The overall loss for the year after tax was therefore reduced by 29% to £2.7m (2010: £3.8m).

Statement of Financial Position

The group's principal assets are £0.4m cash (2010: £0.3m), trade receivables of £1.0m (2010: £0.9m) and the 4.5 acre freehold site at the head office in Banbury which is carried at £0.9m. Improved commercial payment terms were achieved with customers (such as confirmed letters of credit and payments in advance) on orders received in the year. This reduced the average credit period taken by customers from 109 days to 48 days.

Trade payables increased to £1.3m (2010: £1.0m) as business volumes rose. Similarly deferred income rose to £0.45m (2010: £0.19m) on the back of increased contract wins and sales volumes. At the end of the year performance bonds relating to a single contract of £0.17m (2010: £0.23m) were outstanding. The Group fully impaired the opening £0.6m carrying value of amounts due from an African government. These arose from a contract announced in 2008, and no revenue was recorded against this in 2011. This impairment has been taken due to uncertainty as to the eventual timing of the receipt as a result of instability in that country. However as the Group is in active dialogue regarding further growth opportunities in that country, it does expect this to be collected at a future date and will recognise the profit at the point when cash is collected.

During the year the Company issued 5,375,004 shares for cash raising £0.65m (prior to costs of £0.03m) which was used for general working capital purposes. The Company took out a short term loan of £0.15m in May 2011, of which £0.08m was outstanding at the balance sheet date. The company is engaged in constructive discussions regarding a variation or refinancing of the convertible loan note and will update the market accordingly. On 27 April 2012 the Company issued and allocated 2,941,176 ordinary shares for cash to a strategic investor, raising £0.5m which will be used for working capital purposes and to support the rollout of the African airport project.

Cash Flow Statement

Our net cash flow improved by 159% to £0.15m (2010: £0.06m). This was largely due to stronger trading which reduced the outflow of cash from operating activities by 83% to £0.2m (2010:£1.2m).

Loss Per Share

The group recorded a much reduced basic and diluted loss per share of 10.19p (2010: loss 20.54p)

Key Performance Indicators

The main performance indicators used in 2011 were gross profit margin, operating profit and loss and individual job profitability. The Group management information contains significant detail concerning operational performance and, as well as 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, 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 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

	2011	*2010*
Order Intake (£m)	14.7	3.2
Quote Bank (£m)	350	300
Average number of sales enquiries per month	345	300
Closing order book (£m)	4.7	0.2

The number of enquiries is rising substantially each year, which is an important indicator of the effectiveness of the Group's marketing efforts. This demonstrates how large individual orders can have a dramatic impact on the results for the year.

The nature of the Group's business has always meant that precise timing of orders and deliveries against them can be difficult to forecast. This is frequently due to matters beyond the Group's control. Our strategy of increasing recurring revenues to offset this volatility has moved forwards and since the year end, the Group has significantly grown the recurring revenue base with the African airport contract which was won in February 2012. We look to this and similar long term recurring revenue prospective sales to underpin the Group's cash flows going forward to remove the volatility which is inherent with large single sales orders.

Ian Selby

Chief Financial Officer

30 May 2012



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.

Ian Selby - Chief Financial Officer

Ian, aged 44, is a Chartered Accountant with significant board level experience of working with private and listed SME's. He was previously the Group Finance Director of Zenith Hygiene Group plc where he was instrumental in executing a successful trade sale, and previously he was the CFO of Corero plc, a software company. He has extensive experience including M&A, fundraising, working capital improvements, debt renegotiation and operational financial management. Earlier in his career he held international finance roles, including emerging markets in Halliburton Inc, Sybase Inc and Micro Focus plc. He qualified as a Chartered Accountant with Coopers and Lybrand Deloitte and holds a degree in Physics from the University of Birmingham.

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.

Matt Wood - Non-Executive Director

Matt, aged 38, is an experienced non-executive director and has been providing consultancy services to the Group for some time. He will also become a member of the Group's audit and remuneration committees. Matt qualified with a First Class honours degree in Economics in 1996 and qualified as a chartered accountant in 1999. He then joined the corporate finance department of Beeson Gregory Limited (now Evolution Securities) where he advised growing companies on a wide variety of capital market transactions, corporate development and regulatory issues. In 2006, Matt set up CMS Corporate Consultants Ltd, a Plc corporate advisory firm based in the City providing advisory services to small cap quoted companies, including Westminster.

The Directors present their report and the audited financial statements for the year ended 31 December 2011.

Principal activities

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

The Group operates through a network of 100 agents located in 46 countries at 31 December 2011. 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 Chief Financial Officer'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 (resigned 30 June 2011)	Matthew Wood BSC ACA (appointed 7 December 2011)
R.W. Worrall	
I.R. Selby (appointed 1 July 2011)	

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.

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. 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 Group's cash flows can be denominated in foreign currencies and therefore the Group is reviewing its policies around managing such risk such as introducing hedging.
- The Group's cash flows have historically been exposed to large single contacts which can impact liquidity. The group manages liquidity risk by tight cash flow and expenditure management and has partially mitigated its customer credit risk by use of instruments such as confirmed letters of credit. The Group has in place a strategy to improve the visibility into its cash flows by moving to recurring revenue contracts as demonstrated by the African airport contract announced in February 2012, which will generate a high margin monthly cash flow going forwards and billings have commenced in May 2012. The Group is also in dialogue with various strategic investors (such as the investor subscribed for £0.5m of new shares on 30 April 2012) in respect of further funds which will support the expansion of the business and will provide additional working capital. The Group is also in active and constructive discussions regarding the refinancing of the existing convertible loan note to a basis which will reduce the associated interest charge and management fee. As ever there is no guarantee as to the eventual timing and outcome of these negotiations but the Directors believe that based on the current state of discussions such investments can be achieved.

The Directors believe that the Group's strategy of being an independent distributor, without dependence on any particular technology and offering a broad range of products and services to a dispersed client base over 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 2011, the most significant risk was in respect of the amount due on the Juba contract. However this is excluded from all working capital assumptions and models which management use.

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 (2010: 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 15 May 2012 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	Number of Shares	% of issued capital
H Jamal	4,000,000	12.13
Easthope (IOM) Ltd	2,941,176	8.92
Northcote (IOM) Limited	2,389,602	7.25
Credit Agricole Cheuvreux International	1,420,000	4.31

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 69 days (2010: 107 days). This improvement was due to the improved trading performance of the group and stronger cash collections enabling creditor stretch to be reduced. The ratio of amounts owed by the Company to trade creditors at the year end to total purchases during the year was 72 days (2010: 58 days).

Share price

During 2011 the Company's share price ranged from 8p to 23.5p and the share price at 31 December 2011 was 9.5p (2010:15.75p).

Directors' and officers' liability insurance

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

Post balance sheet events

Fundraising

On 30 April 2012 Westminster Group plc issued and allotted 2,941,176 new ordinary shares of 10p each representing approximately 9 per cent. of the enlarged issued share capital of the Company at a price of 17p per share, to a new strategic investor who has significant interests in West Africa, raising £500,000. Expenses were negligible.

African Airport Contract

On 17 February 2012 the Group signed a contract , which has a potential revenue value in excess of $150million USD over the 15 year term of the contract, to provide comprehensive ground security operations at the main international airport of a West African nation.

The contract involves the provision of a wide range of detection and surveillance technologies as well as the deployment of security personnel within the terminals, the airside zone and the airfield perimeter.

Following a two month pre-deployment transition period, operations commenced on 1 May 2012. Revenue is generated by a per passenger fee denominated in USD, payable directly to the Group by airlines using the airport and is expected to generate fees of $4.5m in the first twelve months of operation. Our initial revenue forecast for the West African airport contract was calculated and based on only 100,000 passengers during 2011, with modest passenger growth over the term of the contract. It did not allow for revenues from cargo scanning, additional services or fare increases throughout the entire contract period, all of which could be significant. Westminster has the contractual right to make such charges, as well as to provide services at all airports in the country. Recent data indicates that passenger numbers are now expected to be ahead of forecast and forward growth rates may be significantly ahead of previous estimates as the country of operations is forecasted to have one of the fastest GDP growth rates in the world, and has discovered large natural resource deposits including oil and iron ore. A new and enlarged terminal capable of accommodating up to 900,000 passengers per year is due to open later in 2012. Given all of the above, our initial aggregate $150m revenue forecast could be achieved by the contract's 8 year break point rather than the full contract term of 15 years. Should that be the case, the revenue potential for the full contract term would be substantial

Services are delivered through Westminster Aviation Security Services Limited ("WASS") (a wholly owned subsidiary of the group), and its local trading associate company. The latter was incorporated on 20 April 2012 and Westminster Aviation Security Services Limited which in turn will have a significant investment in and management control of this local legal entity which will deliver the services in the country.

Training Academy

In May 2012 a 12 month lease has been entered into, for a training facility to be used by Longmoor Security. The rental is £15k per month for the 12 months, and the agreement includes an option for an additional 4 years.

Going Concern

The financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future. As part of its assessment, management have taken into account the profit and cash forecasts, the continued support of the shareholders and 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 27 June 2012

On behalf of the Board

P.D. Fowler	**I.R. Selby**
Director	Director
30 May 2012	

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

Matthew Wood (appointed 7 December 2011)

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

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

- 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 and participation in the group life assurance scheme
- All Executive Directors and executive management participate in the Group's annual bonus scheme, which is based upon the assessment of individual performance, subject to the Group achieving profitability commensurate with its revenues and capital employed. For the years ended 31 December 2011 and 2010 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 Group adopted the Share Option Scheme on 3 April 2007, under which it granted EMI options and unapproved options to certain employees and Directors over its ordinary shares. Options have been granted subsequently, as set out in note 24, as are the main terms of the option scheme. The Group believes that such schemes (as well as Long Term Incentive Plans) align executives with long term shareholder value.

Non-Executive Directors' remuneration

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

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

Matt Wood is a director of CMS Corporate Consultants Limited ("CMS") which provides corporate advisory services to the Company. Since 1 January 2012, Mr Wood's fees for acting as a non-executive director of the Company are £15,000.00 p.a., payable quarterly in arrears and CMS is retained on a monthly retainer for the provision of corporate services to the company at an annual rate of £25,000.

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 2011 are as follows:

Audited

Executive Directors	Basic salary/fee £'000	Benefits in kind £'000	Group national insurance cost £'000	Share Based Payment cost £'000	Total cost of employment £'000
P.D. Fowler	150	1	19	-	170
S.P. Fowler	75	1	9	-	85
N.P. Mearing-Smith (resigned 30 June 11)	63	1	8	-	72
R.W. Worrall	75	1	9	-	85
Ian Selby (appointed 1 July 11)	50	-	7	-	57
Total Executive Remuneration	413	4	52	-	469
Non-Executive Directors					
Lt. Col. Sir M. Ross	35	3	4	1	43
Sir Michael Pakenham	24	-	3	-	27
Matthew Wood (appointed 7 December 11)	1	-	-	-	1
Non Executive Remuneration	60	3	7	1	71
Total Board Remuneration	473	7	59	1	540

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 beginning of year	Interest at end 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 (resigned 30 June 11)	-	91,944
R.W. Worrall	2,128,522	2,128,522
Sir Michael Pakenham	-	-
I.R. Selby (appointed 1 July 11)	166,667	-
M Wood (appointed 7 December 2011)	-	-

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 2011	Granted	Exercised	Forfeited	31 Dec 2011	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

* Ceased to be a director on 30 June 2011 but was allowed to keep his options.

The market price of the shares at 31 December 2011 was 8.5p and the range during the year was 8p to 23.5p.

On behalf of the Board

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

30 May 2012

The Directors are committed to delivering high standards of corporate governance to the Group's shareholders and other stakeholders including employees, suppliers and the wider community. As an AIM-listed company, full compliance with the UK Corporate Governance Code 2010 ("the Code") is not a formal obligation. The Group has, however, sought to adopt the provisions of the Code that are appropriate to its size and organisation and establish frameworks for the achievement of this objective. The Board of Directors operates within the framework described below.

The Board

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

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

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

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

Organisational structure and control environment

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

Internal control

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

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

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

Risk management

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

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

Corporate responsibility

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

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

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:

	2011 £'000	2010 £'000
Total equity	673	2,244
Cash and cash equivalents	(414)	(261)
Capital	259	1,983
Total equity	259	1,983
Borrowings	1,044	897
Overall financing	1,303	2,880
Capital to overall financing ratio	0.20	0.69

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. Matt Wood does not hold either shares or options in the organisation.

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. Details of auditor remuneration are disclosed in note 6 to the accounts.

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, Sir Malcolm Ross and Matt Wood.

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 Group'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, Matthew Wood 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	3	2	1
Lt Col Sir Malcolm Ross	6	3	2	1
Sir Michael Pakenham	6	3	2	1
P.D. Fowler	6	3	-	1
S.P. Fowler	6	3	-	-
N.P Mearing-Smith (resigned 30/06/11)	3	2	1	-
R.W. Worrall	6	3	-	-
M.Wood (appointed 7/12/11)	1	1	-	-
I. Selby (appointed 1/7/11)	3	1	1	-

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 is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the 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

Peter Fowler
Director

Ian Selby
Director

30 May 2012

We have audited the financial statements of Westminster Group plc for the year ended 31 December 2011 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statements of changes in equity, the consolidated and company statements 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, 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 2011 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

30 May 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
REVENUE	3	10,065	3,797
Cost of sales		(7,606)	(3,398)
Gross profit		2,459	399
Administrative expenses		(4,087)	(4,568)
LOSS FROM OPERATIONS		(1,628)	(4,169)
Analysis of loss from operations			
Loss from operations		(1,628)	(4,169)
Operating cost adjustments	4	980	1,399
Loss from underlying operations		(648)	(2,770)
Financing costs	5	(400)	(190)
Finance income	5	44	136
LOSS BEFORE TAX		(1,984)	(4,223)
Income tax	7	(727)	383
LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(2,711)	(3,840)
OTHER COMPREHENSIVE INCOME			
Revaluation of non-current assets		-	14
Deferred tax movement on revaluation of non-current assets		-	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(2,711)	(3,822)
LOSS PER SHARE:			
Basic and fully diluted in pence	9	(10.19)	(20.54)

All the activities of the Group are classed as continuing.

The accompanying notes form part of these financial statements.

		Group		Company	
		2011	2010	2011	2010
	Note	£'000	£'000	£'000	£'000
Goodwill	10	397	397	-	-
Other intangible assets	11	245	323	18	29
Property, plant and equipment	12	1,028	1,164	932	946
Investment in subsidiaries	14	-	-	3,605	4,642
Trade and other receivables	19	-	1	-	-
Deferred tax asset	17	-	727	-	2
TOTAL NON-CURRENT ASSETS		1,670	2,612	4,555	5,619
Inventories	18	112	229	-	-
Corporation tax recoverable	19	50	50	-	-
Trade and other receivables	19	1,222	1,747	102	69
Cash and cash equivalents	21	414	261	-	129
TOTAL CURRENT ASSETS		1,798	2,287	102	198
TOTAL ASSETS		3,468	4,899	4,657	5,817
Share capital	22	2,963	2,425	2,963	2,425
Share premium		3,449	3,369	3,449	3,369
Merger relief reserve	23	299	299	299	299
Share based payment reserve		33	27	33	27
Revaluation reserve		134	134	134	134
Retained earnings		(6,721)	(4,010)	(3,944)	(1,861)
TOTAL SHAREHOLDERS' EQUITY		157	2,244	2,934	4,393
Trade and other payables	26	99	141	81	118
Borrowings	25	963	897	963	897
Embedded derivative	16	4	48	4	48
Deferred tax liabilities	17	99	97	99	97
TOTAL NON-CURRENT LIABILITIES		1,165	1,183	1,147	1,160
Borrowings	25	81	-	202	-
Trade and other payables	26	2,065	1,472	374	264
TOTAL CURRENT LIABILITIES		2,146	1,472	576	264
TOTAL LIABILITIES		3,411	2,655	1,723	1,424
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,468	4,899	4,657	5,817

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 30 May 2012 and signed on their behalf by:

Peter Fowler **Ian Selby**
Director Director
30 May 2012

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
AS OF 1 JANUARY 2011	2,425	3,369	299	27	134	(4,010)	2,244
Share based payment charge	-	-	-	8	-	-	8
Share issues	538	108	-	-	-	-	646
Cost of share issues	-	(28)	-	-	-	-	(28)
Deferred tax adjustment	-	-	-	(2)	-	-	(2)
TRANSACTIONS WITH OWNERS	538	80	-	6	-	-	624
Loss for the year	-	-	-	-	-	(2,711)	(2,711)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	-	-	-	-	-	(2,711)	(2,711)
AS AT 31 DECEMBER 2011	2,963	3,449	299	33	134	(6,721)	157
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 associated goodwill	-	-	(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

	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 2011	2,425	3,369	299	27	134	(1,861)	4,393
Share based payment charge	-	-	-	8	-	-	8
Other share issues	538	108	-	-	-	-	646
Cost of other share issues	-	(28)	-	-	-	-	(28)
Deferred tax adjustments	-	-	-	(2)	-	-	(2)
TRANSACTIONS WITH OWNERS	538	80	-	6	-	-	624
Loss for the period	-	-	-	-	-	(2,083)	(2,083)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	-	-	-	-	-	(2,083)	(2,083)
AS AT 31 DECEMBER 2011	2,963	3,449	299	33	134	(3,944)	2,934
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 period	-	-	-	-	-	(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

	Note	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
LOSS BEFORE TAX		(1,984)	(4,223)	(2,082)	(1,991)
Adjustments	27	606	1,139	2,480	2,413
Net changes in working capital	27	1,184	1,923	34	63
NET CASH FROM OPERATING ACTIVITIES		(194)	(1,161)	432	485
INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		(28)	(187)	(16)	(179)
Purchase of intangible assets		-	(1)	-	(1)
Cash costs of acquisition of subsidiary net of cash acquired		-	(579)	-	(538)
Proceeds from disposal of fixed assets		-	12	-	-
Advances to subsidiaries		-	-	(1,059)	(1,551)
NET CASH USED IN INVESTING ACTIVITIES		(28)	(755)	(1,075)	(2,269)
FINANCING ACTIVITIES:					
Gross proceeds from the issue of new Ordinary shares		646	2,269	646	2,269
Costs of share issue		(28)	(350)	(28)	(350)
Gross proceeds from the issues of Loan Notes		150	-	150	-
Repayment of short term borrowings		(110)	-	(110)	-
Proceeds from finance leases		-	192	-	146
Interest paid		(283)	(136)	(265)	(128)
NET CASH FROM FINANCING ACTIVITIES		375	1,975	393	1,937
Net change in cash and cash equivalents		153	59	(250)	153
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD		261	202	129	(24)
CASH AND EQUIVALENTS AT END OF PERIOD		414	261	(121)	129

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 2011 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 Company's transactions are denominated.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

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 £2,083,000 (2010 loss: £1,997,000).

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 scenario (which represents a significant downgrade compared to internal budgets and targets) for 2012 and 2013 has been prepared. Revenues are forecast from major contracts that have already been secured by the end of April 2012, from the predictable regular flow of smaller contracts and revenues from new major contracts based on reduced probabilities compared to management expectation of the contracts being won. The contract for the African airport signed in February 2012 is expected to generate significant amounts of cash on a recurring monthly basis and therefore the business going forward is a fundamentally different business model compared to the current product and solution sales business and reduces the liquidity risk of the group. 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, disposal or closure of loss making subsidiaries, delaying capital expenditure, 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 2011.

(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. 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 for under the previous version of IFRS 3.

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 6).

Segmental reporting

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

An operating segment is a component of the Group:

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

Revenue

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

(i) Supply of products

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

(ii) Supply and installation 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.

(vi) Monitoring revenue

Monitoring revenue is recognised on a straight line basis over the course of the contract.

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 licence in respect of the Alarm Receiving Centre acquired as part of CTAC in 2010. This asset is being amortised over a period of 8 years from acquisition.

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 the costs of materials and bringing inventory to its 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 with an insignificant risk of changes in value, 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 judgments 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, revenue represents the value of work done in the year, 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. 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.

Intercompany loans

The Group utilises intercompany loans to finance the on-going operations of the business. There are no formal loan agreement, no interest is charged on the loans and there are no repayment terms. These loans have therefore been treated as a capital contribution to the company and are disclosed within investments in note 14.

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.

Estimation uncertainty

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

Impairment

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

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, 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.

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

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.

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 £0.9m in February 2011. 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. The Directors have reviewed the value of the property in the current year based on their knowledge of the local market.

Adopted IFRSs in the year

- 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 Issus (effective 1 February 2010)

There was no material impact of these standards and interpretations on these financial statements.

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:

- Amendments to IFRS 7 Disclosures – Transfer of Financial Assets (effective 1 January 2012)

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

(i) 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 of 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.

2011	Westminster International Limited £'000	RMS Integrated Solutions Limited £'000	Longmoor Security Limited £'000	CTAC Limited £'000	Westminster Group plc £'000	Group £'000
Supply of products	1,584	16	1,496	-	-	3,096
Supply and installation contracts	5,082	359	61	787	-	6,289
Maintenance and service	54	150	-	-	-	204
Close protection services	-	-	31	-	-	31
Training courses	-	-	445	-	-	445
Revenue	6,720	525	2,033	787	-	10,065
Segment results before central overheads	413	(75)	9	(471)	(1,504)	(1,628)
Apportionment of central overheads	(811)	(376)	(244)	(356)	1,787	-
Segment result	(398)	(451)	(235)	(827)	283	(1,628)
Finance cost	-	-	-	(20)	(380)	(400)
Finance income	-	-	-	-	44	44
Income tax	(541)	-	(185)	-	(1)	(727)
Loss for the financial year	(939)	(451)	(420)	(847)	(54)	(2,711)
Segment assets	865	71	66	358	2,108	3,648
Segment liabilities	1,382	179	76	226	1,548	3,411
Capital expenditure	12	-	-	-	16	28
Depreciation and amortisation	47	3	1	20	99	170

2010	Westminster International Limited £'000	RMS Integrated Solutions Limited £'000	Longmoor Security Limited £'000	CTAC Limited £'000	Westminster Group plc £'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 results before central overheads	(862)	(472)	(380)	(300)	(2,155)	(4,169)
Apportionment of central overheads	(988)	-	(471)	(347)	1,806	-
Segment result	(1,850)	(472)	(851)	(647)	(349)	(4,169)
Finance cost	-	-	-	(8)	(182)	(190)
Finance income	-	-	-	-	136	136
Income tax charge	494	(61)	(43)	-	(7)	383
Loss 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

(ii) 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:

	2011 £'000	2010 £'000
United Kingdom	2,559	2,172
Africa	2,316	610
Middle East	4,493	854
Rest of the World	697	161
	10,065	3,797

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 2011 fixed assets with a net book value of £4k were located in Africa and the Middle East (2010: £86k).

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

In 2011 one customer contributed 40% of group revenues and another contributed 15% of group revenue (2010: no customers contributed more than 10% of group revenues)

4. Schedule of Adjustments to Underlying Operating Loss

	2011 £'000	2010 £'000
Amortisation of CTAC intangible	(59)	-
Provision in valuation of stock	(40)	-
Provision against consumer debt in Longmoor	(145)	-
Foreign exchange gains	43	93
Exceptional bad debt	-	(545)
Acquisition costs	-	(38)
Impairment of CTAC goodwill	-	(763)
Impairment of property plant and equipment	-	(146)
Impairment of African receivables and accrued income	(616)	-
Loss on disposal of property, plant and equipment	(66)	-
Legal and professional costs arising from CTAC litigation	(97)	-
	(980)	(1,399)

5. Finance costs and income

	Group	
	2011 £'000	2010 £'000
Finance costs:		
Interest payable on bank borrowings	(33)	(16)
Other interest and financing costs including management fees on Convertible Loan Notes	(181)	-
Interest payable on Convertible Loan Notes	(120)	(120)
Amortised finance cost on Convertible Loan Notes (note 16)	(66)	(54)
	(400)	(190)
Finance income:		
Fair value movement of embedded derivative in Convertible Loan Notes (note 16)	44	136
	44	136
Net finance costs	(356)	(54)

6. Loss from operations

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

	Group	
	2011 £'000	2010 £'000
Impairment of goodwill (see note 10)	-	763
Staff costs (see note 8)	2,180	2,250
Depreciation of property, plant and equipment:		
- Owned assets	92	117
Amortisation of intangible assets	78	14
Operating lease rentals payable		
- Property	45	70
- Plant and machinery	4	14
- Other	52	50
Foreign exchange gain	(43)	(93)
Impairment of property, plant and equipment (note 12)	-	146
Loss on disposal of property, plant and equipment	72	-

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	
	2011 £'000	2010 £'000
Audit services		
- Statutory audit of parent and consolidated accounts	13	17
- the auditing of accounts of associates of the company pursuant to legislation	22	31
Total audit fees	35	48
Other services supplied pursuant to legislation	8	-
Total non-audit fees	8	-
Total fees	43	48

7. Income tax expense

Analysis of charge/(credit) in year:

	Group	
	2011 £'000	2010 £'000
Current year tax expense	-	-
Movement in deferred tax	727	(403)
Adjustment to prior year charge	-	8
Change in rate	-	12
Tax charge/(credit)	727	(383)
Reconciliation of tax expense		
Loss on ordinary activities before tax	(1,984)	(4,223)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	(526)	(1,182)
Effects of:		
Expenses not deductible for tax purposes	61	337
Capital allowances less than depreciation	25	32
Other short term timing differences	15	15
Reversal of deferred tax asset no longer deemed probable (see note 17)	727	43
Unrecognised losses carried forward	425	352
Adjustment of tax rate	-	12
Adjustment to prior year charge	-	8
Total tax charge/(credit)	727	(383)

Tax losses available for carry forward (subject to HMRC agreement) were approximately £5.0m (2010: £4.0m)

8. Staff costs

Staff costs for the Group during the year

	Group	
	2011 £'000	2010 £'000
Wages and salaries	1,979	2,046
Social security costs	193	196
	2,172	2,242
Share based payments	8	8
	2,180	2,250

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 (2010: £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	
	2011 Number	2010 Number
By function		
Sales	8	9
Production	28	32
Administration	19	16
Management	9	9
	64	66

9. Loss per share

Loss 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	
	2011	2010
	'000	'000
Issued ordinary shares		
Start of period	24,256	14,917
Effect of shares issued during the period	2,341	3,782
Weighted average basic number of shares for period	26,597	18,699
Dilutive effect of options	-	-
Weighted average diluted number of shares for period	26,597	18,699

Basic and diluted earnings per share is calculated as follows:

	Group	
	2011	2010
Loss for the year attributable to equity shareholders of the Company (£'000)	(2,711)	(3,840)
Basic and fully diluted loss per share (pence)	(10.19)	(20.54)

For the year ended 31 December 2011 and 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.

10. Goodwill

Group	2011	2010
	£'000	£'000
Gross carrying amount		
Balance 1 January	1,160	578
Acquired through business combination	-	763
Adjustment to contingent deferred consideration in respect of previous acquisition	-	(181)
Balance 31 December	1,160	1,160
Accumulated impairment		
Balance 1 January	(763)	-
Impairment loss recognised	-	(763)
Balance 31 December	(763)	(763)
Carrying amount at 31 December	397	397

At 31 December 2011 management carried out an impairment review of goodwill. Following that review, management are of the opinion that no impairment should be made in 2011 (2010: £763,000). 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	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
At 1 January	397	578	-	-
Arising on acquisition of subsidiary	-	-	-	763
Adjustment to contingent deferred consideration	-	(181)	-	-
Impairment of goodwill	-	-	-	(763)
At 31 December	397	397	-	-

The recoverable amount of each cash-generating unit was determined based on value in use calculations for the next five years which management believe reflects the minimum period during which the business will benefit from the resulting cash generation. Projections are based on detailed two year forecasts and cash flows for the business unit, followed by an extrapolation of expected cash flows, applying a growth rate of 5% for the five year review period. Although the growth rate is higher than the UK long term average rate of 2.25%, management consider that this growth rate is appropriate for the sector the Group operates in. The net present value of future cash flows shows sufficient headroom without extrapolating into perpetuity. 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 20.00% (2010: 18.33%) which reflects the Group's cost of capital during the review period.

Management's key assumptions include profit margins, timings of cashflows and the growth rate applied to the two year forecast. This is based on past experience in the market which management see as the best available information to base assumptions on.

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. 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.

In 2010, the impairment review of goodwill in CTAC indicated that it should be impaired in full. The impairment charge was included in administrative expenses in the statement of comprehensive income.

11. Other intangible assets

Group	Website and other software	Licences	Total
2011	£'000	£'000	£'000
Gross carrying amount			
At 1 January	102	269	371
At 31 December	102	269	371
Amortisation and impairment			
At 1 January	48	-	48
Charge for the year	19	59	78
At 31 December	67	59	126
Net book value at 31 December	35	210	245

2010	£'000	£'000	£'000
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
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

Website and other software is amortised over five years, of which approximately two years remains for most of the assets. Licences are amortised over 96 months as this is the period over which economic benefit is expected to be obtained from the licence, of which 75 months is remaining at 31 December 2011.

Company 2011	Website £'000
Gross carrying amount	
At 1 January	60
Additions	-
At 31 December	60
Amortisation and impairment	
At 1 January	31
Charge for the year	11
At 31 December	42
Net book value at 31 December	18

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

12. Property, plant and equipment

Group	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Total
2011	£'000	£'000	£'000	£'000	£'000
Gross carrying amount					
At 1 January	890	250	531	133	1,804
Additions	2	2	17	7	28
Disposals	-	(103)	(16)	(43)	(162)
At 31 December	892	149	532	97	1,670
Depreciation and impairment					
At 1 January	-	149	403	88	640
Charge for the year	-	16	53	23	92
Disposals	-	(37)	(16)	(37)	(90)
At 31 December	-	128	440	74	642
Net book value at 31 December	892	21	92	23	1,028
2010	£'000	£'000	£'000	£'000	£'000
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

Company	Freehold property	Plant and equipment	Office equipment fixtures and fittings	Total
2011	£'000	£'000	£'000	£'000
Gross carrying amount				
At 1 January	890	14	334	1,238
Additions	2	2	12	16
Revaluation	-	-	-	-
At 31 December	892	16	346	1,254
Depreciation and impairment				
At 1 January	-	14	278	292
Charge for the year	-	1	29	30
At 31 December	-	15	307	322
Net book value at 31 December	892	1	39	932
2010	£'000	£'000	£'000	£'000
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

The assets impaired in 2010 were those acquired under finance leases as disclosed in note 26. The assets held under finance leases are not material.

Capital commitments

Group and Company	2011 £'000	2010 £'000
Contracted but not provided for in the financial statements	-	147

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

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

	2011 £'000	2010 £'000
Historical cost	697	695
Accumulated depreciation		
At 1 January	51	48
Charge for the year	3	3
At 31 December	54	51
Net book value at 31 December	643	644

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 in 2010 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:

	Group		Company	
As at 31 December 2011	Total Commitments Property £'000	Total Commitments Other £'000	Total Commitments Property £'000	Total Commitments Other £'000
Within one year	50	67	-	1
In the second to fifth years inclusive	200	72	-	2
After five years	200	-	-	-
	450	139	-	3

As at 31 December 2010	Group		Company	
	Total Commitments Property £'000	Total Commitments Other £'000	Total Commitments Property £'000	Total Commitments 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

Remaining lease terms range from 2 months to 9 years.

	Group £'000	Company £'000
Minimum lease payments under operating leases recognised as an expense in the year	101	8

14. Investments in subsidiaries

Company	2011 £'000	2010 £'000
Shares in subsidiary undertakings at cost less impairment		
At start of period	423	542
Acquisition of CTAC Limited	-	825
Elimination of deferred consideration	-	(181)
Impairment in value of subsidiaries	-	(763)
At end of period	423	423
Amounts due from subsidiaries	3,182	4,219
	3,605	4,642

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 statement of financial position. 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 2011 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	High end security systems	100
Westminster Aviation Security Services Limited (formally Westminster Technologies Limited)	England	Non-trading, Aviation security services in 2012.	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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Financial assets				
Loans and receivables				
- Amount owed by subsidiary undertakings (note 14)	-	-	3,182	4,219
- Trade and other receivables (note 19)	1,170	1,744	73	59
- Cash and cash equivalents (note 21)	414	261	-	129
	1,584	2,005	3,255	4,407
Financial liabilities				
Financial liabilities measured at amortised cost				
- Borrowings (note 25)	1,044	897	1,165	897
- Trade and other payables (note 26)	1,323	1,035	280	206
	2,367	1,932	1,445	1,103
Derivatives carried at fair value through profit or loss				
- Embedded derivative (see below)	4	48	4	48

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
- Additionally under the terms of the variation agreement of 22 October 2010, Synergy Capital LLP charge the Company a further management fee of 5% of the capital amount of its investment of £1.0m, which increases by 2.5% each quarter to the end of the loan in June 2014. The effective rate of this charge at 31 December 2011 was 12.5% and the average during the year was 8.8%.

Conversion terms
- A noteholder has the right to convert their Loan Notes into Ordinary Shares at 42.21 pence

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 amortised cost) with an embedded derivative (recorded at fair value through profit and loss and fair valued at each reporting date).

	2011 £'000	2010 £'000
Host debt		
At 1 January	897	843
Finance charge (note 5)	66	54
At 31 December (note 25)	963	897
Embedded derivative		
At 1 January	48	184
Fair value movement (note 5)	(44)	(136)
Fair value at 31 December	4	48

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 2011 was undertaken by a Black Scholes valuation model. In 2010 this was carried out by an independent valuer. 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%	-
31/12/11	1.50%	-	-	-	-	50.00%	-

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:

2011	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Liabilities				
Embedded derivative	-	4	-	4
Total	-	(4)	-	(4)

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

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 24% (2010: 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 2011 £'000	Recognised in equity £'000	Recognised in profit and loss £'000	31 Dec 2011 £'000
Deferred tax (liabilities)/assets				
Non-current liabilities				
Property, plant & equipment	(97)	-	(2)	(99)
Non-current assets				
Share based payments	2	(2)	-	-
Unused tax losses	725	-	(725)	-
	630	(2)	(727)	(99)
Recognised as				
Deferred tax asset	727			-
Deferred tax liability	(97)			(99)

	1 Jan 2010 £'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)

Company	1 Jan 2011 £'000	Recognised in equity £'000	Recognised in profit and loss £'000	31 Dec 2011 £'000
Deferred tax (liabilities)/assets				
Non-current liabilities				
Property, plant & equipment	(97)	-	(2)	(99)
Non-current assets				
Share based payments	2	(2)	-	-
Unused tax losses	-	-	-	-
	(95)	(2)	(2)	(99)
Recognised as				
Deferred tax asset	2			-
Deferred tax liability	(97)			(99)

	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)

18. Inventories

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Finished goods	112	229	-	-
	112	229	-	-

The cost of inventories recognised as an expense within 'cost of sales' amounted to £6,218,000 (2010: £1,395,000).

No reversal of previous write-downs was recognised as a reduction of expense in 2011 or 2010. None of the inventories are pledged as securities for liabilities.

19. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables, gross	2,233	1,575	-	4
Allowance for credit losses	(1,253)	(679)	-	-
Trade receivables	980	896	-	4
Amounts recoverable on contracts	43	663	-	-
Other receivables	147	184	73	55
Financial assets	1,170	1,743	73	59
Prepayments	52	54	29	10
Non-financial assets	52	54	29	10
Trade and other receivables	1,222	1,747	102	69
Corporation tax recoverable	50	50	-	-
Amounts falling due after one year:				
Trade receivables	-	1	-	-
Financial assets	-	1	-	-
Trade and other receivables	-	1	-	-

The average credit period taken on sale of goods in 2011 was 48 days (2010: 109 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods of £1,253,000 (2010: £679,000). This allowance has been based on the

knowledge of the financial circumstances of individual receivables at the balance sheet date. A provision was made in 2010 against a customer account in Longmoor Services for £545,000. A provision was made against receivables due from one customer in 2011 of £432,000.

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.

	2011 £'000	2010 £'000
Not more than 3 months	483	189
More than 3 months but less than 6 months	76	230
More than 6 months but not more than 1 year	300	416
More than 1 year	-	36
	859	871

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

	2011 £'000	2010 £'000
Balance 1 January	679	72
Amounts written off (uncollectable)	170	638
Impairment loss	(28)	(31)
Provision against Juba airport contract	432	-
Balance 31 December	1,253	679

There are no significant credit risks from financial assets that are neither past due nor impaired. At 31 December 2011 £109,000 (2010: £391,000) of trade receivables were denominated in US dollars, £48,000 (2010: £nil) Euros, £105,000 (2010: £nil) in Saudi Riyals and £1,293,000 (2010: £1,425,000) 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:

	2011 £'000	2010 £'000
Contract costs incurred plus recognised profits less recognised losses to date	6,289	1,874
Less: progress billings	(6,691)	(1,399)
	(402)	475
Recognised as:		
Due from contract customers included in trade and other receivables	43	663
Due to contract customers included in trade and other payables	(445)	(188)
	(402)	475

At 31 December 2011 retentions held by customers for contract work amounted to £6,000 (2010: £21,000).

21. Cash and cash equivalents

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash at bank and in hand	498	911	-	129
Short-term bank deposits	89	9	-	-
	587	920	-	129
Bank overdraft	(173)	(659)	(121)	-
Cash and cash equivalents for the purposes of the cash flow statements	414	261	(121)	129

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	89	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 (2010: 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 2011	24,255,754	2,425
Other issues for cash	5,375,004	538
At 31 December 2011	29,630,758	2,963

On 25 July 2011 5,375,004 new ordinary 10 p share were issued for 12 p each, giving £108,000 share premium on issue, and these were admitted to AIM on 1 August 11. The costs associated with this issue were approximately £28,000 and this was allocated against the share premium.

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

	2011 £'000	2010 £'000
At 1 January	299	299
Premium on shares issued for the acquisition of Longmoor Security Limited	-	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 31 January 2010	627,585	34
Granted	15,000	33
Exercised	(24,000)	10
Forfeited	(30,000)	32
Outstanding at 31 December 2010	588,585	38
Forfeited	(2,000)	35
Outstanding and exercisable at 31 December 2011	586,585	38
Exercisable at 31 December 2010	486,585	35

The weighted average share price of the options exercised in 2010 was 34.5 p.

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:

		2011		2010	
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	5.3	274,000	6.3
27 May 2010	32.75p	15,000	8.4	15,000	9.4
25 Sep 2009	34.5p	70,000	7.7	72,000	8.7
21 Apr 2008	52.5p	15,000	6.3	15,000	7.3
21 Jun 2007	67.5p	203,585	5.5	203,585	6.5
20 Sep 2007	74p	9,000	5.7	9,000	6.7
Total		586,585	5.8	588,585	6.7

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	27 May 2010
Number of options granted	311,000	203,585	9,000	15,000	74,000	15,000
Share price at date of grant (p)	5.6	67.5	75.0	52.5	34.5	32.75
Exercise Price (p)	10.0	67.5	74.0	52.5	34.5	32.75
Volatility (annualised)	1.6%	1.6%	1.6%	1.6%	25.50%	28.33%
Average expected term to exercise (years)	4.5	4.5	4.5	4.0	4.5	3.5
Risk free rate %	1.81	1.81	2.35	2.35	4.07	1.71
Expected dividends	-	-	-	-	-	-
Fair value (p)	-	5.3	8.4	4.7	15.8	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 (2010: £8,000).

25. Borrowings

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Current				
Bank overdraft (secured)	-	-	121	-
Other Loan (Kingswalk)	81	-	81	-
	81	-	202	-
Non current				
Convertible loan note	963	897	963	897
Total	1,044	897	1,165	897

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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade payables	959	753	172	100
Accruals and other payables	295	231	48	78
Finance lease liabilities	69	51	60	28
Financial liabilities	1,323	1,035	280	206
Other taxes and social security payable	297	249	94	58
Deferred income	445	188	-	-
Non-financial liabilities	742	437	94	58
Total current trade and other payables	2,065	1,472	374	264

Non-current	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Deferred consideration	-	-	-	-
Finance lease liabilities	99	141	81	118
Financial liabilities	99	141	81	118
Total non-current trade and other payables	99	141	81	118

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 2011 was 100 days (2010: 100 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 2011 £242,000 (2010: £56,000) of payables were denominated in US dollars, £nil (2010: £6,000) in Euros and £828,000 (2010: £691,000) in sterling.

Finance lease liabilities

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At 1 January	192	-	146	-
Acquired through business combination	-	46	-	-
Acquired in the year	-	146	-	146
Net repayments in the year	(24)	-	(5)	-
At 31 December	168	192	141	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	69	60
In the second to fifth years inclusive	99	81
	168	141

Finance Lease Liabilities are secured by the related assets held under finance leases. Future minimum finance lease payments are set out below.

Group 31 December 2011	Within 1 year £'000	1-5 years £'000	Total £'000
Lease Payments	83	143	226
Finance Charges	(14)	(44)	(58)
Net Present Value	69	99	168

Group 31 December 2010	Within 1 year £'000	1-5 years £'000	Total £'000
Lease Payments	58	179	237
Finance Charges	(7)	(38)	(45)
Net Present Value	51	141	192

Company 31 December 2011	Within 1 year £'000	1-5 years £'000	Total £'000
Lease Payments	60	120	180
Finance Charges	-	(39)	(39)
Net Present Value	60	81	141

Company 31 December 2010	Within 1 year £'000	1-5 years £'000	Total £'000
Lease Payments	30	179	209
Finance Charges	(2)	(61)	(63)
Net Present Value	28	118	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 before tax to arrive at operating cash flow:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Adjustments:				
Depreciation, amortisation and impairment of non-financial assets	170	279	41	192
Financing costs	400	190	379	183
Fair value movement of embedded derivative in Convertible Loan Notes	(44)	(136)	(44)	(136)
Impairment of goodwill	-	763	-	-
Impairment of investment in subsidiaries	-	-	-	763
Provision on intercompany debt	-	-	2,096	1,365
(Loss)/profit on disposal of non-financial assets	72	(3)	-	-
Share-based payment expenses	8	8	8	8
Acquisition costs included in investing activities	-	38	-	38
Total adjustments	606	1,139	2,480	2,413
Net changes in working capital:				
Decrease/(Increase) in inventories	117	46	-	-
Decrease/(Increase) in trade and other receivables	525	2,592	38	(40)
(Decrease)/increase in trade and other payables	542	(715)	(4)	104
Total changes in working capital	1,184	1,923	34	64

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.

Peter Fowler, a director of the company gave a personal guarantee in respect of the Kingswalk loan of which £81,000 (2010: nil) remained outstanding at the year end.

There were no amounts owed to the Directors at the year end (2010: £nil).

Transactions and balances between Group entities

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

	Company	
	2011 £'000	2010 £'000
Westminster International Limited	3,180	3,383
RMS Integrated Solutions Limited	1,055	646
Longmoor Security Limited	1,112	836
CTAC Limited	1,296	719
Westminster Facilities Management Limited	3	3
Westminster Technologies Limited	192	192
Less: provision against amounts due	(3,656)	(1,560)
	3,182	4,219

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

	Company	
	2011	2010
	£'000	£'000
Westminster International Limited	811	988
Longmoor Security Limited	244	471
RMS	376	-
CTAC Limited	356	347
	1,787	1,806

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 2011 one of the Directors, P D Fowler, and his wife were together the largest shareholder in the Company through their interest of 6,361,794 shares in the Company. As of 31 December 2011 they controlled 21% of the issued capital.

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 2011 was £160,000 (2010: £232,000).

The Company is party to an unlimited multilateral guarantee in respect of bank overdrafts of all companies within the Group. At 31 December 2011, these borrowings amounted to £52,000 (2010: £659,000). The borrowings by Group companies were more than offset by cash in other Group companies, as shown in note 21.

The claim against the vendors of CTAC Limited under the associated sale and purchase agreement regarding a deficiency of net assets on completion in April 2010 is still ongoing and no asset is carried in this respect.

By mutual consent, certain former employees, as part of their compromise agreements in 2011, agreed to surrender an aggregate of 498,691 ordinary shares of 10 pence each in the Company for the benefit of the Company ("Compensation Shares"). As the Company is unable, at present, to hold or cancel its own securities, the Compensation Shares are expected to be sold in the market and all proceeds of such sales will be for the benefit of the Company

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 and Saudi Riyal assets and liabilities are not material:

Group	Short-term exposure USD £'000	Long-term exposure USD £'000
31 December 2011		
Financial assets	787	-
Financial liabilities	(242)	-
Total exposure	545	-
31 December 2010		
Financial assets	144	-
Financial liabilities	(56)	-
Total exposure	88	-

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a gain in profits in 2012 of £11,705 (2011: £33,500). This calculation is based upon an instantaneous 10% weakening of sterling relative to the dollar from the level applicable at 31 December 2011. 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, bank overdraft and short term Kingswalk loan (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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash and cash equivalents	414	261	-	129
Trade and other receivables	1,170	1,744	73	59
	1,584	2,005	73	188

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. Major contracts in this year have been either under advanced customer payments or confirmed letters of credit. This has led to improved collections and the fall in the average credit period taken by customers.

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 are shown in note 19 of these accounts:

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 (2010: £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 2011, the Group's liabilities have contractual maturities (including interest payments where applicable) as summarised below:

Group	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
31 December 2011	£'000	£'000	£'000	£'000
Convertible loans	60	60	1,380	-
Finance lease liabilities	42	41	143	-
Trade and other payables	1,421	-	-	-
Total	1,523	101	1,523	-

Company	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
31 December 2011	£'000	£'000	£'000	£'000
Convertible loans	60	60	1,380	-
Finance lease liabilities	30	30	120	-
Trade and other payables	236	-	-	-
Total	326	90	1,500	-

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

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

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 events

Fundraising

On 30 April 2012 Westminster Group plc issued and allotted 2,941,176 new ordinary shares of 10p each representing approximately 9 per cent. of the enlarged issued share capital of the Company at a price of 17p per share, to a new strategic investor who has significant interests in West Africa, raising £500,000 (the "Placing").

African Airport contract

On 17 February 2012 the Group signed a contract , which has a potential revenue value in excess of $150million USD over the 15 year term of the contract, to provide comprehensive ground security operations at the main international airport of a West African nation.

The contract involves the provision of a wide range of detection and surveillance technologies as well as the deployment of security personnel within the terminals, the airside zone and the airfield perimeter.

Following a two month pre-deployment transition period, operations commenced on 1 May 2012. Revenue is generated by a per passenger fee denominated in USD, payable directly to the Group by airlines using the airport and is expected to generate fees of $4.5m in the first twelve months of operation. Our initial revenue forecast for the West African airport contract was calculated and based on only 100,000 passengers during 2011, with modest passenger growth over the term of the contract. It did not allow for revenues from cargo scanning, additional services or fare increases throughout the entire contract period, all of which could be significant. Westminster has the contractual right to make such charges, as well as to provide services at all airports in the country. Recent data indicates that passenger numbers are now expected to be ahead of forecast and forward growth rates may be significantly ahead of previous estimates as the country of operations is forecasted to have one of the fastest GDP growth rates in the world, and has discovered large natural resource deposits including oil and iron ore. A new and enlarged terminal capable of accommodating up to 900,000 passengers per year is due to open later in 2012. Given all of the above, our initial aggregate $150m revenue forecast could be achieved by the contract's 8 year break point rather than the full contract term of 15 years. Should that be the case, the revenue potential for the full contract term would be substantial

Services are delivered through Westminster Aviation Security Services Limited ("WASS") (a wholly owned subsidiary of the group), and its local trading associate company. The latter was incorporated on 20 April 2012 and Westminster Aviation Security Services Limited which in turn will have a significant investment in and management control of this local legal entity which will deliver the services in the country.

Operating Lease

In May 2012 a 12 month lease has been entered into, for a training facility to be used by Longmoor Security. The rental is £15k per month for the 12 months, and the agreement includes an option for an additional 4 years.

Directors

Executive
Peter Fowler
Ian Selby
Stuart Fowler
Roger Worrall

Non-Executive
Lt. Col. Sir Malcolm Ross (Chairman)
Sir Michael Pakenham

Secretary
Ian Selby

Registered office
Westminster House
Blacklocks Hill
Banbury
Oxfordshire
OX17 2BS

Principal bankers
HSBC Bank plc
17 Market Place
Banbury
Oxfordshire
OX16 5ED

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

Nominated adviser & Stockbroker
Fairfax I.S. PLC
46 Berkeley Square,
Mayfair,
London
W1J 5AT

Financial public relations
Winningtons
Westpoint
78 Queens Rd
Bristol
BS8 1QX

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

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

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

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

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

Westminster Aviation Security Services Ltd
P: +44 (0) 1295 756370 F: +44 (0) 1295 756372 E: info@wass-ltd.com

RMS (CTAC) Integrated Solutions Ltd
P: +44 (0) 1299 251499 F: +44 (0) 1299 253202 E: info@rms-ctac.com

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

www.wg-plc.com