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Worldwide World Class Protection

The Westminster Group is a specialist security group operating worldwide via an extensive international network of agents and offices in over 48 countries.

The Group's principle activity is the design, supply and ongoing support of advanced technology security solutions and the provision of long term managed services, consultancy and training services 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 vision has been to build a global security business focussed on delivering 'end to end' integrated security solutions to high growth and emerging markets around the world."

Peter Fowler
Chief Executive Officer

Enquiries Received

Financial Highlights for the Year ended 31 Dec 2012

- → Revenue £9 46m (2011 £10 07m)
- → Order Intake £15 2m (2011 £14 7m)
- → Operating Loss £1 28m (2011 £1 63m)

Orders Received

Operating Highlights

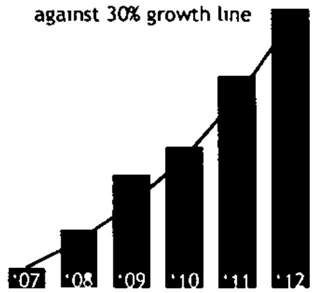
- → 15 year West African airport security contract worth in excess of $300m
- → 10 year franchise agreement signed in Nigeria
- → £1 9m raised from strategic investors
- → New contracts won include In Africa - Managed Services airport security, complete protection for Cargo Warehouse, Middle East - electronics countermeasures system for Police Force, airport security screening, surveillance equipment, oil and gas installation scanning equipment, specialist K9s explosives detection unit, Asia State Security covert surveillance equipment, hand held explosives detectors), and UK - British Prison Service security equipment and services
- → Managed Services division established
- → Group sales pipeline £783m

Value of Orders

Post Year End

- → Placing to raise £1 475m of new equity at 30p from institutional and strategic investors
- → £5m Equity financing facility completed April 2013
- → Restructuring of group into Managed Services and Technology divisions in March 2013 alongside disposal of loss making UK alarm and monitoring businesses
- → Pipeline of managed services opportunities continues to strengthen both in terms of size and quality of prospects

Cumulative Revenue Growth
against 30% growth line



Airport Security Solutions - Total Care Programme

Westminster continues to expand its airport security solutions around the world including a new 15 year contract, which commenced in May 2012, for complete ground security operations at a West African Airport under Westminster's managed services 'Total Care Programme'

Westminster's Total Care Programme allows airport operators to upgrade the security of their airports, at no cost to them, with Westminster providing all the technology, expertise and management required to bring the airports up to international standards and maintain them, under a long term managed services agreement For further information on this and other airport security solutions offered by Westminster visit www wass ltd com

"We have built a strong brand and international reputation and we continue to win and deliver new and important business around the world."

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 and extensive network of agents and international offices in 48 countries The Group consists of two internationally focussed operating divisions providing a wide range of solutions and services

Technology Division

The Technology Division is focussed on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking and interception technologies The Division comprises primarily of Westminster International Ltd and has a demonstrable potential to win and successfully deliver large implementations and product supply projects

The Division provides a wide range of niche fire, safety, security and defence products and solutions and has a track record of delivering complex product and technology solutions to governments and governmental agencies, non governmental organisations (NGO's) and blue chip commercial organisations worldwide Westminster's strong brand, extensive web presence and international reputation means the Division receives large numbers of enquiries for its services from across the globe

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

Sector Analysis

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

Technology	61%	22%	Managed Services
		16%	Discontinued Operations

Managed Services Division

The Managed Services division is focussed on providing long term recurring revenue, managed services contracts and the provision of manned services as the management and operation of complete security services and solutions, together with consultancy, training and other similar supporting services The Division comprises primarily of Westminster Aviation Security Services Ltd (WASS) and Longmoor Security Ltd

Services include comprehensive protection solutions to key national and critical infrastructure sites (both governmental and commercial) such as airports, ports & harbours, railway stations, border crossings and other such facilities with Westminster providing the investment in equipment and personnel as well as providing the required expertise to operate and run the security operation under long term contracts

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

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

FIRE I SAFETY I SECURITY I DEFENCE

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 appropriate 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

Geographical Revenue Analysis

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

UK & Europe	22%	42%	Middle East
Africa	34%	2%	Rest of the World

A growing network of agents and offices in 48 countries

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 48 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

"We have increasing confidence in our business model and its ability to generate long term consistent profits and thus shareholder value."

Lt Col Sir Malcolm Ross GCVO, OBE
Chairman

Overview

I am pleased to present the accounts for Westminster Group plc for the year ended 31 December 2012 which show an improved operating result over 2011 Whilst revenues of £9 5m (2011 £10 1m) were slightly down on the previous year, this is in no way a reflection of the significant achievements made by the Company in the period The comparative results have been influenced by timing issues on orders, demonstrated by the fact that we received a multi million USD order at the end of December which was too late to impact 2012 revenues and will now be delivered in 2013

We have built a strong brand and international reputation We continue to win and deliver new and important business around the world, further enhancing our global reference base Of particular note was the new multi million, multi year airport security contract secured by our aviation security division in 2012 We are currently in the course of negotiating a number of similar long term recurring revenue contracts and in November 2012 we entered into a Memorandum of Understanding and are now in advanced negotiations on another airport security contract As ever, in any such negotiations, the eventual outcome and timing can be uncertain, but this gives us increasing confidence in our business model and its ability to generate long term consistent profits and thus shareholder value

Strategy

The Group can generate attractive returns for investors by focussing on the growing global security market for products and services with its strong social, political and economic drivers We target regions of high economic growth such as Africa, the Middle East and Asia, and in the difficult economic climate faced by many countries in the western world today, our decision to focus on building a global export led business can be seen to have been a wise strategy 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

We have built an extensive presence around the world with representation in 48 countries and have established strong brand awareness in our key markets We have one of the largest security websites in the world and have a successful track record of delivering complex security projects for an extensive 'blue chip' client base Our reputation grows with every new contract award

To focus the Group on these international growth markets, and as part of our continuing growth strategy, we announced a restructuring of the Group in March 2013 into two internationally focussed divisions As part of that restructuring we disposed of our UK centric alarms and monitoring business and are now focussed on the following two core operations

Managed Services Division

Focusing on long term managed services contracts such as the management and running of complete security services and solutions in airports, ports and other such facilities and the provision of manned services, consultancy, training and other similar and supporting services This division has a recurring cash flow model and this offers good visibility over future earnings,

Technology Division

Focusing on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking and interception technologies, principally to governments and governmental agencies, non-governmental organisations (NGO's) and blue chip commercial organisations worldwide This division has a demonstrable potential to win and successfully deliver large implementations and product supply projects,

Corporate Conduct

In our industry it is vitally important that we maintain the highest standards of corporate conduct You will see in the Directors' report on corporate governance all of 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

I would like to take the opportunity to express my appreciation to all our employees, both in the UK and our ever expanding overseas workforce, who have worked extremely hard during the year I look forward to welcoming more UK and overseas employees on board as we expand in 2013 and beyond 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 Their dedication is crucial to our ability to rapidly grow the Group and develop our worldwide reputation We continue to strengthen our senior team 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

I would finally like to thank all our investors for their support and particularly to our strategic investors who are bringing their expertise to help deliver value for all

Lt Col Sir Malcolm Ross GCVO, OBE
Chairman
27 May 2013

"The real achievement on the year is the success we have achieved in positioning the Group for a step change in scale and size as we now move to the next phase of our growth plans"

Peter Fowler
Chief Executive Officer

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

In my 2011 report I stated that we believed we had reached an inflection point for the Group and I am happy to report our achievements in 2012 reinforce that belief. We have achieved improved operating results over 2011 with slightly reduced revenues of £9 5m (2011 £10 1m) due to timing issues on orders, $3million of which arrived at the end of December, too late to impact on the 2012 revenues. However the real achievement in the year is the success we have achieved in positioning the Group for a step change in scale and size as we now move to the next phase of our growth plans

Our vision has been to build a global security business focussed 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 this effort and investment. We have a truly global footprint with representation in 48 countries, we have a track record of successfully delivering complex security solutions around the world, an increasing number of which are multi-million pound in value, an example of which is the 15 year airport security contract we announced in February 2012 with an potential value in excess $150m over the first 8 years of the contract alone As we move forward on our growth strategy, we are now in an excellent position to leverage our extensive international network in order to exploit the significant international opportunities in large scale technology projects and long term, recurring revenue, managed services contracts

To those ends we have reorganised the Group into two separate divisions, Managed Services and Technology, to focus on international growth markets and have disposed of our UK based alarms and monitoring businesses to a management buy-out, although both businesses will continue to provide services to the Group on a contract basis

Our Markets
Whilst having a British base, we are internationally focussed and export led We operate in a huge and growing market with strong economic, political and social drivers which we believe will continue to present excellent business opportunities for the foreseeable future To put that in context, the annual market for security equipment and services is expected to be $700bn in 2013, with growth of 7.4% expected in 2014 Furthermore our focus is on high growth market opportunities in Africa, Asia and the Middle East where the IMF expects average annual GDP growth across the period to 2018 of between 5% and 8% Aviation demand is increasing, particularly in Africa as their economies develop and a middle class emerges Against this backdrop Boeing expects African passenger volumes to grow at 5 6% per annum over the next 20 years Many airlines are ordering new equipment and are reporting increasing load factors which bodes well for our Managed Services division

Many of these markets are growing due to the discovery of and demand for minerals and other natural resources. This creates a burgeoning local economy and the consequent need for effective security for both governmental and commercial facilities To that end, customers are looking for integrated security solutions and managed services from companies with the international structure and the expertise to implement and support such projects

To be successful in this market however 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 the logistical and cultural difficulties in dealing with many diverse countries around the world, and even fewer who can do so 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 across our divisions

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

Strategy

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

Having invested heavily in recent years in building up our international presence, we now have strong brand awareness and extensive representation in 48 countries covering all continents with the exception of Antarctica, with a strong focus on our target markets of Africa, the Middle East and Asia This extensive network provides us with a distinct operational and commercial advantage in our chosen markets and a platform from which we can more easily develop and exploit major technology opportunities and our innovative solutions in managed services

Our Managed Services Division is focussed on the provision of long term managed services contracts such as the management and running of complete security services and solutions in airports, ports and other such facilities and the provision of manned services, consultancy, training and other similar and supporting services This division has a recurring cash flow model and this offers good visibility into future earnings Our strategy with this division is to use our extensive international network to open negotiations with various governments and organisations who may be interested in such services particularly some of our innovative solutions we are developing, particularly for airports

Our Technology Division is focussed on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking and interception technologies We have a track record of delivering a wide range of complex product and technology solutions to governments and governmental agencies, non-governmental organisations (NGO's) and blue chip commercial organisations worldwide and our strong brand, extensive web presence and international reputation means we receive large numbers of enquiries for our services from across the globe Our strategy with this division is to continue to review and enhance our wide range of products and to continue to expand our web presence for innovative technologies Our international network is of considerable assistance in helping with local knowledge, logistics and manpower in relation to such enquiries and projects making this a cost effective and scalable business We also intend to expand on our franchise model such as the Nigerian Franchise we entered into in May 2012 and with whom we are working on some sizeable potential project opportunities

Divisional Review

As previously stated, we have reorganised our operating companies into two operating divisions, Managed Services and Technology, both primarily focussed on international business as follows

Managed Services Division

Our Managed Services division is focussed on providing long term recurring revenue, managed services contracts and the provision of manned services, consultancy, training and other similar supporting services The Division comprises primarily of Westminster Aviation Security Services Ltd (WASS) and Longmoor Security Ltd

Services include comprehensive protection solutions to key national and critical infrastructure sites (both governmental and commercial) with Westminster providing the investment in equipment and personnel as well as providing the required expertise to operate and run the security operation under long term contracts Westminster would typically derive its income from a transaction fee/tax payable by users of the facility, for example in an airport this would based on the volumes of passengers and cargo going through the facility.

We believe this business model has many attractive cash dynamics to it Firstly it is transaction driven, which means the service is paid for by users of the facility in question and, as user volumes increase, so do revenues Revenues are collected regularly and promptly and it has the strong forward visibility associated with known user factors Furthermore, as it is a transaction based service, bad debt risk is considerably reduced as the service can quickly be withdrawn or denied to potential defaulters

An example of such a managed services contract was the new West African airport contract which we secured in February 2012 We formally commenced operations at the airport on 1 May 2012 and within a few months had made a dramatic difference to the overall security at the airport We have taken over the 120+ existing civilian security operatives in the airport, provided everyone with new uniforms and instigated comprehensive and ongoing training courses for all staff to bring them up to internationally recognised standards We brought in a team of aviation security specialists dedicated to this contract to provide the management and guidance required to operate the airport security to international standards We have installed new passenger and baggage screening equipment and have installed a comprehensive and advanced CCTV surveillance system throughout the airport including long range thermal surveillance to monitor the airfield even in zero light conditions We have installed an advanced access control system controlling access throughout the airport and installed a sophisticated control and command centre from which all security functions in the airport are controlled and monitored

We have instigated comprehensive new processes and procedures, new ID badging systems, provided new airport security vehicles for perimeter patrols, set up a new K9 substance dog detection unit and many more other initiatives within the airport We also completely fitted out the new terminal with security equipment and even assisted the authorities with the construction of a new hold baggage screening centre

The results of our activities are that criminal activity, including suspected drug trafficking, has been virtually eliminated Passengers and their baggage are efficiently screened and overall security at the airport has increased dramatically

We have also installed state of the art cargo scanning equipment and have carried out training courses for airport staff on cargo screening and security services We expect to be in a position to commence cargo screening once the final infrastructure and building works are completed which will enable the country to export significant products by air for the first time and will help local economic development We expect this to go into service in the summer of 2013 and will generate additional margins for WASS

Fees are payable directly by airlines who in turn collect the security fee from embarking passengers as part of their ticket price We collected our first revenues from operations in June 2012, which reflects the efficiency of the billing model given that our services only went 'live' on 1 May 2012 Passenger volumes are in line with expectations We are encouraged that now security has been increased some carriers are increasing their capacity and new airlines opening up routes to this airport We are pleased to report that we have been given positive feedback regarding our deliveries by airlines, governmental agencies and international regulatory bodies

I am also pleased to report that during 2012 we commenced discussions with a number of additional airports for similar managed services In November 2012 we signed a Memorandum of Understanding ("MoU") with an East African country for the provision of complete airport security services at their international airport and I am pleased to confirm that contract discussion are now at an advanced stage I am also pleased to announce that the Division has now significantly added to its pipeline potential for new sales and our total pipeline of airports in Africa alone, with whom we are at various stages of discussions now stands at an aggregate of 4 3m embarking passengers per annum In addition we have recently had expressions of interest from airports in Asia and South America.

The Division is also looking at possibilities for expanding the managed services offering to other key infrastructure sites such as ports, railways and border crossings

Our Longmoor Security training division is now integrated within Managed Services and will no longer report separately Following a downturn in recent months in the market for close protection security training, as a result of changes in demand from theatres such as Iraq, Afghanistan and Somalia which have affected the training industry in general, Longmoor has expanded its training services to now include aviation security training as well as expanding into the provision of broader security services in overseas territories We are pleased that it has recently signed a multi-year guarding contract in West Africa Consequently its cost base has been realigned and the lease for the training academy has lapsed at the end of April 2013

Technology Division

Our Technology Division is focussed on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking and interception technologies The Division comprises primarily of Westminster International Ltd and has a demonstrable potential to win and successfully deliver large implementations and product supply projects

The Division benefits from Westminster's network of over 100 agents in 48 countries With its international reputation for successfully delivering complex security projects and solutions around the world, and its high profile and extensive website, the Division is generating record levels of enquiries for Westminster's wide range of technology based products and services

We are not a manufacturer and are product agnostic, able to promote and deliver the best solution for any given application Indeed a key strength of Westminster's Technology division is its extensive knowledge of the security market place and of manufacturers of effective but often niche security equipment. In fact, due to Westminster's extensive international network and market reach, niche security manufacturers regularly contact Westminster as a means of promoting their technologies to the market

This Division secured numerous orders and contracts for a wide and diverse range of products and services during the year, including a contract for advanced surveillance equipment to a Middle Eastern client, the supply of covert surveillance equipment to Asia for use by state security forces, various equipment & services to the British Prison Service, airport security screening equipment to Saudi Arabia, electronic countermeasures system to Gulf State police force, scanning equipment to the British Embassy in Kabul, complete security for a new build cargo warehouse in Africa, x-ray screening systems to Saint Helena Island, supply of a specialist K9s unit trained to find explosives to protect a Middle East Government Ministry, supply of hand held explosives detectors to an Indonesian based company and various equipment supplied through Westminster's international networks

In addition, Westminster continued with the delivery of several large scale projects during the year and is increasingly securing multi-million USD contracts around the world In December, the Division won a $3 25m contract for scanning equipment to protect a key oil and gas installation in the Middle East which will benefit 2013 revenues and the Division is currently in discussions with various clients regarding similar and larger scale potential projects around the world Whist the Division's revenues were behind original expectation this was due to timing issues and certain large contracts being received too late in the year to be included in 2012 revenues During the year the Division signed its first franchise agreement with our Nigerian partner and we are pleased to say that this has generated initial revenues in 2012 as well as increased revenues already in 2013 Currently we are working with our franchisee on a number of major potential contracts which may come to fruition in 2013 This is in addition to its annual franchise fee and we see this model as having scalability.

Disposals of RMS (CTAC) Integrated Solutions and International Monitoring Services (Disposed March 2013)

These operations are UK centric and provide UK domestic and corporate customers with low voltage security systems (such as alarms) and the monitoring of such systems These markets are highly competitive and price sensitive, and we believed that this business will be better served under dedicated management. In accordance with the Group's strategy of focusing on international growth markets they were disposed of in March 2013 to a management buyout and are shown as discontinued activities Both companies will however continue to provide services to the Group under contract. The consideration will be £0 2m payable across the first 12 months with an earn-out dependent on a percentage of revenues achieved in excess of certain metrics over the 2 years from disposal

Current Trading and Outlook

The revised strategy announced in March 2013 firmly aligns the Group with the growth opportunity in international markets We have disposed of our lower margin UK focussed business and have refocused Longmoor Our Technology division has a strong pipeline of potential new business and has achieved order intake in 2013 to date which is 109% up on the same period for 2012 Given the nature of the governmental clients and the procurement processes associated with large contracts, we can never eliminate the risks of timing issues. We have confidence in this division being able to make a meaningful contribution to the Group

Our Managed Services business offers substantial growth prospects With interest in our managed services accelerating, we currently have an impressive pipeline of potential airport security projects at various stages of discussion, some at advanced stages, and whilst there can be no certainty as to the outcome or timing of such discussions, any one of such contracts would significantly add to revenues and several would dramatically transform our business and generate long term profits

In addition to the above we have a solid order book, growing recurring revenues, improving gross margins, clear strategic goals and objectives and a commitment to the continuing development of our operational infrastructure We are delivering on our vision We have built a strong brand and are now seen as a truly global security business We have a strong management team and an experienced board of Directors. Accordingly the Board and I remain excited about our growth prospects for 2013 and beyond

Peter Fowler

Chief Executive Officer

27 May 2013

"Our quote bank has ıncreased by 123% to £783m whıch demonstrates the substantıal ınterest now beıng shown ın our servıces and partıcular our Managed Servıces Dıvısıon"

Ian Selby
Chıef Fınancıal Offıcer

Income Statement

The Group achıeved revenues of £9 46m (2011 £10 07m) Our contınuıng busınesses recorded revenues of £7 91m (2011 £8 75m) wıth the fall arısıng from the slıppage of certaın Technology dıvısıon revenues ınto 2013 An example of thıs ıs the order for a gantry based scannıng system wıth a sales value of $3 25m receıved at the end of the December 2012 and whıch wıll now benefıt 2013 Our order ıntake for the year was £15 2m (2011 £14 7m), of whıch £9 2m represents approxımately 5% of the potentıal full value of the 15 year aırport contract whıch was sıgned ın February 2012 and has a potentıal sales value of $300m across ıts full 15 year term lıfe Revenues from the Managed Servıces Dıvısıon durıng the perıod were ın lıne wıth our expectatıon of £1 70m In lıne wıth our strategy, focussıng on export growth markets, our overseas revenues rose representıng some 77 5 % (2011 74 5%) The dıscontınued operatıons revenues of £1 55m (2011 £1 31m) relate to the revenues of RMS (CTAC) Lımıted and IMS Lımıted, both of whıch were dısposed of ın March 2013 to a management buyout

Gross profıt was £3 54m (2011 £2 46m) and represented 37 4% of revenue (2011 24 4%) Underlyıng gross margıns from our on-goıng busıness stood at £2 95m (2011 £2 08m) and represented 37 3% of the assocıated revenues (2011 23 7%) Thıs sıgnıfıcant margın ımprovement was largely due to a Managed Servıces aırport contract whıch went lıve ın May 2012

Admınıstratıve costs were £4 75m (2011 £4 09m) Thıs ıncrease was largely due to ınvestment prımarıly ın the Managed Servıces Dıvısıon Approxımately £0 2m of setup costs were expensed durıng the year ın addıtıon to the on goıng operatıng costs and these are set out ın note 4 to these accounts Certaın other costs were ıncurred relatıng to operatıons whıch have subsequently been restructured and these are also set out ın note 4 The average number of employees ıncreased to 184 (2011 64) wıth the bulk of the ıncrease relatıng to dırectly employed local staff wıthın Managed Servıces whereas prevıously our local staff had typıcally been employed by local agents

Durıng the year, or shortly afterwards, certaın non-core assets were dısposed of or substantıally restructured The dısposal of IMS and RMS ın March 2013 has elımınated approxımately £0 9m of annual fıxed overheads, and the realıgnment of certaın premıse costs as well as the restructurıng of our dıstrıbutıon arrangements ın the Mıddle East (agaın detaıled ın note 4), has resulted ın approxımately £0 2m of costs beıng elımınated across the Technology and Managed Servıces dıvısıons

The Group generated a reduced operatıng loss ın the year of £1 21m (2011 £1 63m) When adjusted for the ımpact of the dısposals ın 2013, whıch made an operatıng loss of £0 37m (2011 £0 55m), and non-recurrıng ıtems detaıled ın note 4, the underlyıng operatıng loss was £0 35m (2011 £0 10m) wıth the loss purely down to slıppage ın sales ın the Technology dıvısıon Fınancıng costs were £0 50m (2011 £0 40m) and of thıs £0 2m (2011 £0 1m) related to the escalatıng consultancy charge attached to the £1 0m loan note from Synergy Capıtal whıch ıs ın addıtıon to ıts 10% coupon The sıtuatıon regardıng Synergy Capıtal ıs further dıscussed below A faır value credıt of £0 06m (2011 £0 04m) relates to the valuatıon of the embedded derıvatıve on the conversıon optıon wıthın the convertıble unsecured loan note ıssued ın July 2012 The "cash cost" of ınterest payments based on 8% coupon on a prıncıpal sum of £1 38m would generate an annualısed cash payment of £0 11m The credıt to taxatıon expense of £0 05m (2011 charge £0 73m) from wrıte off of prevıously capıtalısed deferred tax asset) related to the revaluatıon of certaın deferred tax lıabılıtıes As the Group was loss makıng durıng the year no corporatıon tax ıs payable and the Group carrıed forward tax losses (subject to HMRC agreement) of £6 6m (2011 £5 0m) The 2011 charge of £0 7m arose from the reversal of a prevıously held deferred tax asset

The overall loss after tax was therefore reduced by 40 8% to £1 60m (2011 £2 71m)

Statement of Fınancıal Posıtıon

The Group's tangıble fıxed assets ıncreased to £1 49m (2011 £1 03m) wıth the ıncrease arısıng from ınvestment wıthın the Managed Servıces Dıvısıon A prıncıpal asset ıs the freehold on the Group's 4 5 acre sıte near Banbury whıch was recorded at £0 9m ın both years Cash balances were £0 22m (2011 £0 41m) and the debtor book net of provısıons stood at £1 42m (2011 £1 22m) Closıng debtors represented an average of 54 days of sales (2011 49) Debtor days wıthın Managed Servıces were approxımately 35 days compared to ınvoıcıng terms of 30 days, reflectıng the nature of the effectıveness of our credıt sanctıon for non-payment

Trade payables were £2 23m (2011 £2 07m) as the Group took advantage of certain extended payment terms with suppliers At the end of the year performance bonds were in place of £0 17m (2011 £0 17m)

During the year the Group issued £1 38m of new 8% convertible unsecured loan stock to a group of strategic investors which were drawn down in 2 tranches in July and September This instrument has a maturity date of 2017 and has an equity conversion price of 27 5p In April 2012, 2,941,176 ordinary 10p shares were issued to a strategic investor at a subscription price of 17p raising approximately £0 5m

In February 2013, the Group issued 4,916,667 new ordinary 10p shares at a placing price of 30p to strategic and institutional investors raising gross proceeds of £1 475m In April 2013, the Group entered into an Equity Finance Facility whereby the Company could draw down equity finance based on historic daily volumes This is purely at the Group's discretion and the Group remains in total control over the price at which shares are issued No drawdowns under this facility have been made to date

The Loan with Synergy Capital ("Synergy") continued to incur an escalating consultancy fee during the year following on from its variation in 2010 This generated an additional cost of £0 2m (2011 £0 1m) which is in addition to the coupon interest rate of 10% Since the year end Synergy Capital Limited entered into liquidation by order of the Guernsey Courts The Company is taking legal advice regarding the nature of the consultancy fees and is in dialogue with the Synergy's liquidator The Group continues to pursue the vendors of CTAC Limited (acquired in April 2010) for damages relating to breaches of warranties and will update in due course

Cash Flow Statement

Cash outflow during the period increased as the Group invested in a new airport contract in Africa Certain parts of the organisation were loss making and thus increased the cash outflow However since the year end there has been substantial restructuring and disposal of non-core assets

Loss Per Share

The Group recorded a much reduced loss per share of 5 1p (2011 10 2p) As the Group was loss making no adjustment is made for the impact of options and warrants Of this loss 1 1p arose from discontinued items (2011 2 2p)

Key Performance Indicators

	2012	*2011*
Order Intake	£15 2m	£14 7m
Quote Bank	£783m	£350m
Average number of sales enquires per month	355	345

Includes potential 10 year revenue value of Managed Services sales pipeline (subject to certain assumptions regarding contract life fees payable and average growth rates)

Our order intake increased by £0 5m compared to 2012 During the year we announced a new airport long term contract with a potential sales value of up to $300m over its full 15 term (as ever, subject to a break clause at 8 years) For purposes of this metric we are including it at notional 5% of the potential value of the contract

Our quote bank has increased by 123% to £783m which demonstrates the substantial interest now being shown in our services and particular our Managed Services Division

Ian Selby

Chief Financial Officer

27 May 2013

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 46, 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 39, 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 annual report and the audited financial statements for the year ended 31 December 2012

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 48 countries at 31 December 2012 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 development, incorporating key performance indicators, is set out in the Chairman, Chief Executive Officers & Chief Financial Officers reports on pages 6 to 13

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 BEng(Hons)	The Hon Sir Michael Pakenham KBE CMG
R W Worrall	Matthew Wood BSC ACA
I R Selby BSc ACA	

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 and compliance 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 Furthermore the Group has a qualified sales pipeline of similar opportunities, and whilst as ever the eventual outcome of such negotiations is inherently uncertain as to eventual outcome and timing, the Directors believe that this has the opportunity to further reduce liquidity risk

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

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 (£2011 £nil)

Directors' interests in share capital and share options

Details of the Directors' interests in share capital and share options are contained in the Remuneration Committee report

Other significant interests in the Company

At 1 April 2013 those shareholders, other than Directors, who had disclosed to the Company an interest of more than 3 per cent of the issued share capital, are set out as follows

Name of shareholder or nominee	No of shares	Holding %
Hamed Al Jamal	4,000,000	10 66%
Easthorpe (IOM) Ltd	2,941,176	7 84%
Northcote (IOM) Ltd	2,389,602	6 37%

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 84 days (2011 100 days)

Share price

During 2012 the Company's share price ranged from 7 8p to 34p and the share price at 31 December 2012 was 28 9p (2011 9 5p)

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

Placing

On 26 February 2013 Westminster Group plc issued and allotted 4,916,667 new ordinary shares of 10p each at a price of 30p per share, to strategic and institutional investors raising gross proceeds of £1 475m On 19 April 2013 £100,000 of the 2017 unsecured convertible loan stock was converted into equity by the holder of that loan stock for technical and custodial reasons This resulted in the issue of 363,666 new ordinary shares of 10p each

Equity Financing Facility

On 18 April 2013 the Group entered into a £5 million, three year Equity Financing Facility ("EFF") with Darwin Strategic Limited ("Darwin "), a majority owned subsidiary of Henderson Global Investors' Volantis Capital ("Henderson Volantis") The use of this facility is purely at the Group's discretion as is the associated minimum subscription price

Restructuring

At the end of March 2013 the Group restructured its subsidiary operations to now operate in two key internationally focussed divisions as follows

- Managed Services Division focusing on long term managed services contracts such as the management and running of complete security services and solutions in airports, ports and other such facilities and the provision of manned services, consultancy and training etc
- Technology Division - focusing on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking and interception technologies, principally to governments and governmental agencies, non-governmental organisations (NGO's) and blue chip commercial organisations worldwide

Disposals

The Group's two UK focussed subsidiaries RMS (CTAC) Integrated Systems Limited and International Monitoring Services are suppliers to UK domestic and commercial customers of alarm installation and alarm monitoring services respectively As such they are not synergistic with the increasing international focus of the Group as detailed above They were disposed of to a management buyout ("MBO") led by Mr Shires Crichton, Managing Director of both RMS and IMS

The disposal took place on a cash and debt free basis for an initial consideration of £200,000 with the initial consideration being payable in instalments over the year following the Disposal The proceeds of the disposal will be used for general working capital In addition, the Company is entitled to further earn out payments based on the Targets achieving certain turnover milestones in each of the two years following the Disposal

During the year to 31 December 2012, the Targets, in aggregate, contributed turnover of £1 55m and net operating losses of £0 37m to Group

Longmoor

Longmoor Security Limited has become part of the Managed Services Division with effect from March 2013 as part of the Group realignment announced at that point and will no longer report separately It vacated the leased premises which was costing £28 000 per month on 30 April 2013 and has realigned its headcount base to reflect changing market conditions in its UK training business and now focusses on providing long term security contracts internationally

Going Concern

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

Management regularly forecast profit, financial position and cash flows for the Group A worst case budget for 2013 and 2014 has been prepared which only includes revenues from major contracts that have already been secured by 2013 and the predictable regular flow of smaller contracts Based upon these projections the Group has adequate working capital for the 12 months following the date of signing these accounts For this reason they continue to adopt the going concern basis in preparing the financial statements

Auditor

During the year, Grant Thornton UK LLP resigned as auditors and the Directors appointed Messrs Chantrey Vellacott DFK LLP as auditors, and in accordance with s489(4) of the Companies Act 2006 a resolution to reappoint Chantrey Vellacott DFK LLP as auditor will be proposed at the Annual General Meeting to beheld on 19 June 2013

In so far as each of the directors is aware

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

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

On behalf of the Board

P D Fowler	**I Selby**
Director	Director

27 May 2013

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

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

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 25 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	15,000

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 p a , payable quarterly in arrears and CMS is retained on a monthly retainer for the provision of certain corporate services to the company at an annual rate of £25,000

Executive and Non-Executive Directors' remuneration 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 2012 are as follows

Audited

Executive Directors	Basic salary /fee £'000	Benefits in kind £'000	Group national insurance cost £'000	Bonus £'000	Share Based Payment cost £'000	Total cost of employment £'000	Total 2011 £'000
P D Fowler	150	1	19	-	-	170	170
S P Fowler	77	1	10	6	-	94	85
R W Worrall	77	1	10	6	-	94	85
I R Selby	100		14			114	57
Nick Mearing Smith (left 30/6/11)	-	-		-	-		72
Total Executive Remuneration	404	3	53	12	-	472	469
Non-Executive Directors							
Lt Col Sir M Ross	35	3	4	-	1	43	43
Sir Michael Pakenham	24		3	-		27	27
Matthew Wood	18			-		18	1
Non-Executive Remuneration	77	3	7	-	1	88	71
Total Board Remuneration	481	6	60	12	1	560	540

Mr Wood is a director of CMS Corporate Consulting Limited which provided advisory services to the company during the year totalling £30,190

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

Executive Directors and Non-Executive Directors	Interest at end of year	Interest at beginning of year
Lt Col Sir M Ross	120,884	120,884
P D Fowler	4,625,930	4,625,930
S P Fowler	541,618	541,618
R W Worrall	2,152,522	2,128,522
Sir Michael Pakenham	83,334	83,334
I R Selby	166,667	166,667
M Wood		-

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 Jan2012	Granted	Exercised	Forfeited	31 Dec 2012	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
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

Mr Worrall made a gain of £3,600 on the date of exercise of the options on 24 July 2012

The market price of the shares at 31 December 2012 was 28 8 and the range during the year was 7 8p to 36p

On behalf of the Board

pp

Lt Col Sir Malcolm Ross
Chairman of the Remuneration Committee

27 May 2013

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 on-going 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 and complies with both UK and local statutes

Financial planning, budgeting and monitoring

The Group operates a planning and budgeting system with an annual budget approved by the Board There is a financial reporting system which compares results with the budget and the previous year 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

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 and Sir Michael both hold 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

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 the consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group'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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

On behalf of the Board

P D Fowler	**I Selby**
Director	Director

27 May 2013

We have audited the financial statements of Westminster Group plc for the year ended 31 December 2012 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 statement of changes in equity, the consolidated and company statement of cash flow and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report and accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 and of the Group's loss for the year then ended,
- The Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- The parent Company financial statements have been properly prepared in accordance with IFRS 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 matters 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 your 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 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

Chantrey Vellacott DFK LLP

Paul Fenner
Senior Statutory Auditor
For and on behalf of Chantrey Vellacott DFK LLP
Statutory Auditor, Chartered Accountants
Birmingham

27 May 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2012 £'000	2011 £'000
Revenue - Continuing operations		7,910	8,753
Revenue Discontinued operations		1,552	1,312
REVENUE	3	9,462	10,065
Cost of sales		(5,925)	(7,606)
Gross profit - Continuing operations		2,949	2,076
Gross profit - Discontinued operations		588	383
GROSS PROFIT		3,537	2,459
Administrative expenses		(4,748)	(4,087)
LOSS FROM OPERATIONS		(1,211)	(1,628)
Operating loss before exceptional items from continuing operations		(350)	(94)
Operating loss from discontinued operations	10	(365)	(546)
Operating exceptional items	4	(496)	(988)
LOSS FROM OPERATIONS		(1,211)	(1,628)
Finance costs	5	(497)	(400)
Fair value movement	5	58	44
LOSS BEFORE TAXATION		(1,650)	(1,984)
Taxation	7	46	(727)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(1,239)	(2,165)
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	10	(365)	(546)
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(1,604)	(2,711)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(1,604)	(2,711)
LOSS PER SHARE CONTINUING OPERATIONS	9	4 0	8 1
LOSS PER SHARE DISCONTINUED OPERATIONS	9	1 1	2 1
LOSS PER SHARE	9	5 1p	10 2p

The accompanying notes form part of these financial statements

		Group		Company	
		2012	2011	2012	2011
	Note	£'000	£'000	£'000	£'000
Goodwill	11	397	397		
Other intangible assets	12	28	245	8	18
Property, plant and equipment	13	1,487	1,028	930	932
Investment in subsidiaries	15		-	4,745	3,605
TOTAL NON-CURRENT ASSETS		1,912	1,670	5,683	4,555
Inventories	19	77	112		
Corporation tax recoverable			50		
Trade and other receivables	20	1,421	1,222	106	102
Cash and cash equivalents	22	221	414		
TOTAL CURRENT ASSETS		1,719	1,798	106	102
Assets held for sale - Discontinued operations	10	172	-		-
TOTAL ASSETS		3,803	3,468	5,789	4,657
Share capital	23	3,257	2,963	3,257	2,963
Share premium		3,654	3,449	3,654	3,449
Merger relief reserve		299	299	299	299
Share based payment reserve		56	33	56	33
Revaluation reserve		134	134	134	134
Retained earnings		(8,325)	(6,721)	(4,933)	(3,944)
TOTAL SHAREHOLDERS' EQUITY		(925)	157	2,467	2,934
Trade and other payables	26	50	99	50	81
Borrowings	25	2,147	963	2,147	963
Embedded derivative	17	295	4	295	4
Deferred tax liabilities	18	53	99	53	99
TOTAL NON CURRENT LIABILITIES		2,545	1,165	2,545	1,147
Borrowings	25	-	81	146	202
Trade and other payables	26	2,183	2,065	631	374
TOTAL CURRENT LIABILITIES		2,183	2,146	777	576
TOTAL LIABILITIES		4,728	3,411	3,322	1,723
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,803	3,468	5,789	4,657

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 27 May 2013 and signed on their behalf by

P D Fowler
Director

I Selby
Director

Registered number 3967650

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	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 2012	2,963	3,449	299	33	134	(6,721)	157
Share based payments	-	-	-	23			23
Issue of shares	294	205	-		-		499
TRANSACTIONS WITH OWNERS	294	205	299	33	-	-	522
Total comprehensive income for the year						(1,604)	(1,604)
AS AT 31 DECEMBER 2012	3,257	3,654	299	56	134	(8,325)	(925)
AS OF 1 JANUARY 2011	2,425	3,369	299	27	134	(4,010)	2,244
Share based payments		-		8	-		8
Deferred tax adjustments				(2)	-	-	(2)
Issue of shares	538	108					646
Cost of other share issues		(28)		-	-		(28)
TRANSACTIONS WITH OWNERS	538	80	-	6			624
Total comprehensive income for the year	-	-		-		(2,711)	(2,711)
AS AT 31 DECEMBER 2011	2,963	3,449	299	33	134	(6,721)	157

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2012

	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 2012	2,963	3,449	299	33	134	(3,944)	2,934
Share based payments			-	23	-		23
Issue of shares	294	205		-		-	499
TRANSACTIONS WITH OWNERS	294	205	-	23		(3,944)	522
Total comprehensive income for the year	-	-	-	-	-	(989)	(989)
AS AT 31 DECEMBER 2012	3,257	3,654	299	56	134	(4,933)	2,467
AS OF 1 JANUARY 2011	2,425	3,369	299	27	134	(1,861)	4,393
Share based payments	-		-	8	-		8
Deferred tax adjustments	-	-		(2)		-	(2)
Issue of shares	538	108	-	-		-	646
Cost of share issue		(28)		-		-	(28)
TRANSACTIONS WITH OWNERS	538	80		6	-	-	624
Total comprehensive income for the year			-		-	(2,083)	(2,083)
AS AT 31 DECEMBER 2011	2,963	3,449	299	33	134	(3,944)	(2,934)

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

		Group		Company	
		2012	2011	2012	2011
	Note	£'000	£'000	£'000	£'000
LOSS BEFORE TAXATION		(1,650)	(1,984)	(1,035)	(2,082)
Adjustments	27	706	606	1,405	2,480
Net changes in working capital	27	4	1,184	303	34
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(940)	(194)	673	432
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(633)	(28)	(22)	(16)
Purchase of intangible assets		(12)		-	-
Advances to subsidiaries			-	(2,068)	(1,059)
NET CASH USED IN INVESTING ACTIVITIES		(645)	(28)	(2,090)	(1,075)
FINANCING ACTIVITIES					
Gross proceeds from the issue of ordinary shares		499	646	499	646
Costs of share issues		-	(28)		(28)
Proceeds on issue of convertible loan notes		1,380	150	1,380	150
Repayments of short term borrowings		(150)	(110)	(150)	(110)
Interest paid		(337)	(283)	(337)	(265)
NET CASH FROM FINANCING ACTIVITIES		1,392	375	1,392	393
Net change in cash and cash equivalents		(193)	153	(25)	(250)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR		414	261	(121)	129
CASH AND EQUIVALENTS AT END OF YEAR	22	221	414	(146)	(121)

The accompanying notes form part of these financial statements

1 General information and nature of operations

Westminster Group plc ("the Company") was incorporated on 7 April 2000 and is domiciled and incorporated in the United Kingdom and quoted on AIM The Group's financial statements for the year ended 31 December 2012 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 on-going advanced technology solutions and services to governmental and non-governmental organisations on a global basis

2. Summary of significant accounting policies

Basis of preparation

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

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

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 £989,000 (2011 £2,083,000)

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 2012

(ii) Subsidiaries

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

(iii) Transactions eliminated on consolidation

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

(iv) Company financial statements

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

Business combinations

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

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

Goodwill is stated after separate recognition of identifiable intangible assets It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair value 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

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 contracts and supply of services

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

(iii) Maintenance income

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

(iv) Close protection services

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

(v) Training courses

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

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised Certain items have been disclosed as operating exceptionals due to their size and their separate disclosure should enable better understanding of the financial dynamics

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

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

Other intangible assets comprise website costs and licences Website costs are capitalised and amortised on a straight line basis over 5 years, the expected economic life of the asset Licences comprise the fair value of the Alarm Receiving Centre which has been acquired with the NACOSS gold approval licensed by the national security inspectorate as part of CTAC This asset is being amortised over a period of 8 years This asset was treated as an asset held for sale at 31 December 2012 as it was disposed of along with IMS Limited and RMS (CTAC) Limited in March 2013

Property, plant and equipment

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

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

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

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

Depreciation is charged so as to write off the cost or valuation of assets to their residual value over their estimated useful lives, using the straight-line method at the following rates

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

Leases

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

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

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

Impairment on non-financial assets

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

Financial instruments

Financial assets

The Group's financial assets include cash and cash equivalents and loans and other receivables All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument All financial assets are initially recognised at fair value, plus transactions costs They are subsequently measured at amortised cost using the effective interest method, less any impairment losses Any changes in value are recognised in the Statement of Comprehensive Income Interest and other cash flows resulting from holding financial assets are recognised in the Statement of Comprehensive Income when received, regardless of how the related carrying amount of financial assets is measured

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

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

Financial liabilities

The Group's financial liabilities comprise trade and other payables and borrowings All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expire

The convertible loan option leads to a potentially variable number of shares, therefore it has been accounted for as a host debt with an embedded derivative The embedded derivative is accounted for at fair value through profit and loss at each reporting date

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument An equity instrument is any contract that evidences a residual interest it the assets of the Group after deducting all of its liabilities The accounting policies adopted in respect of financial liabilities are set out below

Other financial liabilities

Other financial liabilities include other payables and bank loans and are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument All interest related charges are recognised as an expense in "finance cost" in the Statement of Comprehensive Income Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured at their fair value at each balance sheet date, with movements to the Statement of Comprehensive Income The Group has not used forward foreign currency contracts during the year

Inventories

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

Taxation

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts Bank overdrafts are offset against cash balances and a net cash balance is presented

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued

Share premium includes any premiums received on issue of share capital Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits

Merger relief reserve includes any premiums on issue of share capital as part or all of the consideration in a business combination

The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised or lapse

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment

Retained earnings include all current and prior period retained profits and losses

Dividend distributions payable to equity shareholders are included in liabilities when the dividends have been approved in a general meeting prior to the reporting date

Defined contribution pension scheme

The Group operates a defined contribution pension scheme for employees 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 and would be expensed as it becomes payable

Shared-based compensation (Employee Based Benefits)

The Group operates an equity settled share based compensation plan The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period, based on the Group's estimate of awards that will eventually vest, with a corresponding increase in equity as a share based payment reserve For plans that include market based vesting conditions, the fair value at the date of grant reflects these conditions and are not subsequently revisited

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

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

Provisions

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

SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Revenue recognition

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

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

Business combinations

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

Revalued freehold property

The freehold property is stated at fair value An external, independent valuer, having an appropriate professional qualification and recent experience in the location of the property being valued, valued the property in February 2011 and was reflected in the financial statements for the year ended 31 December 2010 The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion

Standards in issue not yet effective

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

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of interests in other entities (effective 1 January 2014)
- IFRS 13 Fair value measurement (effective 1 January 2013)
- IAS 27 (Revised) Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised) Investments in Associates and joint ventures (effective 1 January 2014)

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

3 Segment reporting

Operating segments

The Board considers the Group on a Business Unit basis Reports by Business Unit are used by the chief decision-maker in the Group The Business Units operating during the year are the four operating companies Westminster Aviation, Westminster International, RMS Integrated Solutions (including CTAC) and Longmoor Security This split of business segments is based on the products and services each offer In 2013 Longmoor and Westminster Aviation were amalgamated and Westminster International is now referenced as the Technology division The alarm monitoring subsidiary IMS Limited is included in the results for RMS (CTAC) with both businesses being disposed of in 2013

Westminster Aviation Security Services offers end to end security services to airports and other key national infrastructure locations and operates under a per usage model under long term recurring contracts 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 CTAC was hived up into RMS Integrated Solutions in 2011 Note the segmental results for RMS Integrated Solutions / CTAC are discontinuing operations

2012	Westminster Aviation	Westminster International	RMS (CTAC)	Longmoor Security	Westminster Group plc	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Supply of products		1,362	10		-	1,372
Supply and installation contracts		5,326	791		-	6,117
Maintenance and service	1,699	105	820	-		2,624
Close protection services	2	-		16		18
Training courses		-		405	-	405
Intercompany sales	-	(1,005)	(69)			(1,074)
Revenue	1,701	5,788	1,552	421	-	9,462
Segment result before central overheads excluding operating exceptionals	310	1,303	(365)	(54)	(1,909)	(715)
Operating exceptionals	(194)	(121)		(76)	(105)	(496)
Segment result after operating exceptionals before central overheads	116	1,182	(365)	(130)	(2,014)	(1,211)
Apportionment of central overheads	(382)	(859)		(177)	1,418	-
Segment result	(266)	323	(365)	(307)	(596)	(1,211)
Finance cost	-				(497)	(497)
Fair value through profit and loss		-			58	58
Income tax					46	46
(Loss)/profit for the financial year	(266)	323	(365)	(307)	(989)	(1,604)
Segment assets	1,089	1,532	333	90	1,044	3,803
Segment liabilities	423	1,897	250	106	1,083	4,827
Capital expenditure	545	29	21	15	23	633
Depreciation and amortisation	83	20	47	3	32	185

2011	Westminster International £'000	RMS Integrated Solutions/ CTAC £'000	Longmoor Security £'000	Westminster Group plc £'000	Group £'000
Supply of products	1,584	16	1,496	-	3,096
Supply and installation contracts	5,082	1,146	61	-	6,289
Maintenance and service	54	150	-		204
Close protection services	-		31	-	31
Training courses	-	-	445	-	445
Revenue	6,720	1,312	2,033	-	10,065
Segment result before central overheads and operating exceptionals	1,189	(444)	136	(1,539)	(640)
Operating exceptionals	(776)	(102)	(145)	35	(988)
Segment result after operating exceptionals before central overheads	413	(546)	9	(1504)	(1628)
Apportionment of central overheads	(811)	(732)	(244)	1,787	
Segment result	(398)	(1,278)	(235)	283	(1,628)
Finance cost	-	(20)	-	(380)	(400)
Finance income				44	44
Income Taxation	(541)	-	(185)	(1)	(727)
Loss for the financial year	(939)	(1,298)	(420)	(54)	(2,711)
Segment assets	865	429	66	2,108	3,468
Segment liabilities	1,382	405	76	1,548	3,411
Capital expenditure	12			16	28
Depreciation and amortisation	47	23	1	99	170

Geographical areas

The Group's international business is conducted on a global scale, with agents present in all major continents The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services

	Group 2012 £'000	Group 2011 £'000
United Kingdom & Europe	2,124	2,559
Africa	3,196	2,316
Middle East	3,966	4,493
Rest of World	176	697
	9,462	10,065

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 2012 fixed assets with a net book value of £729,000 were located in Africa and the Middle East (2011 £4,000)

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

In 2012 two of the Group's overseas customers contributed 52% of the Group revenue (in 2011 two customers contributed 45% of the Groups revenue)

4 Operating exceptional items

	2012 £'000	2011 £'000
Exchange losses/(gains)	84	(43)
Amortisation of CTAC intangibles	-	59
Stock provision	-	40
Provision against consumer debt in Longmoor		145
Impairment of African receivables and accrued income		616
(Profit)/loss on disposal of property, plant and equipment	(2)	66
Legal and professional costs arising from CTAC litigation		97
Share based payments	23	8
Restructure costs - Longmoor	76	-
Restructure and closure costs (Middle East)	121	-
West Africa airport contract set up costs	194	-
	496	988

5. Finance cost

	Group	
	2012 £'000	2011 £'000
Finance costs		
Interest payable on bank borrowings	(30)	(33)
Interest payable on Convertible Loan Notes	(120)	(120)
Other interest inc management fees on Convertible Loan Notes	(193)	(181)
Amortised finance cost on Convertible Loan Notes (see Note 17)	(154)	(66)
	(497)	(400)
Fair value movement of embedded derivative (see note 17)	58	44
Net Finance Costs	(440)	(356)

6 Loss from operations

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

	Group	
	2012 £'000	2011 £'000
Staff costs (see note 8)	2,851	2,180
Depreciation of property, plant and equipment	133	92
Amortisation of intangible assets	52	78
Operating lease rentals payable		
Property	208	45
Plant and machinery	11	4
Other	92	52
Foreign exchange loss/ (gain)	84	(43)

Auditor's remuneration

Amounts payable in 2012 relate to Chantrey Vellacott DFK LLP in respect of audit services Fees paid in 2011 relate to Grant Thornton UK LLP audit fees

	Group	
	2012	2011
	£'000	£'000
Audit services		
Statutory audit of parent and consolidated accounts	12	13
the auditing of accounts of subsidiaries of the company	22	22
Total audit fees	34	35
Other services supplied		8
Total fees	34	43

7 Taxation

Analysis of (credit)/charge in year

	Group	
	2012	2011
	£'000	£'000
Movement in deferred tax (see note 18)	(46)	727
Tax charge	(46)	727
Reconciliation of tax expense		
Loss on ordinary activities before taxation	(1 650)	(1 984)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	(404)	(526)
Effects of		
(Income)/expenses not deductible for tax purposes	70	61
Capital allowances less than depreciation	40	25
Other short term timing differences	9	15
Deferred tax asset no longer provided	(46)	727
Unrecognised losses carried forward	285	425
Total tax charge /(credit)	(46)	727

Tax losses available for carry forward (subject to HMRC agreement) were £6 6m (2011 £4 9m)

8 Staff costs

Staff costs for the Group during the year

	Group 2012 £'000	Group 2011 £'000
Wages and salaries	2,580	1,979
Social security costs	248	193
	2,828	2,172
Share based payments	23	8
	2,851	2,180

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 (2011 £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 2012 Number	Group 2011 Number
By function		
Sales	7	8
Production	148	28
Administration	22	19
Management	7	9
	184	64

9 Loss per share

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

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

	Group 2012 £'000	Group 2011 £'000
Issued ordinary shares		
Start of period	29,630	24,256
Effect of shares issued during the period	1,996	2,341
Weighted average basic number of shares for period	31,626	26,597
Dilutive effect of options	-	
Weighted average diluted number of shares for period	31,626	26,597

Basic and diluted earnings per share is calculated as follows

	Group	
	2012	2011
Loss for the year attributable to equity shareholders of the Company (£'000)	(1,604)	(2,711)
Basic loss per share (pence)	(5 07)	(10 19)
Diluted loss per share (pence)	(5 07)	(10 19)

For the year ended 31 December 2012 and 2011 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 Loss per share excluding discontinued items was 4 0p (2011 8 1p)

10 Discontinued operations

On 26 March 2013, the Group entered into a sale agreement with a management buy-out team to dispose of RMS (CTAC) Integrated Solutions and International Monitoring Services, which carried out all of the Groups UK alarm installation and monitoring operations The disposal was for £200,000 to generate working cash flows for the expansion of the Groups other businesses Consideration is paid over 12 months and if the disposed companies exceed certain revenue threshold then incremental consideration becomes payable

The results of the discontinued operations which have been included in consolidated income statement were as follows

Group	2012 £'000	2011 £'000
Revenue	1 552	1,312
Cost of sales	964	(929)
Gross profit	588	383
Administration expenses	(953)	(929)
Operation loss from discontinued operations	(365)	(546)

There is expected to be a £0 03m profit on disposal in the annual report for the year ending 31 December 2013 The major classes of assets and liabilities comprising the operations classified as assets held for sale are as follows

Group	2012 £'000
Property, plant and equipment	39
Intangibles	176
Trade and other receivables	195
Total assets classified as held for sale	410
Trade and other payables	(238)
Total liabilities classified as held for sale	(238)
Net assets held for sale	172

During the year IMS and RMS attributed £0 37m loss (2011£ 0 6m) to the Groups net operating cash flows Cash flows from financing and asset investment were negligible

11 Goodwill

Group	2012 £'000	2011 £'000
Gross carrying amount Balance at 1 January and at 31 December	1,160	1,160
Balance 1 January and at 31 December	(763)	(763)
Carrying amount at 31 December	397	397

Goodwill on the acquisitions of Longmoor and CTAC is reviewed at the end of each financial period for impairment The entire balance relates to Longmoor Security Limited The directors believe that it's restructuring in 2012/2013 and focus on managed services delivery will provide better margins In 2013, so far a managed services multi year contract worth US$330k has already been signed

12 Other intangible assets

2012	Website and other software £'000	Licences £'000	Group Total £'000	Company Website £'000
Gross carrying amount				
At 1 January	102	269	371	60
Additions	11	-	11	-
Transfer to assets held for sale		(269)	(269)	-
At 31 December	113	-	113	60
Amortisation and impairment				
At 1 January	67	59	126	42
Charge for the year	18	34	52	10
Transfer to assets held for sale		(93)	(93)	-
At 31 December	85	-	85	52
Net book value at 31 December	28		28	8

2011	Website and other software £'000	Licences £'000	Group Total £'000	Company Website £'000
Gross carrying amount				
At 1 January	102	269	371	60
At 31 December	102	269	371	60
Amortisation and impairment				
At 1 January	48		48	31
Charge for the year	19	59	78	11
At 31 December	67	59	126	42
Net book value at 31 December	35	210	245	18

Certain licences and other software primarily relates to RMS and IMS, these have been classified as assets held for sale and are part of the net assets sold post year end

13 Property, plant and equipment

Group 2012	Freehold property £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Gross carrying amount					
At 1 January	892	149	532	97	1,670
Additions		303	257	73	633
Disposals		-	(6)	-	(6)
Transfer of assets held for sale		(34)	(111)	(68)	(213)
At 31 December	892	418	672	102	2,084
Depreciation and impairment					
At 1 January	-	128	440	74	642
Charge for the year	-	43	73	17	133
Disposals	-	-	(2)	-	(2)
Transfer of assets held for sale	-	(30)	(82)	(62)	(174)
At 31 December		141	427	29	597
Net book value at 31 December	892	277	244	73	1,487

Group 2011	Freehold property £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'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

Company 2012	Freehold property £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Gross carrying amount					
At 1 January	892	16	346		1,254
Additions	-	-	22		22
Disposals			(6)	-	(6)
At 31 December	892	16	362	-	1,270
Depreciation					
At 1 January		15	307	-	322
Charge for the year		1	20	-	21
Disposals		-	(3)		(3)
At 31 December		16	324	-	340
Net book value at 31 December	892		38	-	930

Company 2011	Freehold property £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 1 January	890	14	334		1,238
Additions	2	2	12	-	16
At 31 December	892	16	346	-	1,254
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

Capital commitments

Group and Company	2012 £'000	2011 £'000
Contracted but not provided for in the financial statements	-	-

The freehold property was valued professionally on an independent basis 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 the valuation has not moved materially since the last valuation was performed

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

	2012 £'000	2011 £'000
Historical cost	697	697
Accumulated depreciation		
At 1 January	54	51
Charge for the year	3	3
At 31 December	57	54
Net book value at 31 December	640	643

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

14 Operating lease commitments

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

As at 31 December 2012	Group		Company	
	Total Commitments Property £'000	Total Commitments Other £'000	Total Commitments Property £'000	Total Commitments Other £'000
Within one year	60	37		10
In the second to fifth years inclusive	-	56	-	25
	60	93	-	35

As at 31 December 2011	Group		Company	
	Total Commitments Property £'000	Total Commitments Other £'000	Total Commitments Property £'000	Total Commitments Other £'000
Within one year	50	67		12
In the second to fifth years inclusive	200	72	-	2
After five years	200	-	-	-
	450	139	-	14

Remaining lease terms range from 2 months to 8 years

	Group £'000	Company £'000
Minimum lease payments under operating leases recognised as an expense in the year	311	19

15 Investment in subsidiaries

Company	2012 £'000	2011 £'000
Shares in subsidiary undertakings at cost		
At start of period	423	423
Impairment (CTAC)	(66)	
At end of period	357	423
Amounts due from subsidiaries on intercompany trading	4,388	3,182
Total Investment in Subsidiaries	4,745	3,605

16 Subsidiary undertakings

The key subsidiary undertakings at 31 December 2012 were as follows

Name	Country of incorporation	Principal activity	% of nominal ordinary share capital and voting rights held
Westminster International Limited	England	Advanced security technology, (Technology Division)	100
RMS (CTAC) Integrated Solutions Limited	England	Low voltage systems - sold 26 March 2013	100
Longmoor Security Limited	England	Close protection training and provision of security services (Managed Services)	100
CTAC Limited	England	Trade transferred to IMS and RMS on 1 Jan 2012 now dormant	100
Westminster Aviation Security Services Limited	England	Managed services of airport security under long term contracts Managed Services Division	100
Westminster Facilities Management Limited	England	Dormant	100
International Monitoring Services Limited	England	Alarm monitoring station sold 26 March 2013	100

The company has a 40% equity share in a local company which is used purely for the local presence required to deliver services This legal entity has no revenues of its own and provides services such as local labour Its full cost base has been included in these financial statements This entities name cannot be disclosed due to contractual confidentiality requirements

17 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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Financial assets				
Loans and receivables				
Amount owed by subsidiary undertakings (note 15)			4,388	3,182
Trade and other receivables (note 20)	1,360	1,170	81	73
Cash and cash equivalents	212	414	-	
	1,572	1,584	4,469	3,255
Financial liabilities				
Financial liabilities measured at amortised cost				
Borrowings (note 26)	2,147	1,044	2,293	1,165
Trade and other payables (note 27)	1,888	1,323	576	280
	4,035	2,367	2,869	1,445
Derivatives carried at fair value through profit and loss	295	4	295	4

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

The group has two convertible loan notes the key details of which are set out below

	FY2014 Secured	FY2017 Unsecured
Amount	£1 2m	£1 38m
Conversion Price	42 21p	27 5p
Security	Secured fixed and floating subordinate to HSBC	Unsecured
Redemption Date	29 June 2014	June 2017
Management Fee	£25k pa monitoring plus increasing consultancy fee on £1 0m due to Synergy Capital Ltd of 22 5% pa at the end of December 2012 increasing by 2 5% per quarter thereafter	none
Coupon	10%	8%
Company can force conversion	No	At 50p for > 15 working days

	FY17 2012 £'000	FY14 2012 £'000	Total 2012 £'000	FY14 2011 £'000
Host debt				
At 1 January	1,030	963	1,993	897
Finance charge (note 5)	77	77	154	66
At 31 December (note 25)	1,107	1,040	2,147	963
Embedded derivative				
At 1 January		4	4	48
Fair value on recognition at July 2012	349		349	-
Fair value movement (note 5)	(54)	(4)	(58)	(44)
Fair value at 31 December	295		295	4

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)

The Convertible Loan Notes have been separated into two components, the Host Debt Instrument and the Embedded Derivative on initial recognition The value of the Host Debt Instrument will increase to the principal sum amount by the date of maturity The effective interest cost of the Notes is the sum of that increasing value in the period and the interest paid to Noteholders The Derivative element will vary in value according to the market price of the underlying Ordinary Shares and the period remaining for conversion amongst other factors The valuation of embedded derivative on initial recognition was undertaken by a Black Scholes valuation model

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 23% (2011 26%) 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 and company	1 January 2012 £'000	Recognised in equity £'000	Recognised in profit and loss £'000	31 December 2012 £'000
Non-current liabilities				
Property, plant & equipment	(99)	-	46	(53)

Group and company	1 January 2011 £'000	Recognised in equity £'000	Recognised in profit and loss £'000	31 December 2011 £'000
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)

19 Inventories

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Finished goods	77	112		-
	77	112		-

The cost of inventories recognised as an expense within cost of sales amounted to £4,678,000 (2011 £6,218,000)

No reversal of previous write downs was recognised as a reduction of expense in 2012 or 2011

20 Trade and other receivables

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts falling due within one year				
Trade receivables, gross	2,019	2,233	-	-
Allowance for credit losses	(1,412)	(1,253)	-	
Trade receivables	607	980	-	-
Amounts recoverable on contracts	724	43		-
Other receivables	29	147	81	73
Financial assets	1,360	1,170	81	73
Prepayments	61	52	25	29
Non financial assets	61	52	25	29
Trade and other receivables	1,421	1,222	106	102

The average credit period taken on sale of goods in 2012 was 60 days (2011 48 days) An allowance has been made for estimated irrecoverable amounts from the sale of £1,412,000 (2011 £1,253,000) This allowance has been based on the knowledge of the financial circumstances of individual 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

	2012 £'000	2011 £'000
Not more than 3 months	524	483
More than 3 months but less than 6 months	57	76
More than 6 months but not more than 1 year	264	300
	845	859

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

	2012 £'000	2011 £'000
Balance 1 January	1,253	679
Amounts written off (uncollectable)	159	170
Impairment loss		(28)
Provision against Juba airport contract		432
Balance 31 December	1,412	1,253

There are no significant credit risks from financial assets that are neither within terms or not impaired At 31 December 2012 £920,000 (2011 £109,000) of trade receivables were denominated in US dollars and £nil (2011 £48,000) in Euros, £68,000 (2011 £105,000 in Saudi Riyals and £1,031,000 (2011 £1,293,000 in sterling The directors consider that the carrying amount of trade and other receivables approximates to their fair value

21 Contracts in progress

The Group had contracts in progress at 31 December as follows

	2012 £'000	2011 £'000
Contract costs incurred plus recognised profits less recognised losses to date	6,313	6,289
Less progress billings	6,237	(6,691)
	(76)	402
Recognised as		
Due from contract customers included in trade and other receivables	627	43
Due to contract customers included in trade and other payables	(703)	(445)
	(76)	402

As 31 December 2012 retentions held by customers for contract work amounted to £nil (2011 £6,000)

22. Cash and cash equivalents

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash at bank and in hand	386	498	-	-
Short term bank deposits		89	-	
	386	587	-	-
Bank overdraft	(165)	(173)	(146)	(121)
Cash and cash equivalents for the purposes of the cash flow statements	221	414	(146)	(121)

All the bank accounts 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

23 Called up share capital

Group and Company

The total number of authorised shares is 80,000,000 ordinary shares of £0 10 each (2011 80,000,000 ordinary shares of £0 10 each) These shares carry no fixed right to income

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

	2012		2011	
	Number	£'000	Number	£'000
At 1 January	29,630,758	2,963	24,255,754	2,425
Issued for cash	2,941,179	290	5,375,004	538
Exercise of share options	37,000	4		-
At 31 December	32,608,937	3,257	29,630,758	2,963

In April 2012, 2,941,176 ordinary 10p shares were issued to a strategic investor at a subscription price of 17p raising approximately £0 5m

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 that 30% of the ordinary share capital of the Company,
- The Board determines the exercise price of options before they are granted It is provided in the scheme rules that options must be granted at the prevailing market price in the case of EMI options and must not be granted at an exercise price that is less than the nominal value of a share
- There is a limit that options over unissued shares granted under the scheme and any discretionary share option scheme or other option agreement adopted or entered into by the Company must not exceed 10% of the issued share capital
- Options can be exercised on the second anniversary of the date of grant and may be exercised up to the 10th anniversary of granting Options will remain exercisable for a period of 40 days if the participant is a "good leaver'

Options have subsequently been granted on this basis However In July 2012 a business development partner was appointed to assist in the development of Asian African and Middle Eastern business As part of the remuneration agreement they were incentivised to generate direct incremental revenue for Westminster with a grant of up to 2 0m options over 2m 10p ordinary shares

These options have an exercise price of 30p each 0 3m options vested on granting and the remainder vest on achievement of incremental revenue performance milestones 0 7m options vest on achievement of £5m of revenue directly generated by that entity within 5 years and a further 1 0m vest on delivery of £30m revenue directly generated by them within the same period It is a condition of the option agreement that revenue is defined in accordance with the Group's standard revenue recognition policies, but has also been paid in full Under the terms of the agreement, Westminster will be involved at all stages in client negotiations and product specifications and will have ultimate sanction over contractual terms

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

Share options and weighted average exercise prices are as follows

	Number of options	Weighted average exercise price per share (p)
Outstanding at 31 December 2011	588,585	38 0
Granted	665,000	
Exercised	(37,000)	
Forfeited	(125,000)	
Outstanding at 31 December 2012	1,091,585	36 2
Exercisable at 31 December 2012	551,585	36 6

The weighted average share price at the date options were exercised was 36 6p (2011 38p)

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

		2012		2011	
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	237,000	4 3	274,000	5 3
27 May 2010	32 75p	15,000	7 4	15,000	8 4
25 Sep 2009	34 5p	72,000	6 7	72,000	7 7
21 Apr 2008	52 5p	15,000	5 3	15,000	6 3
21 Jun 2007	67 5p	203,585	4 5	203,585	5 5
20 Sep 2007	74p	9,000	4 7	9,000	5 7
28 June 2012	36 5p	540,000	9 5		-
Total		1,091,585	6 1	588,585	5 8

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

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

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

The amount recognised in profit or loss in respect of share based payments was £23,000 (2011 £8,000)

25 Borrowings

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Current				
Bank overdraft (secured)	-		146	121
Other loan (Kingswalk)		81	-	81
Non current				
Convertible loan note	2,147	963	2,147	963
Total	2,147	1,044	2,293	1,165

The bank overdrafts represent overdrawn amounts in some subsidiaries, which are offset by cash balances in other subsidiaries See note 17 for details of the convertible loan note

26 Trade and other payables

Current	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade payables	793	959	120	172
Accruals and other payables	995	295	356	48
Finance lease liabilities	50	69	50	60
Financial liabilities	1,838	1,323	526	280
Other taxes and social security payable	195	297	105	94
Deferred income	150	445		
Non financial liabilities	345	742	105	94
Total current trade and other payables	2,183	2,065	631	374

Non-current	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Finance lease liabilities	50	99	50	81
Financial liabilities	50	99	50	81
Total non-current trade and other payables	50	99	50	81

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs, as well as payments received in advance on contracts The average credit period taken for trade purchases in 2012 was 84 days (2011 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 as year end but not yet earned

At 31 December 2012 £275,000 (2011 £242,000) of payables were denominated in US dollars, and £657,000 (2011 £828,000) in sterling

The assets held under finance leases (excluding those disposed of to IMS/RMS) were fully provided for in the year ended 31 Dec 2010 The value of future lease payments on these assets at 31 Dec 2012 was £0 12m of which £0 02m represents future financing charges This lease expires on 31 Dec 2014 and future payments are split equally across 2013 and 2014

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

	2012		2011	
	Group £'000	Company £'000	Group £'000	Company £'000
Within one year	60	60	69	60
In the second to fifth years inclusive	60	60	99	81
	120	120	168	141

27 Cash flow adjustments and changes in working capital

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

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Depreciation, amortisation and impairment of non financial assets	185	170	31	41
Financing costs	497	400	497	379
Fair value movement of embedded derivative in Convertible Loan Notes	(58)	(44)	(58)	(44)
Impairment of other intangibles/investments	62		62	-
Provision on intercompany debt and sundry adjustments	-		850	2 096
(Profit)/loss on disposal of non financial assets	(3)	72	-	
Share based payment expenses	23	8	23	8
Total adjustments	706	606	1,405	2,480
Net changes in working capital				
Decrease in inventories	35	117		
Decrease/(Increase) in trade and other receivables	(199)	525	(4)	38
Decrease/(Increase) in trade and other payables	168	542	307	(4)
Net changes in working capital	4	1,184	303	34

28 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 2012 was £170 000 (2010 £160,000)

A claim under the Sale and Purchase Agreement is being made against the vendors of CTAC Limited which was acquired in April 2010, as the result of a deficiency in net assets as at the Completion Date An expert was appointed by the President of the ICAEW to adjudicate on a net asset deficiency, which was quantified by them at approximately £364,000 This is outside of any further warranty action that the company can bring against the vendors under the terms of the sale and purchase agreement The Group continues to pursue the vendors of CTAC through the legal system

The Company is party to a multilateral guarantee in respect of bank overdrafts of all companies within the Group At 31 December 2012, these borrowings amounted to £165,000 (2011 £173,000) The borrowings by group companies were more than offset by cash in other group companies, as shown by note 22

29 Financial risk management

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

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

Foreign currency sensitivity

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

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

Group	Short term exposure USD £'000
31 December 2012	
Financial assets	354
Financial liabilities	(279)
Total exposure	75
31 December 2011	
Financial assets	787
Financial liabilities	(242)
Total exposure	545

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a loss of profits in 2013 of £32,000 (2012 £0 01m) 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 are the convertible loans, bank overdraft and short term Kingswalk loan (discharged during the year) and are detailed in note 17 All have at fixed interest rates Interest on the cash holdings of the Group is not material and therefore no calculation of interest rate sensitivity have been undertaken

Credit risk analysis

The Group has a credit policy in place and the exposure to credit risk is monitored on an on going basis Credit evaluations are performed on all customers requiring credit over a certain amount In the case of material sales transactions, the Group usually demands an initial deposit from customers and generally seeks to ensure that the balance of funds is secured by way of a letter of credit or similar instruments

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

See further disclosure in note 20 of these financial statements

Some of the unimpaired trade receivables are past due at the reporting date

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 2012 the Group's liabilities have contractual maturities (including interest payments where applicable) as summarised below

Group 31 December 2012	Current £'000 Within 6 months	6 to 12 months	Non-current £'000 1 to 5 years	Later than 5 years
Convertible loans	115	115	2,347	-
Finance lease liabilities	30	30	60	-
Trade and other payables	2133	-		
Total	2,278	145	2,407	

Company 31 December 2012	Current £'000 Within 6 months	6 to 12 months	Non-current £'000 1 to 5 years	Later than 5 years
Convertible loans	115	-	2,347	
Finance lease liabilities	30	30	60	
Trade and other payables	581	-	-	
Total	726	30	2,407	

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

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

30 Post balance sheet events

Placing

On 26 February 2013 Westminster Group plc issued and allotted 4,916,667 new ordinary shares of 10p each in the Company at a price of 30p per share, to strategic and institutional investors raising gross proceeds of £1 475m On 19 April 2013 £100,000 of the 2017 unsecured convertible loan stock was converted into equity by the holder of that loan stock for technical and custodial reasons relating to the underlying holder This resulted in the issue of 363,666 new ordinary shares of 10p each

Equity Financing Facility

On 18 April 2013 the Group entered into a £5 million, three year Equity Financing Facility ("EFF") with Darwin Strategic

Limited ("Darwin"), a majority owned subsidiary of Henderson Global Investors' Volantis Capital ("Henderson Volantis") The use of this facility is purely at the Group's discretion as is the associated minimum subscription price

Restructuring

At the end of March 2013 the Group restructured its subsidiary operations to now operate in two key internationally focussed divisions as follows

Managed Services Division- focusing on long term managed services contracts such as the management and running of complete security services and solutions in airports, ports and other such facilities and the provision of manned services, consultancy and training etc

Technology Division focusing on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking and interception technologies, principally to governments and governmental agencies, non governmental organisations (NGO's) and blue chip commercial organisations worldwide

Disposals

As detailed in note 10 to the accounts the Group's two UK focussed subsidiaries RMS (CTAC) Integrated Systems Limited ("RMS") and International Monitoring Services Limited ("IMS"), were suppliers to UK domestic and commercial customers of alarm installation and alarm monitoring services respectively As such they were considered not synergistic given the increasing international focus of the Group Furthermore they operate in commoditised markets and are subject to pricing pressures They were disposed of to a management buyout led by Mr Shires Crichton, Managing Director of both RMS and IMS The disposal took place on a cash and debt free basis for an initial consideration of £200,000 with the initial consideration being payable by in instalments over the year following the disposal The proceeds of the disposal will be used for general working capital

In addition, the Company is entitled to further earn out payments based on the IMS and RMS achieving certain turnover milestones in each of the two years following the disposal

During the year to 31 December 2012, the Targets, in aggregate, contributed turnover of £1 552m and net losses of £0 37m to Group

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