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Ellacott Stranks & Co. Chartered Accountants Banbury

WESTMINSTER GROUP PLC
FINANCIAL STATEMENTS
FOR
30 SEPTEMBER 2005

Company Registration Number 3967650



ELLACOTT STRANKS & CO.
Chartered Accountants & Registered Auditors
Beechfield House
38 West Bar
Banbury
Oxfordshire
OX16 9RX



WESTMINSTER GROUP PLC
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

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WESTMINSTER GROUP PLC
OFFICERS AND PROFESSIONAL ADVISERS

Ellacott Stranks & Co. Chartered Accountants Banbury

The board of directors

Mr P D Fowler
Mrs P J Fowler
Mr R W Worrall

Company secretary

Mrs P J Fowler

Registered office

Beechfield House
38 West Bar
Banbury
Oxfordshire
OX16 9RX

Auditors

Ellacott Stranks & Co.
Chartered Accountants
& Registered Auditors
Beechfield House
38 West Bar
Banbury
Oxfordshire
OX16 9RX

Bankers

HSBC
17 Market Place
Banbury
Oxfordshire
OX16 5ED

Solicitors

Spratt Endicott
52 - 54 The Green
Banbury
Oxon
OX17 3RB

**WESTMINSTER GROUP PLC****THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 SEPTEMBER 2005**

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 September 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to act as a holding company. The principal activities of the three subsidiary companies are as set out in note 12 to the accounts.

I am pleased to report that the Group has recorded an excellent year's trading results with turnover up by 20.9% to £2.2 million despite disappointing results by the manufacturing division.

The main focus of the Group during the past few years has been in establishing a firm operating base for its core activity as a provider of international security and defence solutions worldwide, particularly to those nations with high security requirements. The Group has been singularly successful in this respect.

The Group's international security division, Westminster International Ltd., has recorded excellent results for the year with turnover significantly up on the previous year at £1.7million, a 28.8% increase giving a pre tax profit generation of £313,006 before Group management charges.

The Company has continued to achieve a number of notable successes during the year including contracts for the provision of security solutions for the protection of the United Nations, the World Food Programme, the European Parliament, British Embassies and British Council premises worldwide as well as the provision of security and anti-terrorist protection systems and equipment to a number of embassies and high risk organisations around the world.

Last year I reported that the Company was in advanced negotiations with a number of governments and blue chip organisations around the world for the provision of major security and defence solutions including major border security projects valued in excess of £100 Million. This continues to be the case and several of these major projects are now close to realisation with significant contract awards expected in the near future.

In addition, as the Company's reputation, influence and contact base around the world continues to grow, new discussions have commenced with a number of additional governments and organisations on a wide range of security and defence based projects of significant worth.

Such negotiations are by nature extensive, time consuming and costly however the substantial commercial benefit that will arise in the next few years from such contracts more than warrants the investment, all of which has been written off in the year incurred.

The Group has continued to expand its representation around the world with well placed agent companies and partners and is now represented in over 40 countries covering all parts of the world. In addition negotiations are underway with a number of other companies and organisations, particularly in the Americas and Eastern Europe and further appointments are expected in the coming year. All costs associated with the establishment of overseas operations have been written off during the year.

The trading results for the Group's non core contract manufacturing business, Westminster Technologies Ltd., for the year have however been disappointing with a reduction in turnover down by 43% to £216,354, resulting in an overall net loss on activities for the year.



WESTMINSTER GROUP PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

The primary cause for this result is that, as a contract electronic manufacturer producing printed circuit boards and assemblies for third parties, the Company is affected by market forces in the domestic economy. The UK manufacturing sector has in general experienced a downturn in demand during the past year, as more and more companies switch manufacturing overseas. This has led to several of the Company's key customers suffering reduced volumes, which in turn has led to a reduction in the Company's business.

Given the current level of activity and market difficulties in the manufacturing sector the Board has therefore decided to investigate a disposal of its manufacturing activities in order to concentrate on its core security and defence business. The Group is accordingly in advance negotiations with a potential purchaser and expects to complete a trade sale during the next few months.

The Board have therefore considered it prudent to take an aggressive stance and have included significant provisions in the year against stock and fixed assets as well as a provision against doubtful debts, bringing the total losses for the manufacturing business to £133,107 in the year.

The trading results relating to the Group's core business, excluding its manufacturing division, is therefore most encouraging and the disposal of non core activities will allow the Group to concentrate on expanding its lucrative security and defence activities.

To those ends since the year end the Group has completed the acquisition of a UK based integrated systems company which will considerably strengthen its UK and European activities.

In summary, the Group's performance, particularly of its core activities, during the year has been most satisfactory and the strong demand for high level security and defence products and services, which is expected to continue for the foreseeable future, together with Westminster's reputation and experience in the sector, places Westminster in an excellent position to take advantage of the opportunities presented and I expect strong growth for the company over the next few years.

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At Class of share 30 September 2005	At 1 October 2004
Mr P D Fowler	Ordinary A	42,789,900	427,899
	Ordinary B	-	-
Mrs P J Fowler	Ordinary A	10,672,500	106,975
	Ordinary B	-	-
Mr R W Worrall	Ordinary A	-	-
	Ordinary B	<u>17,737,600</u>	<u>177,626</u>

Mr R J Worrall retired as a director on 27 February 2005.



WESTMINSTER GROUP PLC
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

POLICY ON THE PAYMENT OF CREDITORS

The company has a standard policy for payments to suppliers, details of which can be obtained from the registered office. The policy is complied with and applies to all major creditors.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 12 to 13, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Ellacott Stranks & Co. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Beechfield House
38 West Bar
Banbury
Oxfordshire
OX16 9RX

Signed on behalf of the directors



Director
Mr P D Fowler

Approved by the directors on 27th April 2006



WESTMINSTER GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WESTMINSTER GROUP PLC

YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

We have audited the financial statements of Westminster Group Plc for the year ended 30 September 2005 on pages 7 to 26 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 12 to 13.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



WESTMINSTER GROUP PLC

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WESTMINSTER GROUP PLC *(continued)***

YEAR ENDED 30 SEPTEMBER 2005

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs and of the group as at 30 September 2005 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

ELLACOTT STRANKS & CO.
Chartered Accountants
& Registered Auditors

Beechfield House
38 West Bar
Banbury
Oxfordshire
OX16 9RX

27d April 2006



WESTMINSTER GROUP PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

	Note	2005 £	2004 £
GROUP TURNOVER	2	2,207,949	1,825,795
Cost of sales		1,599,800	1,298,091
GROSS PROFIT		608,149	527,704
Administrative expenses		595,976	400,056
OPERATING PROFIT	3	12,173	127,648
Profit on disposal of fixed assets	6	—	19,573
		12,173	147,221
Interest receivable		—	1,571
Interest payable and similar charges	7	(426)	(21,624)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,747	127,168
Tax on profit on ordinary activities	8	1,001	14,858
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		10,746	112,310
Minority interests		(24,396)	1,097
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	9	35,142	111,213
RETAINED PROFIT FOR THE FINANCIAL YEAR		35,142	111,213

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985
not to publish its own Profit and Loss Account.

**WESTMINSTER GROUP PLC****GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30 SEPTEMBER 2005**

Ellacott Stranks & Co. Chartered Accountants Banbury

	2005 £	2004 £
Profit for the financial year attributable to the shareholders of the parent company	35,142	111,213
Unrealised profit on revaluation of certain fixed assets	<u>14,058</u>	<u>—</u>
Total gains and losses recognised since the last annual report	<u>49,200</u>	<u>111,213</u>



WESTMINSTER GROUP PLC

GROUP BALANCE SHEET

30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

	Note	2005 £	2004 £
FIXED ASSETS			
Intangible assets	10	—	1
Tangible assets	11	862,102	869,188
		<u>862,102</u>	<u>869,189</u>
CURRENT ASSETS			
Stocks	13	130,940	167,714
Debtors	14	826,231	802,139
Cash at bank and in hand		44,187	188,591
		<u>1,001,358</u>	<u>1,158,444</u>
CREDITORS: Amounts falling due within one year	15	813,093	950,669
NET CURRENT ASSETS		<u>188,265</u>	<u>207,775</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,050,367</u>	<u>1,076,964</u>
CREDITORS: Amounts falling due after more than one year	16	43,324	96,724
		<u>1,007,043</u>	<u>980,240</u>
MINORITY INTERESTS		—	(12,447)
		<u>1,007,043</u>	<u>967,793</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	675,000	675,000
Revaluation reserve	22	197,646	183,588
Profit and loss account	22	134,397	109,205
SHAREHOLDERS' FUNDS	22	<u>1,007,043</u>	<u>967,793</u>

These financial statements were approved by the directors on the 27th April 2006 and are signed on their behalf by:

Mr P D Fowler
Director

Mr R W Worrall
Director



WESTMINSTER GROUP PLC

BALANCE SHEET

30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	11	777,943	752,891
Investments	12	3,749	1,751
		<u>781,692</u>	<u>754,642</u>
CURRENT ASSETS			
Debtors	14	300,309	428,441
CREDITORS: Amounts falling due within one year	15	<u>144,402</u>	<u>293,735</u>
NET CURRENT ASSETS		155,907	134,706
TOTAL ASSETS LESS CURRENT LIABILITIES		937,599	889,348
CREDITORS: Amounts falling due after more than one year	16	<u>84,892</u>	<u>124,196</u>
		<u>852,707</u>	<u>765,152</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	675,000	675,000
Revaluation reserve	22	197,646	183,588
Profit and loss account	22	(19,939)	(93,436)
SHAREHOLDERS' FUNDS		<u>852,707</u>	<u>765,152</u>

These financial statements were approved by the directors on the 27th Nov 2006 and are signed on their behalf by:

Mr P D Fowler
Director

Mr R W Worrall
Director



WESTMINSTER GROUP PLC
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

	Note	2005 £	2004 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	23	135,499	(72,068)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24	(426)	(20,053)
TAXATION	25	(14,801)	(21,181)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26	(24,647)	(24,066)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		95,625	(137,368)
FINANCING	27	(53,400)	(24,933)
INCREASE/(DECREASE) IN CASH	28	42,225	(162,301)



WESTMINSTER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 20% straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- nil, 2% & 15% straight line
Plant and machinery	- 15%, 20% & 25% straight line
Fixtures and fittings	- 15% straight line
Motor Vehicle	- 25% straight line
Equipment	- 20% & 25% straight line
Website	- 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.



WESTMINSTER GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

1. ACCOUNTING POLICIES *(continued)*

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	236,818	501,413
Africa	852,691	583,850
Asia	177,686	595,157
North America	451	-
Europe	910,015	145,375
Australasia	9,971	-
South America	20,317	-
	<u>2,207,949</u>	<u>1,825,795</u>



WESTMINSTER GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2005

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Amortisation	1	1
Depreciation of owned fixed assets	46,270	43,218
Auditors' remuneration		
- as auditor	7,697	5,160
- for other services	15,483	8,871
Operating lease costs:		
Land and buildings	24,519	16,500
Plant and equipment	12,571	4,075
Vehicles	8,387	14,977
Net loss on foreign currency translation	<u>13,363</u>	<u>2,114</u>

Auditors' fees

The fees charged by the auditors can be further analysed under the following headings for services rendered:

	2005	2004
	£	£
Audit	7,697	5,160
Non audit services	15,483	8,871
	<u>23,180</u>	<u>14,031</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2005	2004
	No	No
Number of production staff	6	8
Number of administrative staff	7	8
Number of management staff	10	6
	<u>23</u>	<u>22</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	218,255	203,345
Social security costs	20,827	24,226
	<u>239,082</u>	<u>227,571</u>



WESTMINSTER GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
Emoluments receivable	<u>17,877</u>	<u>33,343</u>

6. PROFIT ON DISPOSAL OF FIXED ASSETS

	2005	2004
	£	£
Profit on disposal of fixed assets	<u>—</u>	<u>19,573</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Interest payable on bank borrowing	426	21,587
Other similar charges payable	—	37
	<u>426</u>	<u>21,624</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 16.50% (2004 - —%)	1,341	19,914
(Over)/under provision in prior year	(340)	—
Total current tax	<u>1,001</u>	<u>19,914</u>
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	—	(5,056)
Tax on profit on ordinary activities	<u>1,001</u>	<u>14,858</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £73,497 (2004 - £24,395).



WESTMINSTER GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2005

Ellacott Stranks & Co. Chartered Accountants Banbury

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 October 2004 and 30 September 2005	5
AMORTISATION	
At 1 October 2004	4
Charge for the year	1
At 30 September 2005	5
NET BOOK VALUE	
At 30 September 2005	—
At 30 September 2004	1

11. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Other Assets £	Total £
COST OR VALUATION						
At 1 Oct 2004	764,036	119,817	12,251	20,310	58,620	975,034
Additions	1,729	11,550	9,001	16,497	27,259	66,036
Disposals	—	(8,085)	(7,823)	(16,497)	(10,979)	(43,384)
Revaluation	14,058	—	—	—	—	14,058
At 30 Sep 2005	779,823	123,282	13,429	20,310	74,900	1,011,744
DEPRECIATION						
At 1 Oct 2004	17,335	55,674	1,419	4,833	26,585	105,846
Charge for the year	2,393	22,699	2,985	4,204	13,989	46,270
On disposals	—	(539)	(522)	(1,100)	(314)	(2,475)
At 30 Sep 2005	19,728	77,834	3,883	7,937	40,260	149,642
NET BOOK VALUE						
At 30 Sep 2005	760,095	45,448	9,546	12,373	34,640	862,102
At 30 Sep 2004	746,701	64,143	10,832	15,477	32,035	869,188

The freehold property was valued professionally by Berry Morris, Chartered Surveyors, on 30 September 2005.



WESTMINSTER GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2005

Pillacott Stranks & Co. Chartered Accountants Banbury

11. TANGIBLE FIXED ASSETS (continued)

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2005	2004
	£	£
Net book value at end of year	<u>755,000</u>	<u>739,213</u>
Historical cost	<u>589,105</u>	<u>587,376</u>
Depreciation:		
At 1 Oct 2004	29,539	20,670
Charge for year	<u>6,945</u>	<u>8,869</u>
At 30 Sep 2005	<u>36,484</u>	<u>29,539</u>
Net historical cost value:		
At 30 Sep 2005	<u>552,621</u>	<u>557,837</u>
At 1 Oct 2004	<u>557,837</u>	<u>566,706</u>

Company	Freehold Property	Plant & Machinery	Motor Vehicles	Equipment	Website	Total
	£	£	£	£	£	£
COST OR VALUATION						
At 1 Oct 2004	748,082	6,519	3,813	14,911	5,941	779,266
Additions	1,729	1,702	—	14,912	—	18,343
Revaluation	14,058	—	—	—	—	14,058
At 30 Sep 2005	<u>763,869</u>	<u>8,221</u>	<u>3,813</u>	<u>29,823</u>	<u>5,941</u>	<u>811,667</u>
DEPRECIATION						
At 1 Oct 2004	8,869	2,160	3,733	8,803	2,810	26,375
Charge for the year	—	1,274	80	4,807	1,188	7,349
At 30 Sep 2005	<u>8,869</u>	<u>3,434</u>	<u>3,813</u>	<u>13,610</u>	<u>3,998</u>	<u>33,724</u>
NET BOOK VALUE						
At 30 Sep 2005	<u>755,000</u>	<u>4,787</u>	<u>—</u>	<u>16,213</u>	<u>1,943</u>	<u>777,943</u>
At 30 Sep 2004	<u>739,213</u>	<u>4,359</u>	<u>80</u>	<u>6,108</u>	<u>3,131</u>	<u>752,891</u>



WESTMINSTER GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2005

Ellacott Siranks & Co. Chartered Accountants Banbury

11. TANGIBLE FIXED ASSETS *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2005	2004
	£	£
Net book value at end of year	<u>755,000</u>	<u>739,213</u>
Historical cost	<u>589,105</u>	<u>587,376</u>
Depreciation:		
At 1 Oct 2004	29,539	20,670
Charge for year	6,945	8,869
At 30 Sep 2005	<u>36,484</u>	<u>29,539</u>
Net historical cost value:		
At 30 Sep 2005	<u>552,621</u>	<u>557,837</u>
At 1 Oct 2004	<u>557,837</u>	<u>566,706</u>

12. INVESTMENTS

Company	Group companies
	£
COST	
At 1 October 2004	1,751
Additions	1,998
At 30 September 2005	<u>3,749</u>
NET BOOK VALUE	
At 30 September 2005	<u>3,749</u>
At 30 September 2004	<u>1,751</u>



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12. INVESTMENTS *(continued)*

The company owns 100% of the issued share capital of the companies listed below:

	Country of incorporation	Class of shares	Capital & Reserves	Profit/(Loss) for period
Westminster Technologies Limited	England	Ordinary	(£73,494)	(£133,107)

During the year Westminster Group Plc purchased 1,998 shares in Westminster Technologies from R J Worrall and S Fowler.

The trading activity of Westminster Technologies Limited is contract electronic manufacturing.

The company owns 100% of the issued share capital of the companies listed below:

	Country of incorporation	Class of shares	Capital & Reserves	Profit for period
Westminster International Limited	England	Ordinary	£184,996	£48,780

The trading activity of Westminster International Limited is the provision of fire, safety and security solutions including the provision of defence and anti-terrorist protection systems.

The company owns 100% of the issued share capital of the companies listed below:

	Country of incorporation	Class of shares	Capital & Reserves	Profit for period
Westminster Facilities Management Limited	England	Ordinary	£46,581	£20,847

The trading activity of Westminster Facilities Management Limited is to undertake facilities management projects in relation to commercial properties.

13. STOCKS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Raw materials	58,927	86,181	—	—
Work in progress	5,518	14,617	—	—
Finished goods	66,495	66,916	—	—
	<u>130,940</u>	<u>167,714</u>	<u>—</u>	<u>—</u>



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14. DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	807,973	720,252	23,506	18,369
Amounts owed by group undertakings	—	—	271,803	405,072
VAT recoverable	2,753	68,077	—	—
Other debtors	9,991	10,435	5,000	5,000
Prepayments and accrued income	5,514	3,375	—	—
	<u>826,231</u>	<u>802,139</u>	<u>300,309</u>	<u>428,441</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts owed by group undertakings	<u>—</u>	<u>—</u>	<u>271,803</u>	<u>405,072</u>

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	332,402	518,642	112,734	255,147
Trade creditors	440,805	341,996	16,419	7,468
Other creditors including taxation and social security:				
Corporation tax	1,731	19,914	1,341	—
PAYE and social security	12,716	10,642	5,103	5,030
VAT	—	—	1,970	17,628
Refundable rent deposits	435	435	435	435
Accruals and deferred income	25,004	59,040	6,400	8,027
	<u>813,093</u>	<u>950,669</u>	<u>144,402</u>	<u>293,735</u>

The bank overdraft is secured by a first mortgage over the freehold property owned by the company, including Fixed Charge over all present freehold and leasehold property and First Floating Charge over all present and future assets.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	<u>322,402</u>	<u>518,642</u>	<u>112,734</u>	<u>255,147</u>



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16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts owed to group undertakings	-	-	75,172	114,476
Directors loan account - R W Worrall	12,470	12,470	-	-
Directors loan account - P D Fowler	13,003	66,403	7,776	7,776
Directors loan account - P J Fowler	17,851	17,851	1,944	1,944
	<u>43,324</u>	<u>96,724</u>	<u>84,892</u>	<u>124,196</u>

The directors' loan and current accounts are unsecured and interest free.

17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Provision brought forward	-	5,056	-	-
Decrease in provision	-	(5,056)	-	-
Provision carried forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There is a potential deferred tax liability on the revaluation of the freehold property acquired on 18 October 2000 of £29,923 (2004 - £30,277). As the directors have no intention of selling the property, no provision for deferred tax has been made in the accounts.

18. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2005 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2005		2004	
	Land and buildings	Other items	Land and Buildings	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	4,342	-	2,609
Within 2 to 5 years	13,500	16,651	13,500	17,377
	<u>13,500</u>	<u>20,993</u>	<u>13,500</u>	<u>19,986</u>



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18. COMMITMENTS UNDER OPERATING LEASES *(continued)*

At 30 September 2005 the company had annual commitments under non-cancellable operating leases as set out below.

Company	2005		2004	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	3,199	-	2,609
Within 2 to 5 years	-	5,223	-	16,234
	<u>-</u>	<u>8,422</u>	<u>-</u>	<u>18,843</u>

19. CONTINGENCIES

There is an unlimited multilateral guarantee dated 11 June 2004 in place between Westminster Group Plc, Westminster Technologies Limited, Westminster International Limited and Westminster Facilities Management Limited. There are overdrafts of the following amounts at 30 September 2005 that come under this guarantee:

	£
Westminster International Limited	177,434
Westminster Technologies Ltd	42,333
Westminster Facilities Management Ltd	-

At 30 September 2005 Westminster International Limited also had the following bid and performance bond guarantees in place in favour of third parties:

23 June 2005 MUR500,000	Mauritius Ports Authority
29 July 2005 £8,577	National Electricity Corporation

All of the third party guarantees have now expired with no claim being made.

20. RELATED PARTY TRANSACTIONS

The company was under the control of Mr P D Fowler and Mrs P J Fowler throughout the current period. Mr Fowler is the managing director and majority shareholder.

At the year end, the following amounts were owed to the directors:

	2005 £	2004 £
Mr P D Fowler	13,003	66,403
Mrs P J Fowler	17,851	17,851
Mr R W Worrall	12,470	12,470
	<u>43,324</u>	<u>96,724</u>

These amounts are included in creditors due after more than one year.



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21. SHARE CAPITAL
Authorised share capital:

	2005	2004
	£	£
80,000,000 Ordinary A shares of £0.01 each	800,000	800,000
20,000,000 Ordinary B shares of £0.01 each	200,000	200,000
	<u>1,000,000</u>	<u>1,000,000</u>

Allotted and called up:

	2005	£	2004	£
	No		No	
Ordinary A shares - £0.01 each (2004 £1 each)	53,487,400	506,723	534,874	506,723
Ordinary B shares - of £0.01 each (2004 £1 each)	17,762,600	168,277	177,626	168,277
	<u>71,250,000</u>	<u>675,000</u>	<u>712,500</u>	<u>675,000</u>

The ordinary £1 shares were all converted to 1p shares during the year. Following this conversion 25,000 ordinary A shares were transferred from P J Fowler to S P Fowler and 25,000 ordinary B shares from R W Worrall to R J Worrall.

Apart from specific voting rights regarding the appointment and removal of directors, the Ordinary £1 A and B shares have the same rights to dividends in all other respects rank pari passu.

3,753,500 of the A shares and 1,246,500 of the B shares are partly paid (£0.0025 paid).

No date has been set for the payment of the remaining £0.0075 per share due on the 5,000,000 partly paid share capital.



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22. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group	Share capital	Revaluation reserve	Profit and loss account	Total share-holders' funds
2004	£	£	£	£
Balance brought forward	675,000	183,588	(3,787)	854,801
Retained profit for the year	—	—	111,213	111,213
Transfer from minority interest to Profit and loss account	—	—	1,779	1,779
2005				
Balance brought forward	675,000	183,588	109,205	967,793
Retained profit for the year	—	—	35,142	35,142
Transfer from minority interest to Profit and loss account	—	—	(9,951)	(9,951)
Revaluation of fixed assets	—	14,058	—	14,058
Balance carried forward	<u>675,000</u>	<u>197,646</u>	<u>134,397</u>	<u>1,007,042</u>

Company	Share capital	Revaluation reserve	Profit and loss account	Total share-holders' funds
2004	£	£	£	£
Balance brought forward	675,000	183,588	(117,831)	740,757
Retained profit for the year	—	—	24,395	24,395
2005				
Balance brought forward	675,000	183,588	(93,436)	765,152
Retained profit for the year	—	—	73,497	73,497
Revaluation of fixed assets	—	14,058	—	14,058
Balance carried forward	<u>675,000</u>	<u>197,646</u>	<u>(19,939)</u>	<u>852,707</u>



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**23. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2005	2004
	£	£
Operating profit	12,173	127,648
Amortisation	1	1
Depreciation	43,796	43,218
Decrease/(increase) in stocks	36,774	(78,574)
Decrease/(increase) in debtors	18,059	(407,576)
Increase in creditors	24,697	243,215
Net cash inflow/(outflow) from operating activities	<u>135,499</u>	<u>(72,068)</u>

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2005	2004
	£	£
Interest received	–	1,571
Interest paid	(426)	(21,624)
Net cash outflow from returns on investments and servicing of finance	<u>(426)</u>	<u>(20,053)</u>

25. TAXATION

	2005	2004
	£	£
TAXATION	<u>(14,801)</u>	<u>(21,181)</u>

26. CAPITAL EXPENDITURE

	2005	2004
	£	£
Payments to acquire tangible fixed assets	(68,033)	(59,066)
Receipts from sale of fixed assets	43,386	35,000
Net cash outflow from capital expenditure	<u>(24,647)</u>	<u>(24,066)</u>

27. FINANCING

	2005	2004
	£	£
Repayment of bank loans	–	(24,433)
Net outflow from other long-term creditors	(53,400)	–
Purchase of own shares – subsidiary company	–	(500)
Net cash outflow from financing	<u>(53,400)</u>	<u>(24,933)</u>



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28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005		2004
	£	£	£
Increase in cash in the period	41,837		(162,301)
Net cash outflow from bank loans	—		24,434
Net cash outflow from other long-term creditors	53,400		—
	<u>95,237</u>		<u>(137,837)</u>
Change in net debt		95,237	(137,837)
Net debt at 1 October 2004		(426,775)	(288,908)
Net debt at 30 September 2005		<u>(331,539)</u>	<u>(426,775)</u>

29. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Oct 2004 £	Cash flows £	At 30 Sep 2005 £
Net cash:			
Cash in hand and at bank	188,591	(144,404)	44,187
Overdrafts	(518,642)	186,240	(332,402)
	<u>(330,051)</u>	<u>41,836</u>	<u>(288,215)</u>
Debt:			
Debt due after 1 year	(96,724)	53,400	(43,324)
Net debt	<u>(426,775)</u>	<u>95,236</u>	<u>(331,539)</u>