

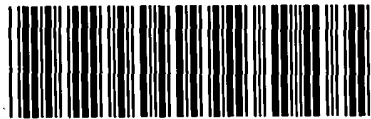
# Westminster Group PLC

## Accounts

### 31 December 2022

Company Number: 03967650

REVISED

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# **WESTMINSTER GROUP PLC**

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## Highlights

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### Operational:

- A strong recovery in airport operations exceeding pre-pandemic levels by year end.
- Training business delivered record levels of revenues.
- A strong recovery in our guarding business with a near doubling of revenues and return to profitability.
- Supplied products and solutions to 60 countries across the world.
- Secured £300,000 contract to protect a West African Parliament building.
- Under Martyn's Law (amended Protect Duty) forthcoming legislation, secured two important new mass screening contracts, an iconic building in London and a theatre and exhibition complex in Northern England.
- Secured a \$300,000 3-year contract to provide aviation support services to the UN in Mali.
- \$1.7m airport security contract in Southeast Africa confirmed and underway.
- Westminster Arabia achieved HCIS certification required for government regulated contracts.

### Financial:

- 35% increase in revenues to £9.5m (2021: £7.1m)
- 65% increase in Technology Division revenues to £3.2m (2021: £2.0m)
- 23% increase in Services Division revenues to £6.3m (2021: £5.1m)
- 99% decrease in loss after tax to an effective break-even position £0.0 (2021: loss of £1.9m).

### Post period end:

- Q1 2023 trading ahead of internal budget.
- Commenced 2023 with £1.8m of work in hand.
- Commenced 2023 with more than £5m of annual recurring revenue from existing contracts.
- West African airport operations currently running at record levels and new terminal opened April 2023.
- Training & Guarding businesses performing well.
- Land issue resolved and construction works due to commence on West African container port project.

## Company Overview

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### Mission Statement

Westminster believes all citizens of the world have the right to personal safety and security and to be free from the threats of crime and terrorism particularly when travelling.

The mission of the Group is therefore to improve security and the quality of life for people throughout the world, regardless of race, colour or creed and will do so by the provision of advanced security solutions and long-term managed services.

Westminster endeavours to achieve this goal by acting in a professional and responsible manner, treating our employees, customers, suppliers and partners with equal courtesy and respect at all times.

### About us

Westminster Group PLC is a trusted global brand delivering strategic security solutions, managed services and best in class equipment, on Land, at Sea and in the Air, to keep people safe, secure assets and maximise prosperity in high growth and emerging markets around the world.

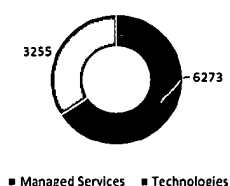
### Vision Statement

"Our vision is to build a global business with strong brand recognition delivering advanced security solutions and long-term managed services to high growth and emerging markets around the world, with a particular focus on long term recurring revenue<sup>^</sup> business enhancing shareholder value."

### Who we are

*Westminster is a British security and defence organisation with international offices, agents and partner companies in over 50 countries. We solve security, safety and defence problems for governments, military, non-governmental organisations (NGOs), air and seaports, critical infrastructure and major organisations and corporations worldwide.*

Divisional Revenue Split £'000



The Group's principal activity is the design, supply and on-going 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 manpower, consultancy and training services.

The Group's various operating companies are structured into two vertically integrated operating divisions, Managed Services and Technology all focussed on delivering products, services and solutions to our three key market sectors: LAND - SEA - AIR.

<sup>^</sup> This is an Alternative Performance Measure – refer to Note 2 of the financial statements for further details

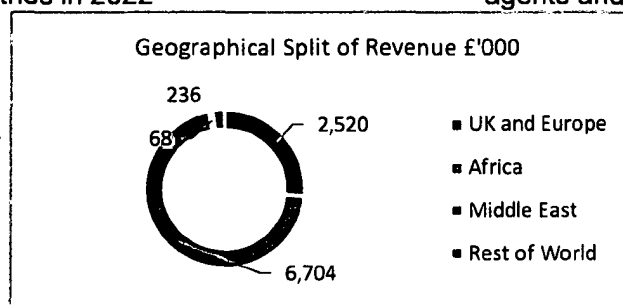
## worldwide world class protection

60

countries in 2022

50+

agents and offices



### Regional Offices

<p><b>UK</b> Westminster Group PLC Westminster House Blacklocks Hill Banbury Oxfordshire OX17 2BS United Kingdom</p>	<p><b>France</b> Euro Ops International 3 rue de Bischwihr 68280 Andolsheim France</p>	<p><b>Germany</b> GLIS Gesellschaft für Luftfahrt- und Infrastruktur-Sicherheit GmbH Chiemsestr. 25 D – 83233 Bernau am Chiemsee Germany</p>
<p><b>KSA</b> Westminster Arabia Building No. 436, Olaya Main Road Al Woroud District Riyadh 11531 Saudi Arabia</p>	<p><b>Ghana</b> 10th Estate Rd, Kanda, Accra, Ghana</p>	<p><b>Sierra Leone</b> 60 Wellington Street Freetown Sierra Leone</p>

## Overview

Following the challenges of the previous two years due to the global pandemic, associated lockdowns and travel restrictions, we entered 2022 with optimism. We could see that the impact of the pandemic was coming to an end and business confidence was returning.

Sadly, the Russian invasion of Ukraine and the global economic turmoil that followed has created a number of new challenges, although also some opportunities.

Stock markets, particularly with small cap companies, have been impacted, access to capital has become more challenging, rising prices, inflation and global uncertainty all make for a more challenging business environment.

Governments and corporations are reviewing budgets and spending plans, postponing capital expenditure and creating delays in some order placements, as we experienced with a delayed multi-million-dollar Technology project we were verbally awarded in early 2022 and was anticipated to be completed that year. Due to the country's currency issues causing budget constraints the project was delayed and will hopefully go forward in 2023.

Against that backdrop and despite the delayed Technology project mentioned above we still achieved a 35% increase in our revenues to £9.5m (2021: £7.1m) and a 99% reduction in losses to an effective break-even position £0.0 (2021: loss of £1.9m), with many areas of the business trading at new highs.

Despite other disappointments in the year, such as the continued delay in the ratification of our DRC contract, which is covered in the Chief Executive Officer (CEO) report, there were a number of notable successes and achievements. Of these I was particularly proud that Westminster was chosen to provide the security screening solution for our late Queen Elizabeth II's lying in state. This was a complex project for which Westminster had been identified and selected some time ago and we have been planning and rehearsing for the event for some time. I was impressed by the speed and professionalism with which we undertook the assignment and I wish to pay tribute to all our staff involved in that sad but prestigious event.

## Corporate Conduct

As a company whose shares are traded on the AIM market of the London Stock Exchange, we recognise the importance of sound corporate governance throughout our organisation, giving our shareholders and other stakeholders including employees, customers, suppliers and the wider community confidence in our business. We endeavour to deliver on our corporate Vision and Mission Statements in an ethical and sensitive manner irrespective of race, colour or creed. This is not only a requirement of a well-run public company but makes good commercial and business sense.

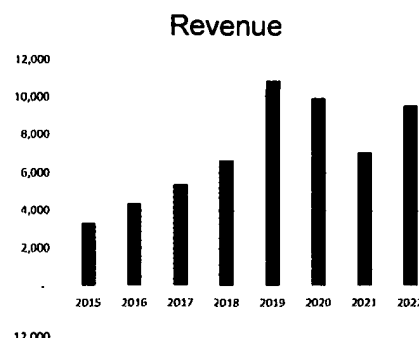
In my capacity as Chairman, I have ultimate responsibility for ensuring the Board adopts and implements a recognised corporate governance code in accordance with our stock market status. Accordingly, the Board has adopted, and is working to, the Quoted Companies Alliance (QCA) Corporate Governance Code 2018. The Chief Executive Officer (CEO) has responsibility for the implementation of governance throughout our organisation, commensurate with our size of business and worldwide operations.

The QCA Corporate Governance Code 2018 has ten key principles and we set out on our website how we apply those principles to our business, and more detailed information is provided in these accounts.

We operate worldwide with a focus on emerging markets and in a sector where discretion, professionalism and confidentiality are essential. It is important that we maintain the highest standards of corporate conduct. The Corporate Governance Report in this annual report sets out the detailed steps that we undertake to ensure that our standards, and those of our agents, can stand any scrutiny by Government or other official bodies.

## Corporate and Social Responsibility

As a Group, we take our corporate and social responsibilities very seriously, particularly as we operate in emerging markets and in some cases in areas of poverty and deprivation. As highlighted in the CEO Report we are building on our environment, social and governance strategies. I am proud of the support and assistance we as a business provide in many of the regions in which we operate, and I would like to pay tribute to our employees and other individuals and organisations for their generous support and contributions to our registered charity, the Westminster Group Foundation. We work with local partners and other established charities to provide goods or services for the relief of poverty or advancement of education or healthcare making a difference to the lives of the local communities in which we operate. For more information or to donate please visit [www.wg-foundation.org](http://www.wg-foundation.org).

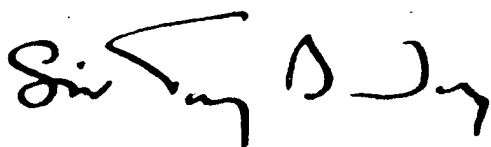


***Employees and Board***

Our overriding priority however is and has been the safety and wellbeing of our people around the world and to continue to provide a valuable service to our customers. To those ends, we put in place various precautionary measures, including cost reductions and are undertaking regular risk assessments for all areas of our business. We have put in place processes and safe working practices, with a number of employees working from home.

We have not made any changes to the Board this year. I do however congratulate Lorraine Hellend on her promotion to Head of Sales as of 1 January 2023.

I would finally like to extend my appreciation to our investors for their continued support and to our strategic investors who are bringing their expertise to help deliver value for all.



**Rt. Hon Sir Tony Baldry DL**

Chairman

31 May 2023

**Business Description**

The Westminster Group is a global integrated security services company delivering niche security solutions and long-term managed services to high growth and emerging markets around the world, with a particular focus on long term recurring revenue business.

Our target customer base is primarily governments and governmental agencies, critical infrastructure (such as airports, ports & harbours, borders and power plants), and large-scale commercial organisations worldwide.

We deliver our wide range of Land, Sea and Air solutions and services through a number of operating companies that are currently structured into two operating divisions, Services and Technology, both primarily focused on international business as follows:

**Services Division**

Focusing on long term (typically 10 – 25 years) recurring revenue managed services contracts such as the management and operation of security solutions in airports, ports and other such facilities, together with the provision of manpower, consultancy and training services.

**Technology Division**

Focusing on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking, screening and interception technologies to governments and organisations worldwide.

In addition to providing our business with a broad range of opportunities, these two divisions offer cost effective dynamics and vertical integration with the Technology Division providing vital infrastructure and complex technology solutions and expertise to the Services Division. This reduces both supplier exposure and cost and provides us with increasing purchasing power. Our Services Division provides a long-term business platform to deliver other cost-effective incremental services from the Group.

We have a successful track record of delivering a wide range of solutions to governments and blue-chip organisations around the world. Our reputation grows with each new contract delivered - this in turn underpins our strong brand and provides a platform from which we can expand our business.

**Overview**

2022 has been a year of both challenges and achievements.

Challenges from the tail end of the global pandemic and associated travel restrictions, the challenges from the impact of the Russian invasion of Ukraine in February 2022, the resulting global economic turmoil and financial uncertainty, has resulted in governments and businesses reviewing their spending plans with the inevitable knock-on delays on contract awards.

I am pleased to report that, despite the challenges, we still delivered a 35% increase in revenues to £9.5m (2021: £7.1m). This was however, circa £4.6m short of full year expectations, set at the beginning of the year which, as reported in our 1 November 2022 update, was predominantly due the slippage of a multimillion-pound Technology project, verbally awarded in 2022 but delayed due to the country's budget constraints as a result of the economic downturn and now expects to be formally awarded and largely delivered in 2023. Despite this however we still achieved an effective break-even position with a 99% improvement in losses to £0.0m (2021: loss £1.9m), demonstrating the recovery underway from the previous years' challenges.

I am also pleased to report that all areas of our business delivered growth in the year. Our Technology Division delivered a 65% increase in revenues to £3.2m (2021: £2.0m) showing strong recovery from the pandemic challenges, whilst our Services Division delivered a 23% increase in revenues to £6.3m (2021: £5.1m) underpinning our growing recurring revenue businesses.

In terms of achievements, not only did we significantly increase year on year revenues, but we secured and delivered some notable and important accomplishments during the year such as providing an extensive screening solution for the late Queen Elizabeth II's funeral event in September 2022, which was a great honour. We secured important new contracts in the year, significantly increased our returning customers demonstrating brand loyalty, we continued to develop our pipeline of new large-scale opportunities including some exciting, long-term prospects and we continued to progress existing projects such as DRC and our West African Port project as detailed in our Divisional Review below.



**Divisional Review****Services Division**

Our Services Division and the growing recurring revenue base we are building is a key element to our future growth and I am pleased to report therefore that the Division has performed well with a 23% increase in turnover to £6.3m for the period which is at a record level despite our airport business having not fully recovered from the impact of Covid on the travel industry.

Our West African airport operations, which, like aviation across the world, had been severely impacted by lockdowns and travel restrictions during the Covid pandemic of the previous years, experienced a strong recovery from around 84% of pre-pandemic passenger numbers at the start of the year to achieving record monthly numbers by the end of the year and this trend has continued into 2023 which augers well for the future.

In addition, Summa Airports, who took over the running of Freetown International Airport in early 2023 completed the construction of an impressive new terminal which opened in April 2023, further increasing passenger experience and capacity. Westminster's contract with the government for the airport security remains in force and Westminster will, under separate contract with Summa, provide the aviation security services at the new terminal for at least the duration of Westminster's existing contract with the government, although this may be extended. Under its contract with Summa, Westminster will no longer be responsible for the cost of new or replacement security equipment and has reduced its fee accordingly, whilst SUMMA will be responsible for the cost of all required equipment and the collection of the security fees from airlines and will remit the funds based on passenger numbers in the preceding month directly to Westminster's designated bank account on a monthly basis, thereby reducing Westminster's costs and accelerating receipts. These changes, which do not affect economics of the project, are beneficial and we look forward to continuing growth from this project.

Both our guarding and training businesses were heavily impacted during the global pandemic over the previous couple of years and I am pleased to report both have rebounded strongly in 2022. Our training business has not only recovered to pre-pandemic levels but delivered record levels of revenues, securing new contracts from governments and organisations including a sizeable long-term contract for one of the UK's largest airports. The global pandemic demonstrated the importance of distance and online training and, we believe, the strategic decision we took some time ago to invest in building an online training capability, both in house and through strategic partnerships, will prove to be very beneficial and we expect this part of our business to continue to grow.

Our guarding business equally produced a remarkable recovery, not only securing important new business in the year but also a near doubling of revenues over the previous year.

As previously announced, we expected to secure one more long-term, large-scale managed services contract in 2022 and were close to achieving that. By year end we were at the final stages of negotiating a sizeable long term airport security project in West Africa. However, it is always difficult to accurately predict timing for such projects, which are complex and can involve various bodies in bureaucratic processes, but we still expect that contract to be secured and delivering a material contribution to revenues in 2023.

Frustratingly, the long overdue ratification process of our DRC contract, signed in June 2021, has still not been completed. This matter has taken far longer than anticipated, largely due to the Governments' internal procedures. However, an important step in the process was completed towards the end of 2022. We know that not only is the delay in finalising this matter a frustration for us and our shareholders but has become a significant issue for the government who recognise the importance of the project and the urgent need to improve the security of the country's airports. I would like to pay tribute not only to the tireless pursuit of this project by our staff involved but also the tremendous support we have received from the British Ambassador and Embassy staff in Kinshasa.

As previously reported, we have been waiting for our client to resolve the land issues for the construction of the new container port storage and inspection complex in West Africa, for which Westminster have been contracted to provide the screening operations under a 10-year managed services agreement, signed in June 2021. I am pleased to report that the land issue has now been resolved and construction of the port is due to commence this year.

We announced in November 2022 that the relationship with our local partners, Scanport, regarding our Ghana port project had become increasingly strained and that we were looking to resolve matters through mediation to include accelerated receipt in recompense for early termination, which would free up resources for new large-scale projects expected in 2023.

The matter is still in process. We have not included any revenues from this project in our 2023 internal projections although we anticipate reaching a settlement in the year. We will update the market on these various developments when appropriate.

**Technology Division**

We continue to experience healthy enquiry levels and during 2022 secured orders for our products and services from 60 countries (2021: 60) around the world.

The global economic turmoil and financial uncertainty created by the Russian invasion of Ukraine has resulted in governments and businesses reviewing their spending plans with the inevitable knock-on delays on contract awards. A case in point being the multi-million USD Technology project we were verbally awarded in 2022 and expected to be formally confirmed and completed by the end of the year but due to the economic situation and currency issues within the country concerned, the project keeps being delayed. This project is still a high priority for the client, and we have been informed by them that they expect to move forward in 2023. We also saw similar slippage with other large capital-intensive potential projects.

Notwithstanding the above the Division did still achieve a 65% increase in revenues to £3.2m (2021: £2.0m) and delivered some important successes.

In September 2022 we were honoured to have provided the extensive screening requirements at the late Queen Elizabeth II's lying in state. Westminster had been selected for this task some time ago and had been storing the required equipment and undertaking secret rehearsals with the police and authorities over the years in preparation. Within hours of the announcement of the Queen's passing we had mobilised and began preparations for deployment. It was a complex operation involving the deployment of a number of screening lanes and a Westminster team to be on duty at the event 24 hours a day for the duration. I am proud to say the everything ran smoothly, and credit is due to the exceptional service provided by our dedicated team. The fact we were chosen for this high profile, high security event is evidence of the reputation and professionalism associated with Westminster.

In January 2022 we announced that the \$1.7m airport security contract for two airports in South-East Africa, provisionally awarded in 2021, had been formally issued. The contract, funded by the European Investment Bank, involved the upgrading of security equipment, including new x-ray screening & metal detection equipment, an advanced CCTV surveillance system and new control and command centres at both airports. Westminster is providing a full turnkey solution including the design, supply and installation of the systems and will be establishing an engineering presence in-country for future maintenance and support services. This project is well underway and will be completed in 2023. The client is extremely pleased with Westminster's performance and has expressed interest in a long-term managed services programme once the project has been completed.

Other important new contracts secured in the period include a £300,000 contract to supply and install an advanced people and baggage screening solution within a West African parliament building. This project was successfully delivered in the year, and we are now in discussions on a much larger project to upgrade security at that parliament. We also supplied a wide range of technology-based security products and solutions to clients around the world.

In 2022 we reported on the initiative we have been pursuing regarding the forthcoming new legislation in the UK, Martyn's Law (amended Protect Duty). Martyn's Law is named after Martyn Hett, who at 29 years was killed in the Manchester Arena terrorist attack in May 2017. Martyn's mother, Figen Murray, has been a tireless campaigner and the force behind Martyn's Law legislation that will require many businesses giving access to the general public, to formally assess and take measures to address terrorism risks for the first time. Martyn's Law is set to have a profound and lasting effect on security provision in the UK – encompassing Publicly Accessible Locations (PALs) and requiring them to actively protect visitors and staff with appropriate levels of security. The Home Office estimates that 650,000 UK businesses could be affected by Martyn's Law, and this offers substantial business opportunities for Westminster's extensive portfolio of products and services.

Westminster has been supporting Figen and working on this opportunity for some time, and like many government related issues, the enactment of this legislation was delayed in 2022 it is now expected to become law in 2023. However, many organisations are proactively making arrangements to be compliant ahead of the legislation and in this respect, I am pleased that Westminster secured important new contracts. During 2022 we secured a contract to provide a 'Mass Screening' solution for an iconic building in London, and a similar contract, also for 'Mass Screening' to an important theatre and exhibition complex in the north of England. We are also in discussions with a number of important venues and sites in the UK for effective and large-scale security solutions ahead of the expected legislation. For more information on Martyn's Law see here <https://www.wg-plc.com/protect-duty#> or to see the latest news and video from Figen Murray see here <https://www.wg-plc.com/news/figen-murray-obee-martyns-law-amended-protect-duty>

Our various high profile security projects, such as the Palace of Westminster and the Tower of London, are performing well and we are discussing expanded operations.

In September 2022 Westminster Arabia was, after a long process, finally officially certified by the Saudi Arabian High Commission for Industrial Security (HCIS) for the supply, installation and maintenance of security devices. This certification is important and is required to bid for government regulated and/or funded endeavours (such as Giga Projects, critical infrastructure, transport etc.) and for the supply of products & services to Government affiliated companies. Few (if any) Saudi companies which are formed through joint ventures with foreign entities have achieved this status and the award of the licence is an important step forward for our business. Westminster Arabia remains an important component in our growth strategy.

Our German subsidiary, GLIS, situated to the Southeast of Munich, is focussed on supplying security technology and solutions to the European market. Post Brexit the business is particularly well positioned to serve the Group's EU clients. The team continues to secure a number of important new clients including US military bases and is developing substantial business opportunities in the region. Through GLIS, we continue to monitor the Joint Comprehensive Plan of Action JCPOA talks and are maintaining discussions with stakeholders (including the UK and German governments) however, despite the optimism of an EU brokered deal in September 2022, the fallout from the Ukraine war and other issues have meant a deal in the short term is unlikely. However, should circumstances change and the US and international sanctions, including banking be lifted, there remains an opportunity for our German office to revisit the substantial opportunities previously created.

Our French business, Euro Ops, continues to be a valuable strategic addition to the Group. The company provides aviation focussed services such as humanitarian flights and logistics, emergency flights, flight operations, charter and storage management. The company has not only brought new skills, services and revenues to the Group but provides greatly improved access to Francophone countries for the wider Group services, with some interesting project opportunities currently being pursued. One example a \$300,000 3-year contract, awarded in May 2022, to provide aviation support services and logistics for Swiftair and the UN in Mali.

### **Summary**

On a wider front, despite the challenges we have continued to progress various existing and new large-scale managed services project opportunities around the world which can and will provide step changes in growth should they be secured. No two opportunities are the same and each can have their own idiosyncrasies and challenges. As we have previously advised, project opportunities of this size and nature, particularly in emerging markets, are not only time-consuming and involve complex negotiations with numerous commercial and political bodies, but discussions can ebb and flow over many months, with periods of intense activity which can be followed by long periods of inactivity. It is however precisely because of such challenges that competition is limited and the opportunities offer transformational growth opportunities.

Whilst there is never certainty as to timing or outcome of the many project opportunities we are pursuing, we are making progress on a number of fronts, however due to the nature of the projects and the numerous bodies involved it is notoriously difficult to forecast timing of any contract award. I know this can be frustrating at times but the upside of securing such contracts with long-term, high margin recurring revenues is worth the efforts. We obviously cannot provide regular updates or details on contract negotiations, but we will provide market updates on material developments when appropriate and in line with our regulatory responsibilities.

In summary, despite the various challenges and in some cases because of them, 2022 was a busy year and whilst our results for the year were impacted largely by one multi-million USD Technology contract, delayed through budget constraints, our business has recovered strongly from the Covid impact, with some revenue streams now trading at record levels. We have continued to develop and deliver on business opportunities and during the year supplied goods and services to numerous countries around the world, including some notable achievements. We have continued to invest in our worldwide business development programmes in order to deliver on our growth potential, particularly in our long-term major managed services projects. We believe the benefits from these achievements will begin to be seen in 2023 and beyond and the Board and I remain excited by our growth prospects.

### **Strategy**

Our vision is to build a global business with strong brand recognition delivering advanced security solutions and long-term managed services, on Land, at Sea and in the Air, primarily to high growth and emerging markets around the world, with a particular focus on building multiple revenue streams, many of which involve long term recurring revenue business, from diverse sources in varying parts of the world, providing a degree of resilience to external events and enhancing shareholder value.

The Board considers strategy at each regular Board Meeting and has at least one 'off-site' strategy day each year to review the Company's rolling five-year Strategic Growth Plan and to consider new short-, medium- and long-term strategies that could be implemented to achieve our goals and to deal with changing global and economic issues.

As part of our strategy for growth, we will also continue to improve and enhance our Board and senior management team broadening our range of experience and expertise. If we are to maximise the substantial growth opportunities we are developing, particularly with our managed services operations, it is essential we have the right strategies, people, processes and systems in place to successfully deliver such growth.

Whilst we still believe that the opportunities we have been developing, primarily in emerging and high growth markets, are what will deliver exponential growth over the next few years, these can and do take time to develop and as we have seen, can be disproportionately impacted by global, regional and local events. Accordingly, one of the strategies we are now developing is to balance some of that risk by building more core business in the UK and developed world areas. We have made a good start with important contracts such as the Tower of London, Palace of Westminster, Scottish Parliament, HM Prisons, and the UK Border force, and we will be looking to materially increase such business through 2023 and beyond, not least by developing and delivering on opportunities created by the forthcoming Martyn's Law legislation, with two important mass screening contracts already delivered in relation to this strategy.

Given budget constraints for many companies resulting from the global economic situation another strategy we are exploring is with debt funding and leasing providers to transition large scale projects from a 'capital' purchase to a longer term, 5+ years, revenue model, which would also include maintenance and training. Given that some of these project opportunities can be multi-million dollars in value, we believe that this model brings added value which sets us apart from the competition and will be attractive to many potential clients; indeed, we are already in discussions with a few government bodies on this basis. With large scale projects such as these, there is never certainty of outcome or timing, but we are optimistic this initiative will lead to material and additional long-term revenues.

We are also looking to expand our global footprint through the development of our agent network and through strategic joint ventures (JVs) in key markets and regions, and we believe that this strategy will enable the Company to expand its sphere of operations in a controlled and cost-effective way.

Our risk strategies are developed from our Risk Committee who hold regular meetings and report to the Audit Committee. Mitigation and risk strategies are then developed to address potential risks, as we successfully did during the Covid pandemic. Covid is of course not the first and will not be the last external challenge for which we need to have strategies in place to deal with. In 2014, the world experienced the West African Ebola outbreak which caused huge problems for the region, and now the Russian invasion of Ukraine has world-wide implications. I am confident the strategies we have now and will further put in place, together with our diverse business model, will help us not only manage the challenges but seek new opportunities from them.

The challenges of the last few years have impacted our performance against our stated goals and accordingly, the Board has reset its key goals for 2023 as:

1. Improve ratio of enquiries received/quotations issued by number and quotations issued/orders received by value;
2. Increase product portfolio and sales achieved;
3. Increase our global footprint with new offices, agents, and strategic alliances;
4. Increase sales in the UK and other first world countries;
5. Secure at least one more long-term managed services contract;
6. Deliver another year of significant recurring revenue growth;
7. Deliver a material improvement in revenue and a move to profitability;
8. Deliver a sustained and material improvement in our share price;
9. Develop a more formal and structured Environment, Social, and Governance (ESG) strategy;
10. Instigate an Investors in People programme.

#### ***Environment, Social, and Governance (ESG) Strategy***

The Westminster Group takes its corporate and social responsibilities very seriously and recognises that sustainability across our various business sectors is important to us and our future growth, important to our shareholders and wider stakeholders. In this respect, one of our key goals for 2023 is to develop our existing corporate social responsibility and governance activities into a more formal and focussed ESG strategy.

The various ways in which we currently monitor and undertake governance, including environmental and social responsibilities of our business, are laid out in the Corporate Governance Report on pages 32-41 of this annual report.

Our people are our most valued asset, and we recognise that a happy and motivated workforce is important. We are an equal opportunities employer and endeavour to treat all our staff, equally, fairly and to assist them reach their maximum potential. We do this by having structured systems to support staff in their job roles and in providing training programmes to improve their skills. We hold regular meetings and appraisals with staff and welcome input and feedback suggestions.

We provide flexible working arrangements, including home working where possible. We provide free refreshments, allow gym time to help keep our staff healthy and provide medical support where appropriate. We organise team building and social events across our business units.

We take our social responsibilities very seriously including supporting the communities in which we operate and, in this respect, have our own registered charity – the Westminster Group Foundation – see here [www.wg-foundation.org](http://www.wg-foundation.org)

Equally, we take our environmental responsibilities seriously and look to minimise our carbon footprint, for example by use of electric vehicles where possible. As an international business, travel has always featured heavily in our business activities. One thing the recent pandemic lockdowns have demonstrated is that some of this travel can be replaced by remote meetings and conference by systems such as Microsoft Teams and Zoom, which has now become commonplace and far more accepted across the world. Accordingly, we intend to focus, where possible, on reducing travel by continuing with remote meetings. Where international travel is still necessary, we are investigating carbon offset programmes. We are also working towards ISO 14001 Environmental Management (EMS).

### **Performance Indicators**

The Group constantly monitors various key performance indicators for factors affecting the overall performance. At Group level, the revenues and gross margin are monitored to give a constant view of the Group's operational performance. A key focus for the Group is in building its recurring revenue base from contracted income relating to its managed services, maintenance and guarding contracts, and this is a key metric being monitored. Employment is the single largest cost base for the Group, the costs are strictly monitored to ensure best use of resources. Days Sales Outstanding is used to measure the cash conversion of revenue and identifies debtor aging issues this is low this year which is good but 2021 represents more normal levels.

The Services Division measures its performance in the four key areas of its deliverables – passengers served in its airport operations, vehicles and containers served in its port and border operations, the number of days training delivered by our training businesses and the number of guarding hours delivered by our guarding businesses.

The Technology Division measures its sales activity by reference to the number of enquiries received per month and the number of orders received. The number of countries served and number of return customers are monitored to give a view on the performance of the division. It is pleasing to see higher levels of return customers, demonstrating brand loyalty. The material increases in passengers served, training hours and guarding hours delivered are all indicators of the strong recovery from different parts of our business in 2022.

<b>Group</b>	<b>2022</b>	<b>2021</b>
Revenue	£9.5m	£7.1m
Gross Margin	54%	46%
Recurring Revenues	£5.6m	£5.4m
Days Sales Outstanding	30	57
Number of Employees	256	241
Average Employee Cost Per Head	£17,016	£18,129

<b>Services Division</b>	<b>2022</b>	<b>2021</b>
Passengers Served ('000)	124	77
Vehicles/Containers Served ('000)	958	1,090
Training Hours Delivered	5,906	1,136
Guarding Hours Delivered	38,508	29,677

<b>Technology Division</b>	<b>2022</b>	<b>2021</b>
Average Enquiries Per Month	168	293
Average Number of Orders Per Month	44	37
Number of Countries Supplied	60	60
Number of Return Customers	370	242

**Current Trading & Business Outlook**

We have commenced 2023 on a positive note with Q1 trading ahead of budget and, whilst remaining mindful of the global uncertainty which could yet have adverse impacts on trading, we expect 2023 to be a record year.

We commenced 2023 with £1.8m of work in hand which is a good start to the year, and we are experiencing increasing levels of enquiries from around the world for our products and services. Our business development teams are working on a number of exciting opportunities, and already we are seeing new contracts coming to fruition.

As mentioned in the Divisional Review above we believe the forthcoming Martyn's Law legislation which is due to become law in 2023 and which The Home Office estimates will affect circa 650,000 UK businesses, is a significant opportunity for our business and we look to build on the work we have done preparing for this and the successful contracts secured in 2022 and fully expect to secure further important new contracts in 2023.

Our West African airport operations have continued the growth we saw in 2022 and are currently running at record levels.

Our guarding and training businesses performed well in 2022 and we expect that to continue in 2023.

We traditionally secured one or two large-scale multi-million USD Technology solution sales projects each year although this has proved more challenging over the past couple of years due to customer spending constraints. However, we do have several potential projects in the pipeline, including the postponed project from 2022, which we expect to materialise in 2023.

We are focussed on building our recurring revenue base of contracted income, particularly from long term contracts, which is, and will continue to be, a key growing strength of our business. In this respect we commenced 2023 with over £5m of annual recurring revenues, which we expect materially increase through new contracts during the year.

As mentioned in the Divisional Review there are developments regarding the long overdue ratification of our DRC contract and we are hopeful this prolonged process will be finally concluded and the programme will move forward this year.

We are also encouraged that the land issue regarding our West African port project has been finalised and that construction on the new container storage and inspection area can commence.

As previously mentioned, we have not included any revenues from the Ghana port operation in our 2023 internal projections although we anticipate reaching a settlement during the year.

We continue to invest in our worldwide business development programmes in order to deliver on our growth potential, particularly in our long-term major managed services projects. We believe that we will secure at least one, possibly two, long-term managed services contract in 2023, each producing a multi-million dollar step change in revenues.

The foregoing, outlining the recovery and growth we are seeing in our various businesses, together with our business model and the opportunities we have been developing over the years which, despite the challenges and setbacks we have experienced in recent years, underpin our confidence for the future growth of our business. Building on our 2022 results, we believe a record year of revenues and profitability are in sight for 2023. The key to achieve this, of course, is to secure new contracts with enough time to recognise revenues in the year and we are working hard to deliver that.



**Peter Fowler**  
Chief Executive Officer

31 May 2023

**Revenue**

2022 revenues of approximately £9.5m (2021: £7.1m) are up 35% with all areas showing increases despite the Ukrainian war and general turmoil in the world. However, large projects continued to be delayed awaiting confidence that the world was returning back to more normal times.

Services revenues increased by 23% to £6.3m (2021: £5.1m). This was because of the continuing strength of our West African Airport passenger levels during the year, combined with Guarding revenues up 35% and training hours over 5 times the number in 2021 as the world needs to train to recover from staff lost in the pandemic.

Westminster's Technology Division revenues were up 65% to £3.2m (2021: £2.0m). 2021 did not have any large solutions sales whereas in 2022 the market was returning albeit a number of expected contract awards were delayed.

**Gross Margin**

Despite an increase in Technology Solution sales (typically at 15% to 20%), which would normally bring down the average margin; better Technology margins and the increase in higher margin Services Division sales was enough to improve the Gross Margin Percent to 54% (2021: 46%).

**Operating Cost Base**

Group administrative costs increased by 7% to £5.5m (2021: £5.2m) in total. A little over one third of the increase was because in 2021 we had £141,000 of support under the Covid furlough scheme whereas there was none in 2022. Approximately another third is the full year effect of growth initiatives started in 2021. The rest is because of the general inflationary background despite strenuous efforts to control costs.

**Effect of Covid-19**

Whilst Westminster has mitigated certain effects of the Covid-19 pandemic due to its multi revenue stream business model and early action taken by management to plan for the crisis, there is no doubt that Covid-19 did have a significant impact on the business and the performance in 2021. This has continued into 2022 as the prevailing economic situation has not fully returned to pre-covid levels in our sectors.

**Operational EBITDA<sup>^</sup> from underlying operations**

The Group's loss from operations was £0.3m (2021: £1.9m). When adjusted for the exceptional and non-cash items and depreciation and amortisation, as set out below, the Group recorded an EBITDA<sup>^</sup> loss from underlying operations of £0.1m (2021: £1.7m loss).

**Reconciliation to EBITDA<sup>^</sup> from underlying operations**

	2022	2021
	£'000	£'000
Loss from operations	(325)	(1,917)
Depreciation, amortisation and impairment charges	252	244
Reported EBITDA	(73)	(1,673)
Share based expense	-	-
Exceptional items	-	-
EBITDA <sup>^</sup> from operations	(73)	(1,673)

<sup>^</sup> This is an Alternative Performance Measure refer to Note 2 for further details

**Finance Costs**

Total finance costs for 2022 £0.0m (2021: £0.0m), because the Group has very low debts. There was an underlying cash charge of £0.0m (2021: £0.0m).

**Earnings Results for the Year**

The Group loss before taxation was £0.4m (2021: £1.9m). The Group loss after tax was £0.0m (2021: £1.9m loss) and the loss per share was 0.00p (2021: 0.62p).

**Statement of Financial Position**

The Group's gross assets amounted to £10.0m on 31 December 2022 compared with £9.3m on 31 December 2021. The main movement was a reduction in cash offsetting a £0.6m decrease in working capital and funding the losses.

The Group's current assets amounted to £5.6m on 31 December 2022 (2021: £5.3m) for the same reasons as the change in total Group assets.

The Group's trade and other receivables balance as at 31 December 2022 was £4.8m (2021: £3.7m). Average days sales outstanding at the year-end were 30 (2021: 57). This was improved by the large solution sale close to the year end.

Cash and cash equivalents were £0.3m at 31 December 2022 compared with £0.9m at 31 December 2021. The decrease is mainly due to losses and movement in working capital.

Trade and other payables were £2.6m (2021: £1.8m) and average creditor days were 51 (2021: 43).

A deferred tax asset of £1.3m (2021: £1.0m) was held at the year end the movement related to the increase in expected tax rate.

Total equity on 31 December 2022 stood at a surplus of £7.4m (2021: £7.5m).

Again, the large solution sale close to the year-end has distorted the figures.

**Key Performance Indicators**

The Key Performance Indicators by which we measure performance of our business are set out in the Chief Executive Officer's Report on page 13.

**Equity Issues**

There were no equity issues in 2022 (2021: Funds raised £2.51m)

**Summary of Warrants**

As at 31 December 2022 the warrants outstanding were:

Number	Holder	Strike Price (p)	Issued	Life	Vesting Criteria
170,455	S P Angel	22.0	31 January 2018	5	At grant
3,499,222	RiverFort	5.2	21 January 2020	4	6 months after grant: - detachable

The S P Angel warrants have now lapsed.

For further details on warrants, refer to Note 21 pages 97-98.



**Cash Flow Statement**

During the year, the Group had an operating cash outflow of £0.7m (2021: outflow £3.3m) which arose from the loss and an adverse working capital movement of £0.6m (2021: £1.6m adverse) which was a decrease in receivables, investment in the new projects and an increase in payables.

During the year, the Group raised nothing from the issue of new equity (2021: £2.51m gross).

<b>Reconciliation from adjusted EBITDA<sup>^</sup> to normalised operating cash flow</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Adjusted EBITDA<sup>^</sup></b>	<b>(73)</b>	<b>(1,673)</b>
<b>Loss on asset disposal</b>	<b>(4)</b>	<b>-</b>
<b>Net changes in working capital</b>	<b>(569)</b>	<b>(1,632)</b>
<b>Movement on tax</b>	<b>354</b>	<b>(11)</b>
<b>Net Cash used in underlying operating activities</b>	<b>(292)</b>	<b>(3,316)</b>

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

**Principal risks and uncertainties**

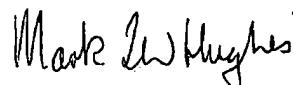
The principal risk and uncertainties facing the Group are outlined on pages 20– 23.

**Going Concern**

The assessment of Going Concern is summarised in the Directors' Report on page 55.

**Events after the Reporting Period**

These are fully set out in note 28 on page 104.



**Mark L W Hughes**  
Chief Financial Officer

31 May 2023

<sup>^</sup> This is an Alternative Performance Measure refer to Note 2 for further details

### Risk Management Responsibilities and Reporting Structure



#### Risk Management

Westminster, as a specialist security and managed services group operating in an international environment, primarily emerging markets, is exposed to a variety of risks and uncertainties which are monitored and controlled by the Group's internal risk management framework.

Overall responsibility for risk management lies with the Board who ensure that risk awareness is set at an appropriate level.

To ensure that risk awareness is set at an appropriate level the Board has delegated responsibility for the risk identification and assessment to a Risk Committee comprising of Executive Directors and Senior Management.

The Risk Committee is responsible for identifying risks, defining the Group's risk management strategy and maintaining the Group's Risk Register.

The Risk Committee liaises with Divisional Management to help identify operational and commercial risks and to ensure Divisional Management undertake agreed mitigation strategies.

The Risk Committee reports to the Audit Committee and the Audit Committee is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and the Risk Register.

The Chairman of the Audit Committee reports to the Board on risks and risk management.

The Board reviews the Audit Committee reports on a regular basis and considers whether the Risk Management Committee has appropriately identified the principal risks and mitigation strategies to which the Group is exposed.

The Board monitors the Group's risk management systems through this consultation and also through the Group's divisional monthly management meetings, where at least two executive Directors are present. The risks and trends are a focus of each division's monthly management meeting, where their performance is also assessed against budget, forecast and prior year. In addition, key performance indicators are used to benchmark operational performance for all operations.

While it is acknowledged that the Group faces a variety of risks, the Board, through the processes set out above, has identified the principal risks and uncertainties that could potentially impact upon the Group's short to medium term strategic goals and these are shown below, together with how we manage or mitigate them:

***Risk Management Committee***

The Committee's Terms of Reference were last reviewed and approved by the Board on 23 March 2023 and can be viewed on the Corporate Governance section of the Company's website ([www.wsg-corporate.com](http://www.wsg-corporate.com)).

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

The Committee will be appointed by the Board and should be a balance of executive directors and senior management.

The purpose of the Risk Management Committee (the "Committee") is to perform centralised oversight and policy setting of risk management activities and to provide communication to the Audit and Risk Committee which communicates with the Board of Directors (the "Board") of the Westminster Group (the Company) regarding important risks and related risk management activities. The Committee's key areas of responsibility are:

- Oversight of risk;
- Adherence to internal risk management policies and procedures;
- Compliance with risk-related regulatory requirements;
- External risk assessments in relation to the Group's international business; and
- Maintenance of the Group's Risk Register.

The Committee monitors the Group's risk management and internal control processes through detailed discussions with management and executive directors, the review and approval of the reports and position papers which focus on the areas of greatest risk to the Group.

As part of its standing schedule of business, the committee carried out an annual risk assessment of the business to formally identify the key risks facing the Group. Full details of this risk assessment and the key risks identified are set out in the Risk & Risk Management section of this Annual Report on pages 20 to 24.

***Committee Membership***

The current Risk Management Committee members are:







- **Peter Fowler (Group CEO) (Chair)**
- Mark Hughes (Group CFO)
- Stuart Fowler (Group COO)
- Roger Worrall (Group Company Secretary)
- Joanna Fowler (Head of Services Division)
- Hamish Russell (General Manager Technology Division)

The Board considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties.

The principal risks and uncertainties which could have a material impact on the Group's business, performance or reputation are set out below. The principal risks are identified by the Risk Management Committee based on the likelihood of occurrence and the potential impact on the Group as a whole.

In addition to the risks disclosed below, the Risk Management Committee monitors and manages a wide range of other risks to which the Group may be exposed.

### Risk Flags

Likelihood	Impact
 Unlikely	 Will have an impact but easily dealt with
 Possible	 Impact will be moderate but may cause some difficulties
 Expected	 Major impact which could result in a material adverse effect on the Group and / or its stakeholders

Macro-economic Risks	
Material Government Action	
Risk	Mitigation Strategy
<p>The Group operates in emerging and frontier markets and could be exposed to the political, geographic and economic risks of such territories.</p> <ul style="list-style-type: none"> <li>Arbitrary action by governments or governmental entities disrupting operations, cancelling contracts, unfair calling of bonds or other direct interference.</li> <li>Changes in governmental policy around environment, trade, investment or foreign policy could adversely affect the Group's operations.</li> </ul>	<ul style="list-style-type: none"> <li>Develop and maintain strong relationships with trade bodies and industry partners.</li> <li>Develop and maintain relationship with local embassies.</li> <li>Use local advisors and partners where possible.</li> <li>Use insurances where possible to provide cover.</li> <li>Work to ensure that the Group's activities are not significantly concentrated in any one individual customer or territory.</li> <li>Develop and maintain links with governments in project territories.</li> </ul>
War & Terrorism	
Risk	Mitigation Strategy
<p>There is an ever-present risk of war or terrorism around the world which is both an opportunity and risk for the Group.</p> <ul style="list-style-type: none"> <li>Terrorist explosives planted in luggage or smuggled through Airport/Port secured by Westminster.</li> <li>War or Terrorist event anywhere around the world can have adverse effects on global trade and travel which would affect the Group's operations.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure staff are adequately trained for and informed of the risks surrounding their role in the Group's operations.</li> <li>Undertake Overt &amp; Covert Testing Including Threat Image Projection on X-Ray Scanners</li> <li>Adopt additional technologies such as Artificial Intelligence to enhance our detection capabilities.</li> <li>Adopt a code of conduct for staff in relation to their actions whilst at work and on deployment overseas.</li> <li>Use multiple brands in across the business to reduce exposure to reputational damage.</li> <li>Ensure regular risk assessments are undertaken for major projects and that mitigation actions are in place.</li> <li>Use wardens in countries with permanent Ex Pat staff</li> <li>Maintain an incident response plan for all major projects.</li> <li>Source independent reports of project country status.</li> </ul>

**Financial Risks****Material Financial Event**

Risk	Mitigation Strategy
<p>As a growing company there are financial risks which must be carefully managed.</p> <ul style="list-style-type: none"> <li>• Lack of available cash flow to undertake or complete projects.</li> <li>• Changes in Tax regimes could have a negative effect on the Group's results.</li> <li>• A material bad debt could have a significant effect on the Group's results and cash flows.</li> <li>• Forex &amp; exchange control risks on international transactions.</li> <li>• Availability of Funding in a Crisis</li> </ul>	<ul style="list-style-type: none"> <li>• Regular cash flow management.</li> <li>• Manage &amp; minimise cash need of projects where possible by matching supplier and customer payment terms.</li> <li>• Use direct settlement e.g., IATA or Letters of Credit.</li> <li>• Undertake regular active debtor management.</li> <li>• Use milestone payments on projects.</li> <li>• Closely monitor large debtors, undertake credit checks and use credit insurance where possible.</li> <li>• Where possible match purchases and sales in same currency.</li> <li>• Hedging where appropriate.</li> <li>• Build up a cash reserve to cover potential crisis issue.</li> <li>• Review use of credit insurance.</li> </ul>

**Increased Cost of Capital**

Risk	Mitigation Strategy
<p>Some of the larger opportunities which the Group are working towards have a significant requirement for financing. Should this financing come with a higher-than-expected cost this may adversely affect the financial expectations of these projects.</p>	<ul style="list-style-type: none"> <li>• Maintain regular dialogue with multiple funding sources, put in place project finance facility.</li> <li>• Build reserves to cover potential funding milestones.</li> </ul>

**Legal & Compliance Risks****Breach of Legislation/Regulations**

Risk	Mitigation Strategy
<p>The Group is exposed to regulations and legislation in the UK and in the countries in which the Group operates or purchases from. Risks could include:</p> <ul style="list-style-type: none"> <li>• Breach of corruption or anti bribery legislation.</li> <li>• Breach of sanctions or export controls.</li> <li>• Breach of stock market regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain strict policies for all compliance risks and regularly review policies against best practice.</li> <li>• Ensure regular staff training is undertaken including ensuring new staff fully understand anti bribery requirements, sanctions/controls and stock market requirements.</li> <li>• Ensure any agent or business partner contractually commit to obligations regarding compliance and undertake background checks ahead of their appointment.</li> <li>• Ensure up-to-date export control policy and check new products for export-controlled content.</li> <li>• Use software tools where possible to monitor and ensure compliance with regulations.</li> <li>• Regular contact with our Nominated Advisor and close control of price sensitive information.</li> </ul>

**Change in Sanctions**

Risk	Mitigation Strategy
<p>Some of the countries in which the Group operates could be affected by sanctions.</p> <ul style="list-style-type: none"> <li>• Change in sanctions status of operational country could prevent the continuation of a project.</li> <li>• Change in sanctions status in supplier country may increase project costs and require resourcing or suppliers' ability to deliver.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor world events for potential changes in sanctioned status.</li> <li>• Maintain Sanctions Policy.</li> <li>• Maintain sanctions list within CRM system to flag potential sanctioned enquiries.</li> <li>• Regularly check sanctions for high-risk projects.</li> <li>• Ensure multiple suppliers for key products.</li> </ul>

**Corporate Criminal Offence**

Risk	Mitigation Strategy
<p>The Group operates across multiple tax jurisdictions and needs to ensure its various businesses and all employees operate in accordance with relevant tax laws. The UK's 2017 Corporate Criminal Offence covers two areas:</p> <ul style="list-style-type: none"> <li>• The evasion of UK tax; and</li> <li>• The evasion of foreign tax.</li> </ul>	<ul style="list-style-type: none"> <li>• Operate in compliance with taxation legislation in areas of operation.</li> <li>• Seek professional advice where appropriate.</li> <li>• Monitor and audit the Group's financial operations and Human Resources.</li> <li>• Maintain a Corporate Criminal Offence Policy.</li> </ul>

Physical / Staff Risks	
Staff Incident	
Risk	Mitigation Strategy
<p>We operate in often physically challenging locations that present a range of risk for our staff.</p> <ul style="list-style-type: none"> <li>Medical Emergencies such as Typhoid and Malaria etc.</li> <li>Accidents at work or whilst on assignment in a country.</li> <li>Personal Security from the threats of theft, attack, or kidnap etc.</li> <li>Incidents whilst travelling.</li> </ul>	<ul style="list-style-type: none"> <li>Adopt policies / code of conduct for staff in relation to their actions whilst at work and on deployment overseas.</li> <li>Undertake regular health and safety reviews.</li> <li>Maintain insurance cover including medical evacuation and other risks.</li> <li>Carry out staff training and provide country briefings prior to any deployment overseas.</li> <li>Keep a log of employee medical requirements.</li> <li>Locally retained doctor and first aiders.</li> <li>Secure compounds / safe assessed hotels / guards.</li> <li>Maintain emergency response plans.</li> </ul>

Information Technology Risks	
Failure of Major IT Equipment	
Risk	Mitigation Strategy
<p>The Group's systems and data are subject to security and availability risks, particularly in some of the territories the Group operates in.</p> <ul style="list-style-type: none"> <li>Loss of hardware systems and data.</li> <li>Loss of phone or email communications.</li> <li>Loss of cloud-based software and data.</li> </ul>	<ul style="list-style-type: none"> <li>Implement redundant systems where possible.</li> <li>Move to cloud-based systems.</li> <li>Ensure regular backups of company data.</li> <li>Where possible provide dual internet connectivity options.</li> <li>Ensure fail over services are provided where possible.</li> </ul>
Cyber Attack	
Risk	Mitigation Strategy
<p>The Group's profile around the world and sectors within which it operates heightens the risks of cyber-attack.</p> <ul style="list-style-type: none"> <li>Cyber-attack to the website reduces selling opportunities and/or damages the Group's reputation.</li> <li>The loss of customer data through a cyber-attack causing reputational damage.</li> <li>A ransomware or similar attack restricting the Group's access to Company data hindering the Group's operations.</li> <li>Cyber-attack on corporate and financial system.</li> <li>Fraud through eCommerce.</li> </ul>	<ul style="list-style-type: none"> <li>Implement industry standard protection software for all Company equipment and websites.</li> <li>Provide staff training and updates on the latest potential threats and vulnerabilities.</li> <li>Where possible segregate project services and data in unconnected systems.</li> <li>Move to cloud storage and maintain back up data.</li> <li>Anti-virus software and email checking software.</li> <li>Ensure confidential data</li> <li>Staff training on eCommerce transactions.</li> </ul>

Contractual Risks	
Major Project Failure	
Risk	Mitigation Strategy
<p>The failure to deliver a project to the required standard could result in a major incident and significantly damage the reputation of the Group.</p>	<ul style="list-style-type: none"> <li>Recruitment of appropriate qualified and experienced staff.</li> <li>Internal audits against international standards.</li> <li>Contractual liability limited (such as no airside liability taken) and implement adequate insurances.</li> <li>Carry out regular risk assessments.</li> <li>Contingency plans established for all staff positions.</li> </ul>
Material Contract Failure	
Risk	Mitigation Strategy
<p>Failure to deliver a contract in a timely manner, according to an agreed specification could lead to higher costs, penalties and reputational damage.</p> <ul style="list-style-type: none"> <li>Material breach of contractual terms.</li> <li>Unable to fulfil contractual obligations.</li> <li>A contract becomes onerous.</li> <li>Employee bribery causes breach of contract.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure employees are aware of contract terms for project on which they are working.</li> <li>Carry out regular monitoring of employee's progress on projects with training / mentoring and monitoring as needed.</li> <li>Regularly rotate employees where complacency or fatigue may develop.</li> <li>Where possible ensure alternative sources are available for project requirements.</li> <li>Undertake regular credit checks on suppliers.</li> <li>Proper review to ensure the Group does not take on a project where requirements are unachievable.</li> <li>Make sure contractual terms are adequate within proposals.</li> <li>Maintain good relationships with overseeing stakeholders.</li> <li>Regular staff anti bribery training.</li> </ul>
Major incident within a contract.	<ul style="list-style-type: none"> <li>Use AI Detection on screening systems where possible.</li> <li>Maintain a press plan and emergency response plan.</li> </ul>

Business Disruption	
<b>Loss of Key Staff</b>	
<b>Risk</b>	<b>Mitigation Strategy</b>
The loss of key personnel or the failure to have an adequate succession plan could have an impact on the Group's overall performance.	<ul style="list-style-type: none"> <li>• Restrict travel for multiple key staff on a single trip.</li> <li>• Maintain up to date job descriptions and recruitment plans.</li> <li>• Ensure competitive remuneration packages.</li> <li>• Cross training between staff.</li> <li>• Succession planning.</li> </ul>
<b>Hostile Action</b>	
<b>Risk</b>	<b>Mitigation Strategy</b>
The effects of outside hostile interference in contracts and operations could have a significant effect on the Group.	<ul style="list-style-type: none"> <li>• Ensure we have good professional advisors and that our contract information is sound.</li> </ul>
<b>Global Events</b>	
<b>Risk</b>	<b>Mitigation Strategy</b>
Business is affected by War, Civil Unrest or Natural Disaster.	<ul style="list-style-type: none"> <li>• Monitor global situations.</li> <li>• Have contingency plans including emergency response team.</li> </ul>
Worldwide business global events such as SARS in 2008, the Ebola crisis in 2014 or the Coronavirus Covid-19 pandemic in 2020 can have serious consequences for the Group's operations and results.	<ul style="list-style-type: none"> <li>• Build the business with multiple revenue streams coming from multiple customers in multiple regions to help limit impact.</li> <li>• Maintain cash reserves as buffer to unforeseen events.</li> <li>• Seek government support where available.</li> <li>• Maintain regularly updated Risk Assessments.</li> <li>• Maintain social distancing within offices.</li> <li>• Use home working as much as possible.</li> <li>• Use online meetings where possible.</li> <li>• Undertake risk assessments of all proposed travel.</li> <li>• Undertake risk / reward analysis of the merits of any travel.</li> </ul>
<b>Failure of Infrastructure</b>	
<b>Risk</b>	<b>Mitigation Strategy</b>
Westminster's performance is dependent on the availability and quality of its physical infrastructure, its information technology.	<ul style="list-style-type: none"> <li>• Implement a disaster recovery plan.</li> <li>• Maintain disaster recovery insurance.</li> <li>• Expand use and setup of home working solutions.</li> <li>• Reduce reliance on paper records.</li> </ul>

**Section 172 Statement**

The Directors are well aware of their duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Board recognises that the long-term success of the Westminster Group requires positive interaction with its stakeholders. Positive engagement with stakeholders will enable our stakeholders to better understand the activities, needs and challenges of the business and enable the Board to better understand and address relevant stakeholder views which will assist the Board's in its decision making and to discharge its duties under Section 172 of the Companies Act 2006.

In the following section we identify our key stakeholders, how we engage with them and key activities we have undertaken during the period in question.

**Stakeholders****Our People**

**Our People are our most valuable asset and are critical to the delivery of our strategy and the future growth of our business. We directly employed an average of 256 (2021: 241) people in 2022 and indirectly many more people around the world. We are fortunate to have a great team of talented and motivated people in our Group and it is important to retain and develop them so that we can attract and inspire new people to join us as we grow our operations worldwide.**

**How we engage**

- Whilst we have reporting structures in place with line, country and divisional management teams, we operate an open-door policy and employees can speak to senior management or Board Directors about issues or ideas.
- The Board and senior management engage with employees through a range of formal and informal channels, including regular meetings and team briefings, and in certain territories involving trade unions.
- We have formal induction and appraisal systems in place for new and existing employees.
- We operate a companywide intranet system with useful information for our people and we utilise Microsoft Teams for collaboration amongst our diverse teams and businesses.
- We hold social events in different jurisdictions for our people in various locations when local rules allow i.e., outside of lockdown periods.
- The Group CEO provides updates and presentations to our people on important Company developments.
- The Group Chairman and other board members meet individual employees when appropriate.
- We encourage our people to have a culture of respect and integrity and operate a whistle blowing policy.

**Key Activities During 2022**

- We continued with our employee appraisal system throughout our business.
- We expanded our workforce with excellent new people in the UK and overseas.
- We held several employee awards ceremonies virtually in the year recognising individual achievements.
- We continued to engage directly with employees and via video conference.
- We continued to train our people as appropriate for their role.



### Our Strategic Partners

In previous Annual Reports, we have stated that, in addition to our organic growth, one of the growth strategies we had instigated was to look at targeted strategic alliances and joint ventures in key markets and regions, which would enable the Company to expand its sphere of operations in a controlled and cost-effective way. Our network of agents around the world also remain an important part of our global footprint and we need to ensure our agents are kept informed and motivated.

#### How we engage

- We identify regions and markets where the added strength and local knowledge of strategic partners would enable us to better penetrate that market.
- We analyse the suitability of such markets including legal and financial implications of entering into agreements etc.
- We enter into dialogue and if appropriate confidential commercial and contractual negotiations led by our CEO and CFO.
- We liaise with our agent network around the world on new products, services and opportunities.

#### Key Activities During 2022

- Worked closely with Figen Murray OBE, on Martyn's Law, her son died in the Manchester Arena attack.
- Marketing Martyn's Law related security products and services, the Home Office estimates 650,000 business in the UK will need to comply with the new legislation.
- Deployed Mass People Security Screening systems at two iconic locations in the UK.
- Two Airports \$1.7m project in Southeast Africa, installations commenced and nearly completed.
- Palace of Westminster assisted screening of 350,000 persons and their hand carried items at the late HM Queen's laying in state.
- Our Westminster Arabia entity now has the relevant licences to trade in security related projects.
- Negotiated and won a prestigious contract for a West African Parliament.
- We held regular virtual meetings and dialogues with all our Strategic Partners.
- Continued a review and re-engagement programme with our network of agents.

### Our Shareholders

The support of shareholders is vital to the long-term success of the Group. We are fortunate to have many supportive individual and strategic investors, however the Board is committed to expanding its institutional investor base. The Board recognises that maintaining good communication, having constructive dialogue with its shareholders and providing them with access to relevant information is important although this must be balanced against the confidential and commercially sensitive nature of what we do. A list of significant shareholders holding 3% or more of the Group's shares is set out on page 51 of this report.

#### How we engage

- Our investor website ([www.wsg-corporate.com](http://www.wsg-corporate.com)) provides all required regulatory information as well as additional information shareholders may find helpful including: share services, information on Board members, advisors and significant shareholdings, a historical list of the Company's announcements, its financial calendar, corporate governance information, the Company's publications including historic Annual Reports and Notices of Annual General Meetings, together with share price information and interactive charting facilities to assist shareholders analyse performance.
- We provide Market Announcements on all regulatory matters.
- Our websites provide regular news of non-regulatory activities.
- The Group issues the market with an interim and annual report with detailed information on the business. These reports are also listed on our website.
- The CEO and CFO are available to meet with institutional and significant shareholders for briefings and presentations when appropriate.
- We engage with private investors whenever possible and investor correspondence is handled by the Company's IR/PR advisors, Walbrook. The CEO often responds to individual correspondence where appropriate.
- All Directors are required to attend and make themselves available to take questions from shareholders or address any concerns at the Annual General Meeting, the date of which is published on our website.

#### Key Activities During 2022

- We engaged with investors on topics of strategy, governance, developments, and performance.
- We issued our 2021 Annual Report on 29 April 2022 and our 2022 Interim Report on 18 August 2022.
- We held our AGM on 28 June 2022.
- CEO undertook investor focussed interviews with various broadcast organisations.
- Executives met either in person or virtually with investors and potential investors arranged by our stockbroker.

**Capital Providers**

Access to capital is of vital importance to the long-term success of our business, to fund growth and finance our large-scale Build-Operate-Transfer (BOT) & Build-Maintain-Transfer (BMT) projects which operate similar to a SaaS model with heavy investment early in the life of a project but generating predictable, quantifiable and growing revenues and returns over many years. The Board's goal is to have access to a range of capital sources weighted towards non-dilutive capital such as pure debt, bank finance and vendor financing, and away from dilutive capital such as equity and convertible loan notes etc.

**How we engage**

- Meetings, discussions & presentations to banks and financial institutions.
- Meetings and discussions with UK Export Finance and similar organisations.

**Key Activities During 2022**

- We continued to hold a number of exploratory and positive meetings with various banks and lending institutions ready for new contracts.
- We continued to explore working with UK Export Finance on some of our large-scale project opportunities.

**Our Customers**

Customers are central to the success of all businesses. The majority of our customer base, by value, comprises governments and government agencies, non-governmental organisations (NGOs) and blue-chip commercial organisations worldwide. Our business is focused on providing innovative and turn-key solutions that meet our customer requirements efficiently and on time. Understanding the needs of our customers is crucial to the delivery of reliable and effective products and services, which underpins the performance and success of our business.

**How we engage**

Through our sales and business development teams we endeavour to provide our customers with:

- A solutions-driven answer;
- Knowledgeable advice;
- A discrete and confidential service;
- A prompt response to enquiries and queries;
- A quality and regulatory support service;
- A technical service offering with training and maintenance support;
- We interact with our customer base as required and for larger customers and/or where required we engage at director level;
- Where possible we travel to engage with our customers; and
- We participate in industry forums and events.
- We also exhibit at selected trade shows which facilitate a high-level of interaction with a wide range of customers and provide an opportunity for us to brief them.

**Key Activities During 2022**

- Supplied numerous customers in 60 countries worldwide.
- Continued to expand customer base including important new customers.
- Continued to enhance the CRM software system.
- Continued to undertake regular internal sales meetings virtually and discuss customer activity, opportunities, and threats, which were reviewed at Board meetings.
- We continued to undertake our regular customer satisfaction feedback exercise following delivery of any product or service with a high positive response rate.
- There were various overseas visits to customers and customer visits to our UK HQ.

**Our Suppliers**

We are a solutions provider not a manufacturer and are product agnostic. We work with around 160 suppliers and look to choose the best products that meet our customer requirements for any given application. Whilst large manufacturers will have their own outlets and routes to market, many smaller manufacturers of niche and interesting security equipment do not have established or easy routes to market particularly in emerging markets. Our extensive website and market presence is therefore a useful route to market for some manufacturers and an opportunity for us. We rely on our suppliers to provide us with products and services which meet our quality, performance and delivery requirements, which in turn allows us to fulfil our commitments to our customers. Effective management of our supply chain is critical to ensuring the continuity of our business and reliable operational performance.

**How we engage**

- Our businesses engage with a broad range of suppliers on a day-to-day basis, to ensure that our expectations are met from a quality and delivery perspective, and to ensure that our suppliers are conducting their business in line with our own standards.
- Where appropriate we endeavour to enter into exclusive supply arrangements for specific products in order to protect our business development activities without committing to specific annual spend.
- We have advantageous supply arrangements with a number of leading suppliers of security equipment.
- We are regularly contacted by manufacturers of security equipment requesting that we market their products.

**Key Activities During 2022**

- We regularly interacted with our various suppliers.
- We engaged with new suppliers to expand our portfolio.
- Suppliers have carried out product training to our sales staff.
- Worked with some manufacturers to establish new routes to market.
- Our engineers attended technical training courses with manufactures both physically and virtually.

**Our Communities**

Our business, particularly our long-term managed services operations, operate predominantly in emerging markets and we recognise that we have an important role to play in the communities in which we operate.

**How we engage**

- We engage with our communities in a wide variety of ways from charitable giving to general support.
- We operate the Westminster Group Foundation [www.wg-foundation.org](http://www.wg-foundation.org)
- We work with local partners and other established charities to provide goods or services for the relief of poverty and advancement of education or healthcare making a difference to the lives of the local communities in which we operate.

**Key Activity During 2022**

- To view the many community support projects we are undertaking, visit [www.wg-foundation.org](http://www.wg-foundation.org)

**Governments and Regulators**

We operate in a sector which is sensitive and regulated. Many of our larger projects and opportunities involve governments and governmental bodies as well as regulators such as the International Civil Aviation Organisation (ICAO) or the International Maritime Organization (IMO) and it is important we understand the current rules and regulations for all our operations. Some of the equipment and services we provide may be subject to export restrictions and may require government approved export licencing. As a company whose shares are admitted to trading on AIM, we are subject to various regulations under the AIM Rules of the London Stock Exchange, the Market Abuse Regulations of the FCA as well as other regulatory requirements.

**How we engage**

- We maintain a regular dialogue with government bodies and regulators with respect to our operations and opportunities in order to assess opportunities and risks.
- We maintain a dialogue with the UK government and our various British Embassies and High Commissions in the countries we are involved in or targeting.
- We monitor international sanctions lists and our customer relationship management systems are used to identify customers, countries or projects that may be subject to sanctions or that require export licences.
- We have a comprehensive anti-bribery policy and procedure in place which all staff have to commit to.
- We liaise regularly with our Nominated Advisor and corporate lawyers in relation to our public share trading requirements.
- The Board reviews compliance activities at each Board meeting.

**Key Activities During 2022**

- We applied for and were granted 2 export control licences during the year (2021: 6 Licenses).
- We liaised virtually and, when possible, in person with a number of Ambassadors and High Commissioners from our overseas missions around the world.
- All Directors and staff undertake an anti-bribery webinar annually.

Westminster corporate strategy with regard to ESG, is to continue to meet environmental, economic, social, corporate governance goals. This will involve continuous measures to reduce energy use, waste, pollution and natural resources conservation: whilst employing a diverse and inclusive work force and meeting corporate governance requirements.

Westminster is aware that investors and fund providers are aligning their portfolios with ESG related companies that have a positive effect on society and the environment and intend to fulfil their obligations regarding ESG.

### **Environment**

Westminster supplies products and carries out projects throughout the world, these are planned and carried out with due regard to safeguarding the local environment.

Westminster is working to embed environmental sustainability throughout our operations to drive efficiencies and responsible resource use, including reducing energy, water, and resource consumption as well as greenhouse gas emissions.

The Company is also independently certified and operates an ISO 9001 Quality Assurance programme and is working towards ISO 14001 – Environmental Management. This involves the following:

- Work closely with our supply chain to reduce waste content;
- Recycle packaging material;
- Recycle equipment and parts where possible;
- Use renewable energy sources such as solar panels where possible;
- Provide a safe working environment for our employees and contractors;
- Do not use any harmful chemicals or pollutants.

The Company has the following Environmental related Policies that are reviewed each year by the board:

- Environment Policy,
- Smoking Policy,
- Fire Safety Policy

### **Social**

Westminster carries out projects throughout the world, where we actively engage with our local partners, communities, and other established charities to provide goods and / or services for the relief of poverty and advancement of education or healthcare making a difference to the lives of the local communities in which we operate. Many of these companies' projects are in emerging markets that presents challenges with language and logistics, religious, and cultural considerations.

Some of this charitable work is carried out via the Westminster Group Foundation [www.wg-foundation.org](http://www.wg-foundation.org)

The Group continued growth and long-term success is reliant on its relations with its stakeholders, both internal (employees and shareholders) and external (customers, suppliers, agents, business partners and advisors etc).

Employees are a key factor in delivering successful growth and as such the Company fosters an open and friendly dialogue with its workforce. The Company endeavours to keep its workforce informed on the Company's progress and holds regular meetings both formal and informal via social events.

Westminster remuneration policy is designed to encourage employees to deliver our strategy and create stakeholder value, and to motivate and retain them.

Westminster recognises ISO 26000 as a reference document that provides guidance for integration / implementation of social responsibility / socially responsible behaviour. In accordance with the principles of ISO 26000 we will endeavour to:

- Be accountable for our actions and activities.
- Be transparent about our activities and decisions that affect society, the economy, and the environment.
- Operate in an ethical manner in all our business operations.
- Be mindful of and respect our stakeholder interests, both internal stakeholders (employees and shareholders) and external (customers, suppliers, agents, business partners and advisors etc.);
- Respect the rule of law wherever we operate.
- Respect international norms of behaviour wherever we operate.
- Respect human rights in whatever we do and wherever we operate.
- We recognise that Social Responsibility is a process that will develop and evolve with practice and time and one in which all our employees have a role to play.

The Company has the following Social related policies that are reviewed each year by the board: -

- Health & Safety,
- First Aid including Health & Wellbeing,
- Anti Bribery & Corruption Policy,
- Anti-Slavery and Human Trafficking Policy,
- Corporate Social Responsibility Policy,
- Equal Opportunities Policy,
- Whistle-blower Policy,
- Code of Ethics,
- Grievance Procedure,
- Maternity Leave & Pay Policy,
- Paternity Leave & Pay Policy,
- Adoption Leave & Pay Policy,
- Parental Leave Policy,
- Drugs & Alcohol Policy
- Social Media Policy.

## **Governance**

Westminster as a listed company traded on the AIM market of the London Stock Exchange, recognise the importance of sound corporate governance throughout the organisation giving shareholders and other stakeholders including employees, customers, suppliers and the wider community confidence in our business.

The company complies with the requirements of Rule 26 of the AIM Rules for Companies 'Company information disclosure' <https://www.wsg-corporate.com/investor-relations/rule-26/>

Westminster Board have committed to the adoption of, and working to, the Quoted Companies Alliance (QCA) Corporate Governance Code 2018. The companies follows governance practices such as Participation, Rule of Law, Transparency, Responsiveness, Consensus Oriented, Equity and Inclusiveness, Effectiveness and Efficiency, and Accountability.

The Company operates in complex and challenging technological and geographical areas and as such has in place a board structure that can best provide the strategic advice and leadership required. The board structure consists of a PLC Board, Operational Board and an International Advisory Board.

There is a balance of Executive and Non-Executive Directors, including an Executive Chairman who is responsible for dealing with the strategic direction and long-term success of the Company. The Directors retire by rotation every three years either standing down or standing for re-election at the company's Annual General Meeting.

The Board meet every two months or at any other time deemed necessary for the good management of the business and at a location agreed between the Board members. The Non-Executive Directors are considered independent directors.

**Rt. Hon. Sir Tony Baldry DL - Executive Chairman**

Sir Tony has had a long a prestigious Parliamentary career. He was Personal Aide to Margaret Thatcher in the 1974 General Election and subsequently remained in her private office when she became Leader of the Opposition.

Sir Tony served as MP for North Oxfordshire from 1983 to 2015. He held various ministerial posts during the 1990s, serving as Minister of State in the Ministry of Agriculture, Fisheries and Food and as Parliamentary Under Secretary of State in the Foreign and Commonwealth Office, with a range of responsibilities including South Asia, Africa, North America and the West Indies.

Sir Tony, a practicing barrister, was awarded the Robert Schumann Silver Medal for contribution to European politics in 1975. He takes a keen interest in foreign affairs and was a Governor of the Commonwealth Institute and a member of the Overseas Development Institute. Sir Tony was Chairman of the House of Commons Select Committee on International Development in the 2010 Parliament.

**Mawuli Ababio – Independent Non-Executive Deputy Chairman**

Mr John Mawuli Ababio is an accomplished Corporate Financier/Investment Banker with over 30 years' experience in structuring private equity and project financing transactions in Africa.

He is currently Vice-Chairman/Managing Partner of PCM Capital Advisors a regional private equity fund with a diversified investment portfolio in several countries in the West Africa sub-region.

In 2021, the French National Order of Merit was presented to Mawuli in recognition of his distinguished efforts in the exercise of his duties in public, civil and private life as well as the promotion of the learning of French and French interest in Ghana.

Mawuli has extensive board and corporate governance experience having served on several listed and unlisted boards over the last 20 years, both as an Executive and Non-Executive Director. He is bilingual, speaking fluent English and French.

**Simon Barrell – Independent Non-Executive Director**

Simon Barrell is a Fellow of the Institute of Chartered Accountants in England and Wales. Following qualification, he spent 4 years working in Nairobi and has since also gained considerable international experience with a number of organisations.

After 11 years in the profession, Simon moved into the corporate world and has held various posts as Finance Director and has experience across multiple industries working in both the public and private sectors. He has also held numerous non-executive positions for a number of public companies and continues to act as an adviser to listed and non-listed companies. He is currently a non-executive director of SRT Marine Systems plc and Grafenia plc.

**Major General (Retired) Graham Binns CBE DSO MC – Independent Non-Executive Director**

Graham Binns is a highly decorated retired British Army officer with over 10 years' experience as a senior board level executive in the commercial security sector.

Graham served as General Officer Commanding 1st (UK) Armoured Division and then Commandant Joint Services Command and Staff College, retiring in 2010. He had previously commanded the 7th Armoured Brigade (the Desert Rats) during Operation Telic 1 when the brigade took Basra in southern Iraq.

Following his military career, Graham was recruited as Chief Executive Officer of Aegis Defence Services Ltd. providing security services to governments and major corporations throughout the Middle East and Africa, with revenues of £300m and a staff of over 3,000.

Following the acquisition of Aegis by GardaWorld, the world's largest privately owned security group with 122,000 employees and a turnover of \$3 billion, Graham served for several years as Senior Managing Director of GardaWorld International Protective Services, and more recently as their senior advisor on strategic client relationships.

**Peter Fowler - Chief Executive Officer**

Peter has over 50 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 various security businesses. He successfully carried out acquisitions and disposals and has held several senior positions in listed companies prior to leading Westminster.

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.

**Mark Hughes BSc MBA FCA - Chief Financial Officer**

Mark is an experienced Group Chief Financial Officer with over 30 years' experience in leading financial organisations, banking and corporate finance teams worldwide including in high growth and emerging markets. Mark is a fellow of the Institute of Chartered Accountants, holds an MBA from the University of Warwick and has an honours degree in Banking and International Finance.

**Stuart Fowler BEng (Hons) – Chief Operations Officer**

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.

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 company, full compliance with the UK Corporate Governance Code or the Quoted Companies Alliance Corporate Governance Code, is not a formal obligation. The Directors recognise the importance of sound corporate governance, and the Group has sought to adopt the recommendations of the Quoted Companies Alliance Code that are appropriate to its size and organisation and establish frameworks for the achievement of this objective. The Board of Directors operate within the framework described below.

### **Governance Framework**

The Board is responsible for ensuring leadership of the Group through effective oversight and review and aims to deliver the long-term sustainable success of the business. The Board discharges some of its responsibilities directly in accordance with the formal schedule of matters reserved for it to approve, and discharges others through Board committees and the executive management.

The key responsibilities of the Board, its committees and the executive management are set out below.

### **Executive Chairman**

**Responsible for:** leadership of the Board and the Board's effectiveness; ensuring board composition and skills meet the needs of the business; and for Board and Committee reviews.

### **The Board**

**Responsible for:** the long-term success of the Group, providing leadership, direction and strategy; promoting the core values of the business & oversight of financial management; ensuring the business has effective internal control and risk management systems; and ensuring effective stakeholder engagement.

#### **Audit Committee**

**Responsible for oversight of the Group's financial and risk reports and statements and external and internal audit processes.**

#### **Risk Committee**

**Responsible for the Group's risk management and internal control processes.**

See page 19  
(Risk Management Committee)

#### **Nomination Committee**

**Responsible for ensuring the Board and its committees have appropriate leadership and succession planning in place.**

#### **Operational Board**

**Responsible for management and governance of Group's divisions and business.**

See page 33-34  
(Board Structure)

#### **Remuneration Committee**

**Responsible for the setting of Directors' and senior leadership remuneration package policy, to attract and retain key individuals.**

#### **Disclosure Committee**

**Responsible for oversight of the Group's disclosure obligations and MAR.**

See page 39  
(Disclosure Committee)

### **Chief Executive Officer**

**Responsible for:** leadership and day-to-day management of the business; for developing strategy and new business opportunities; and ensuring the Board are kept informed of all relevant information.



**The Board**

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

The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role including Corporate Governance. The Chairman sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, especially strategic issues. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations between Executive and Non-Executive Directors. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The Chairman ensures effective communication with shareholders.

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

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

**Board Meetings and Attendance**

The Board of Directors holds at least six scheduled meetings a year to review the performance of the Group. In addition, ad hoc Board meetings are convened to deal with matters arising between scheduled meetings. The Board 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 Operational Board meet weekly to review any key or current issues and hold monthly Operational Board meetings with Divisional Heads.

Name	Board Meetings		Disclosure Committee		Audit Committee		Nomination Committee		Remuneration Committee	
	H	A	H	A	H	A	H	A	H	A
Sir Tony Baldry	8	8	-	-	-	-	-	-	-	-
Mawuli Ababio	8	7	13	13	5	4	2	2	3	3
Peter Fowler	8	8	13	13	-	3	2	2	-	-
Mark Hughes	8	8	13	13	-	4	-	-	-	-
Stuart Fowler	8	8	13	13	-	-	-	-	-	-
Simon Barrell	8	8	13	13	5	5	2	2	3	3
Major General (Rtd) Graham Binns	8	8	13	13	5	5	2	2	3	3
Roger Worrall Company Secretary	8	8	13	13	5	5	2	2	3	3

Key - H = Maximum number of scheduled meetings held a director could have attended    A = Number of meetings actually attended in person or remotely

**Board Structure**

The Company operates in complex and challenging technological and geographical areas and as such has put in place a board structure that can best provide the strategic advice and leadership required. The board structure consists of a PLC Board, an Operational Board and an International Advisory Board. The current members of each board may be found on our website here <https://www.wsg-corporate.com/investor-relations/board-members>.

**PLC Board**

The PLC Board contains a balance of Executive and Non-Executive Directors, including an Executive Chairman who is responsible for dealing with the strategic direction and long-term success of the Company. The Board will meet every two months or at any other time deemed necessary for the good management of the business and at a location agreed between the Board members. The Non-Executive Directors, Mawuli Ababio, Simon Barrell and Major General (Rtd) Graham Binns are all considered independent Directors.

**Operations Board**

The current Operations Board members are:

- **Peter Fowler (Group CEO) (Chair)**
- Mark Hughes (Group CFO)
- Stuart Fowler (Group COO)
- Roger Worrall (Group Commercial Director & Company Secretary)
- Joanna Fowler (Head of Managed Services Division)
- Hamish Russell (Commercial & General Manager)
- Lorraine Hellend (Head of Sales)
- Mark Austin (Financial Controller)

The Operational Board comprises of certain Executive Directors, Divisional Heads and other senior management as deemed appropriate and is responsible for management and governance of Group's divisions and business activities. The Operational Board meets informally weekly or at any other time deemed necessary for the good management of the business and at a location agreed between the Board members. The Operational Board holds a formal minuted meeting once a month. The Operational Board reports to the PLC Board.

**International Advisory Board**

The International Advisory Board assists and advises the Company and its subsidiaries on various international issues including governmental and client liaison, cultural, ethnic and religious sensitivities, compliance with legal issues, financing and general business development. For further details see the Group's corporate website.

**Board Composition, Experience and Dynamics**

The Company operates in complex, challenging technological and geographical areas and the Board is mindful that in order to deal effectively with the challenges of the business and to maximise its growth opportunities it has to incorporate a broad range of skills and diversity. The Board maintains a skills, diversity and experience matrix which will be periodically reviewed at Board meetings to evaluate current and future requirements. The Board and its committees will also seek external expertise and advice where required. Board members undertake continuing professional development as and when appropriate. The composition of the board with the members' skills and experience is set out on pages 32 to 33.

Name	Position	Age	Gender	Varied Board Experience	Business Development	International Experience	Governance	Financial Management	Capital Markets	Public Market	Public Relations	Legal & Contractual	Security Sector	Technical	M&A
Sir Tony Baldry	Chairman	60+	M	✓	✓	✓	✓		✓	✓	✓	✓			
Mawuli Ababio	Deputy Chairman	60+	M	✓	✓	✓	✓	✓	✓	✓		✓			✓
Peter Fowler	CEO	60+	M	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mark Hughes	CFO	60+	M	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓
Stuart Fowler	COO	40-50	M	✓		✓	✓	✓					✓	✓	
Simon Barrell	NED	60+	M	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓
Major General (Rtd) Graham Binns	NED	60+	M	✓	✓	✓	✓	✓				✓	✓	✓	✓
Roger Worrall	Company Secretary	60+	M	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

**Board Evaluation**

The Board considers evaluation of its performance and that of its committees and individual Directors to be an integral part of corporate governance to ensure it has the necessary skills, experience, and abilities to fulfil its responsibilities. The goal of the Board evaluation process is to identify and address opportunities for improving the performance of the Board and to solicit honest, genuine and constructive feedback.

The Board considers the evaluation process is best carried out internally at the Company's current size. However, the Board will keep this under review and may consider independent external evaluation reviews in due course as the Company grows.

The Board will, as a whole or in part as appropriate, undertake the evaluation process aided by the Chairman, Deputy Chairman, CEO and independent Non-Executive Directors or external advisors as necessary. The Chairman is responsible in ensuring the evaluation process is 'fit for purpose', as well as dealing with matters raised during the process. The Chairman will keep under review the frequency, scope and mechanisms for the evaluation process and amend the process as required.

Where deficiencies are identified these will be addressed in a constructive manner. Where necessary, individual Directors will be offered mentoring and training. If deficiencies are identified within the Board as a whole, then changes or additions to the Board will be considered in conjunction with the Nomination Committee.

The evaluation process will be focused on the improvement of Board performance, through open and constructive dialogue and the development and implementation of action plans. The Board will report on its evaluation and actions in its Annual Report. Any recommendations raised in relation to any Board Committee are acted upon in a formal and structured manner. No issues were identified for the year ended 31 December 2022.

Succession planning is a vital task for boards and the management of succession planning represents a key measure of the effectiveness of the Board and a key responsibility of both the Nomination Committee and wider Board.

**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 and risk matters as appropriate.

## Key Board Activity and Focus in 2022

<b>Leadership</b> <ul style="list-style-type: none"> <li>Evaluated Board effectiveness.</li> <li>Reviewed senior management performance.</li> <li>Board Diversity &amp; Experience reviewed.</li> <li>Management and Succession Strategy planning reviewed.</li> <li>Appraisal system in place and functioning.</li> </ul>	<b>Financial</b> <ul style="list-style-type: none"> <li>Approved 2021 Financial Accounts &amp; Annual Report.</li> <li>Approved the 2022 half year results.</li> <li>Approved the 2023 Budgets.</li> <li>Continued to enhance the CRM system.</li> <li>Continued to enhance reporting from the Microsoft Business Central ERP system</li> </ul>
<b>Strategy</b> <ul style="list-style-type: none"> <li>Expanded the 'One Company, One Vision' ethos, focussed on the LAND, SEA &amp; AIR marketing structure.</li> <li>Expanded website.</li> <li>Evolved new marketing strategies.</li> <li>Continued to pursue major project opportunities.</li> <li>Expanded UK customer base.</li> </ul>	<b>People and Culture</b> <ul style="list-style-type: none"> <li>Reviewed and approved existing and new company policies throughout the year.</li> <li>Continued with 'One Company Vision'.</li> <li>Maintained full employment of staff and kept facilities safe and secure, including monitoring for Covid.</li> <li>Continued home / hybrid working.</li> <li>Continued work on staff incentive scheme.</li> </ul>
<b>Financing</b> <ul style="list-style-type: none"> <li>Investigated various alternative project funding solutions.</li> </ul>	<b>Operations</b> <ul style="list-style-type: none"> <li>Expanded supplier network and product lines.</li> <li>Supplied goods and services to 60 countries (2021: 60) around the world.</li> <li>Continued to secure strategic alliances.</li> <li>Progressed new managed services contracts in DRC and Liberia.</li> <li>Progressed new managed services contract in West Africa.</li> <li>Progressed new technology contract in the Middle East.</li> </ul>
<b>Shareholders</b> <ul style="list-style-type: none"> <li>Responded to investor enquiries.</li> <li>Held an AGM.</li> <li>CEO undertook investor focussed interviews with various broadcast organisations.</li> <li>Undertook a Shareholder analysis including nominee underlying holders.</li> </ul>	<b>Governance</b> <ul style="list-style-type: none"> <li>Audit, Disclosure, Remuneration, Nominations and Risk Committee Terms of Reference reviewed and approved.</li> <li>Reviewed the Group's compliance with adopted QCA governance code.</li> <li>All Directors undertook and passed the Group's anti-bribery webinar.</li> <li>As part of the policy review the following existing or new policies were reviewed and approved: Environmental, Anti-Bribery &amp; Corruption, Anti-Slavery &amp; Human Trafficking, Quality, Social Media, Anti-Slavery &amp; Corruption, Company Mobile Phone, Company Vehicle, Corporate Social Policy, Fire Safety, Sanctions, Export Control, Data Protection, Data Retention, Employee Privacy Notice, Group Travel Management policies.</li> </ul>

**BUSINESS MODEL*****Business Description***

Our vision is to build a global business with strong brand recognition delivering niche security solutions and long-term managed services to high growth and emerging markets around the world, with a particular focus on long term recurring revenue<sup>^</sup> business.

Our target customer base is primarily governments and governmental agencies, critical infrastructure (such as airports, ports and harbours, borders and power plants), and large-scale commercial organisations worldwide.

Our business has evolved from a traditional UK focused security business to what can be described today as a truly international business. Furthermore, our evolution continues as we expand our operations into new areas and new territories creating additional opportunities around the world in the provision of long-term managed security services and security products.

We deliver our wide range of Land, Sea and Air solutions and services through a number of operating companies that are currently structured into two operating divisions; Services and Technology; both primarily focused on international business as follows:

**Services Division:**

Focusing on long term (typically 10 – 25 years) recurring revenue<sup>^</sup> managed services contracts such as the management and operation of security solutions in airports, ports and other such facilities, together with the provision of manpower, consultancy and training services.

**Technology Division:**

Focusing on providing advanced technology led security solutions encompassing a wide range of surveillance, detection, tracking, screening and interception technologies to governments and organisations worldwide.

These two divisions offer cost effective dynamics and vertical integration with the Technology Division providing vital infrastructure and complex technology solutions and expertise to the Services Division. This reduces both supplier exposure and cost and provides us with increasing purchasing power. Our Services Division provides a long-term business platform to deliver other cost-effective incremental services from the Group. Together these two divisions provide an opportunity to deliver long term, recurring revenue<sup>^</sup> growth underpinned by a corporate infrastructure based on core values and risk mitigation through geographical spread and multiple revenue streams.

***Strategy***

In accordance with our vision, we operate world-wide with a focus on high growth and emerging markets where our expertise and technological reach can make a significant difference. Our client base is predominantly governments and governmental bodies, transportation organisations, non-governmental organisations (NGOs), and commercial and multi-national corporations worldwide.

Operating in emerging markets does present particular challenges with language and logistics, religious and cultural considerations and ethics. Doing business with governments and large corporations, particularly where large scale nationally important contracts are involved, can be a time-consuming process and this can be all the more so in emerging markets where processes can be slow and bureaucratic due to the nature of governments and the inherent complexities of doing business in such markets. Despite such challenges and in some cases because of them, emerging markets offer huge growth opportunities for our Company.

Over the years we have built up an extensive international network of agents and partners, some of whom have become strategic investors, who provide business development assistance to our sales team, in-country knowledge and logistical support together with arranging meetings, translations where required and assisting with client negotiations. This network provides us with a cost effective, scalable global footprint in our chosen markets. This network together with the support we receive from the British Government and in-country diplomatic missions around the world means Westminster is well placed and structurally organised to benefit from the many opportunities we are developing within these markets.

<sup>^</sup> This is an Alternative Performance Measure refer to Note 2 for further details

We are not a manufacturer and are product agnostic which enables us to provide the most appropriate product or solution to address our clients' needs. We do however have strong working relationships with a great many leading and niche product manufacturers around the world, enabling us to offer a broad and extensive range of solutions. We continually monitor market and technology advancements and regularly review our supplier and manufacturer base.

Our corporate strategy is outlined on pages 11 - 12.

**Corporate Culture**

The Board recognises that a corporate culture based on sound ethical values and behaviours is an asset and provides competitive advantages. The Group operates in international markets and is mindful that respect of individual cultures is critical to corporate success. In accordance with Westminster Group's stated mission, it endeavours to conduct its business in an ethical, professional and responsible manner, treating our employees, customers, suppliers and partners with equal courtesy and respect at all times.

We recognise ISO 26000 as a reference document that provides guidance for integration / implementation of social responsibility / socially responsible behaviour. Westminster Group is also independently certified and operates an ISO 9001 Quality Assurance programme and is working towards ISO 14001 – Environmental Management.

The Group also supports the local communities in which it operates indirectly through various charities and organisations and directly through its own registered charity, the Westminster Group Foundation.

**Stakeholder Communication**

The Board is committed to maintaining good communication and having constructive dialogue with all of its stakeholders, including shareholders, providing them with access to information to enable them to come to informed decisions about the Company. The Investor Relations section of the Company's website provides all required regulatory information as well as additional information shareholders may find helpful including: Share Services, Information on Board Members, Advisors and Significant Shareholdings, a historical list of the Company's Regulatory Announcements, its Financial Calendar, Corporate Governance information, the Company's publications including historic Annual Reports and Notices of Annual General Meetings, together with Share Price information and interactive Charting facilities to assist shareholders analyse performance.

Results of shareholder meetings and details of votes cast will be publicly announced through the regulatory system and displayed on the Company's website with suitable explanations of any actions undertaken as a result of any significant votes against resolutions.

Further information on the Group's Stakeholder Engagement can be found on pages 24-27.

**Market Abuse Regulations**

We are required to comply with Article 18(2) of the Market Abuse Regulation (EU) No. 596/2014 which is part of UK Law by virtue of the European Union (Withdrawal) Act 2018 (as amended) ("MAR") with reference to insider dealing and unlawful disclosure of inside information. The London Stock Exchange requires traded companies to maintain insider lists as set out MAR that came into effect on 3 July 2016.

The Board has in place a MAR compliance process and this and the Company's regulatory announcements are overseen by the Disclosure Committee.

The Company's MAR Policy may be found on its website ([www.wsg-corporate.com](http://www.wsg-corporate.com)).

**Disclosure Committee**

The Committee's Terms of Reference were last approved by the Board on 23 March 2023 and can be viewed on the Corporate Governance section of the Company's website ([www.wsg-corporate.com](http://www.wsg-corporate.com)).

The Terms of Reference are reviewed by the Board annually and will be amended where appropriate.

The Committee will be appointed by the Board and should be a balance of executive and non-executive directors.

It oversees and regulates the Company's disclosure obligations and to ensure compliance with MAR and London Stock Exchange rules.

Meetings shall be held as necessary for the purposes of approving regulatory announcements at such other times as shall be necessary or appropriate, as determined by the Chairman.

The Group Company Secretary, Roger Worrall, acts as Secretary to the Committee and minutes of meetings are circulated to all Committee members.

**Committee Membership**

The current Disclosure Committee members are:

- **Mawuli Ababio (Chair)**
- Major General (Rtd) Graham Binns (NED)
- Simon Barrell (NED)
- Peter Fowler (Group CEO)
- Mark Hughes (Group CFO)
- Stuart Fowler (Group COO)

**Risk management**

As an entrepreneurial business operating in emerging markets there is clearly an elevated risk which is balanced by potentially greater rewards. The Board is mindful of and monitors both its corporate risks and individual project risks. Risks are categorised by both probability and impact and appropriate measures identified to monitor and mitigate any potential impact.

Project risks are dealt with on a case-by-case basis and monitored through the life cycle of the project as risks change, and new risks appear. Project risks and mitigation will be part of regular project management meetings. The project manager for any given project will have responsibility for maintaining the project risk register.

The Company's corporate risks, risk monitoring, and risk management procedures are regularly reviewed by the Risk Management Committee and the Company's risk register updated as necessary. The Company Secretary will have responsibility for maintaining the corporate risk register. The Risk Committee Chairman will be responsible for ensuring the risk register is regularly reviewed and the Audit Committee Chairman will report on status and updates at Board meetings. The Company provides a risk report in its Annual Report each year.

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

In addition to risk assessment, the Board believes that the management structure within the Group facilitates free and rapid communication across the subsidiaries and between the Group Board and those subsidiaries and consequently allows a consistent approach to managing risks. Certain key functions are centralised, enabling the Group to address risks to the business present in those functions quickly and efficiently. The key risks and mitigation strategies of the business are set out on pages 20 to 23 of this report.

**Corporate responsibility**

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

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

**Anti-bribery and corruption**

The Group has a well-established anti-corruption policy in place which covers bribery and corruption, gifts and hospitality, and facilitation payments. This policy is reviewed by the Board annually and updated as necessary. All new employees and Directors are required to undertake and pass the Group's anti-corruption webinar and assessment. All employees are required to retake the anti-corruption webinar test annually. A copy of the Group's anti-corruption policies can be found on the Group's website at <https://www.wg-plc.com/policy/>.

**Human rights**

The Group is committed to respecting human rights in the countries in which we do business. We ensure, as far as we are able, that there is no slavery or human trafficking in any part of our supply chain. All suppliers, agents and sub-contractors are required to adhere to our ethical standards. A copy of the Group's compliance with the Modern Slavery Act 2015 can be found on the Group's website at <https://www.wg-plc.com/policy/>.

In support of our Corporate Responsibility, we have a comprehensive range of policies which the Board review annually and update as necessary. Policies include:

- Quality Policy
- Health & Safety Policy
- Environmental Policy
- Anti-Bribery & Corruption Policy (including Gifts & Hospitality)
- Anti-Slavery and Human Trafficking Policy
- Company IT & Security Policy
- Money Laundering Policy
- CSR (Corporate Social Responsibility) Policy
- Data Protection Policy
- Equal Opportunities Policy
- Whistle-blower Policy
- Code of Ethics
- Sanctions Policy
- Export Control Policy
- Market Abuse Regulations (MAR) Policy



***Financial planning, budgeting and monitoring***

The Group operates a planning and budgeting system with an annual budget approved by the Board. There is a financial reporting system which compares results with the budget and the previous year each month to identify any variances from approved plans. Monthly rolling cash flow forecasts form part of the reporting system.

The Group remains alert to react to other business opportunities as they arise.

***Capital management policies and procedures***

The Group's capital management objectives are:

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

The Group monitors capital on the basis of the carrying amount of equity plus its loans, 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, being equity and financial liabilities. The Group manages the capital structure and adjusts to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may review any dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

There is no requirement for the Group to maintain a strong capital base for each of its UK subsidiaries and therefore each subsidiary is financed by inter-company debt from the Company. These policies have not changed in the year. The Directors believe that they have been able to meet their objectives in managing the capital of the Group.

***Non-Executive Directors' Independence***

All the Non-Executive Directors are considered by the Board to be independent in character and judgement and there are not considered to be any circumstances that are likely to affect their judgement as Directors of the Group. Their interests in the share capital of the Company are not considered to be likely to affect their judgement as Directors of the Group.

***Annual report***

The Directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.


**Audit Committee**
**Simon Barrell (Chair)**

Mawuli Ababio

Major General (Rtd) Graham Binns

I am pleased, as Chairman of the Audit Committee, to present its report for the year ended 31 December 2022.

The Committee's Terms of Reference were last reviewed and approved by the Board on 23 March 2023 and can be viewed on the Corporate Governance section of the Company's website (<https://www.wsg-corporate.com/investor-relations/corporate-governance/>)

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

This report details how the Audit Committee has met its responsibilities over the last twelve months under its Terms of Reference and under the Quoted Companies Alliance Corporate Governance Code.

The Audit Committee focused particularly on the appropriateness of the Group's financial statements. The committee has satisfied itself, and has advised the Board accordingly, that the 2022 Annual Report and financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Audit Committee oversees and reviews the Group's financial reporting and internal control processes, its relationship with external auditors and the conduct of the audit process together with its process for ensuring compliance with laws, regulations, and corporate governance. It also oversees and reports to the Board on the Group's Risk Management requirements.

There is currently no internal audit function as this would not be cost effective given the size of the Group, although this is kept under annual review.

**Committee Membership**

The Audit Committee is composed entirely of independent Non-Executive Directors but other individuals such as the Group's CFO and CEO and representatives of the finance team may be invited to attend all or any part of any meeting when deemed appropriate. The Company's external auditors are invited to attend meetings of the Committee on a regular basis.

The Group Company Secretary, Roger Worrall, acts as Secretary to the Committee and minutes of meetings are circulated to all Committee members.

The biographies of current members can be found on pages 30 - 31. The Board considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties, and that the committee chairman, Simon Barrell, has appropriate recent and relevant financial experience.

**Role and Responsibilities**

The Board established an Audit Committee to monitor the integrity of the Company's financial statements and the effectiveness of the Group's internal financial controls. One of the Audit Committee's key responsibilities is to review the Group's financial risk management and internal controls systems, including internal financial controls. During the year, the committee carried out a robust assessment of the principal financial risks facing the company and monitored the internal control system on an on-going basis. The committee also reviewed the effectiveness of the external audit process as part of the continuous improvement of financial reporting and risk management across the Group.

The committee's role and responsibilities are set out in the committee's terms of reference which are available from the Company. The Terms of Reference are reviewed annually and amended where appropriate. During the year the committee worked with executives, the external auditors and other members of the senior management team in fulfilling these responsibilities.

### **Financial Reporting**

The committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the financial reporting judgements contained therein. The financial statements are prepared by a finance team with the appropriate qualifications and expertise. The committee confirmed to the Board that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

In respect of the year to 31 December 2022, the committee reviewed:

- the Group's Half-year Report for the six months to 30 June 2022; and
- the Annual Report for the year ended 31 December 2022.

In carrying out these reviews, the committee:

- reviewed the appropriateness of Group accounting policies including monitoring changes to and compliance with accounting standards on an on-going basis;
- discussed with management and the external auditor the critical accounting policies and judgements that had been applied;
- discussed a report from the external auditor identifying the significant accounting and judgemental issues that arose in the course of the audit;
- considered the management representation letter requested by the auditor for any non-standard issues;
- monitored action taken by management as a result of any recommendations made by the external auditor;
- discussed with management future accounting developments which are likely to affect the financial statements;
- reviewed the budgets and strategic plans of the Group in order to ensure that all forward-looking statements made within the Annual Report reflect the actual position of the Group; and
- considered key areas in which estimates, and judgement had been applied in preparation of the financial statements including, but not limited to, a review of the carrying amount of goodwill, intangible assets and property, plant and equipment, litigation and warranty provisions, recoverability of trade receivables, valuation of inventory, hedge accounting treatments, treasury matters and tax matters.

The primary areas of judgement considered by the committee in relation to the Group's 2022 financial statements, and how they were addressed by the committee are set out on page 45.

Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the committee.

### **Committee Evaluation**

As outlined on page 35 within the Corporate Governance Statement, the performance of the Board also includes a review of the committees. Any recommendations raised in relation to the Audit Committee are acted upon in a formal and structured manner. No issues were identified for the year ended 31 December 2022.

**Meetings**

The Audit Committee met six times during the year ended 31 December 2022 to review the 2021 Financial Statements, the 2022 half-year results, to consider and accept the External Auditors plan for the 2022 audit.

Audit Committee Activities 2022	2022					
	Mar	Apr	Jul	Aug	Sep	Nov
<b>Financial Reporting</b>						
Review and approve preliminary & half-year results				•		
Consider key audit and accounting issues and judgements. Approve going concern and viability statements		•		•		
Consider accounting policies and the impact of new accounting standards. Review management letter from auditors		•				•
Review any related party matters and intended disclosures		•				
Review Annual Report and confirm if fair, balanced and understandable		•				
<b>External Auditors</b>						
Approval of year-end audit plan						•
Approval of audit engagement letter and audit fees - UK						•
Approval of audit engagement letter and audit fees - External, Ghana, Sierra Leone						•
Confirm auditor independence, materiality of fees, and non-audit services						•
Audit Clearance Meeting		•				
<b>Financial Results</b>						
RNS version of 2021 accounts approval		•				
Results release and Financial Statements approval		•				
Draft Financial Report approval		•				
Indicative half year results			•			
Half year results approval for release				•		
<b>Internal Audit and Financial Risk Management Controls</b>						
Review of internal audit within Westminster						•
Review of financial, IT and general controls						•
Monitor Group whistleblowing procedures						•
Assessment of the principal risks and effectiveness of internal control systems						•
<b>Governance</b>						
Assurances as to corporate governance and Corporate Governance Code Compliance Accounting standards update						•
Corporate governance update						•
Evaluation of external audit functions		•				•
Policy on the engagement of external auditors						•
<b>Review of General Risks</b>						
Review of the General Risk Matrix	•				•	
Review of Coronavirus Risk Assessment						•
<b>AIM Rules Refresher Presentation</b>						
Strand Hanson - undertook an AIM Rules refresher presentation						•

Primary areas of Judgement	Committee activity
Going concern	<p>The financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Committee have considered all relevant available information about the future. As part of its assessment, the Committee reviewed and considered appropriate management's profit and cash forecasts, the likely continued support of the shareholders and the ability to affect costs and revenues. The Committee reviewed Directors' stress tests of revenue and utilisation assumptions included in the Group's cash projections for a period of at least 12 months from the date of approval of these financial statements.</p> <p>The Committee considered the Board's view that it believed the Group will generate sufficient working capital and cash flows to continue in operational existence and it will have the support of lenders and shareholders, if required. The Committee reviewed the Group's resources at the date of approving the financial statements, management's contingency planning and their projections for future trading, which together give a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, which for the avoidance of doubt is at least 12 months from the date of signing the financial statements.</p> <p>Thus, considering all of the above factors, the Committee agrees with the Director's decision to continue to adopt the going concern basis of accounting in preparing the financial statements.</p>
Goodwill	<p>The committee considered the annual impairment assessment of goodwill prepared by management for each Cash Generating Unit using a discounted cash flow analysis based on the strategic plans approved by the Board, including a sensitivity analysis on key assumptions. The primary judgement areas were the achievability of the long-term business plans and the key macroeconomic and business specific assumptions. In considering the matter, the committee discussed with management the judgements made and the sensitivities performed. Further detail of the methodology is set out in Notes 2 and 9 to the financial statements.</p>
Management override of controls	<p>As with any SME we have reviewed the processes and systems in place during the audits including carrying out a review of board minutes of the Group and other management minutes in order to document the consideration and approval of all major decisions. We also reviewed journals processed, management estimates and judgements applied.</p>
Revenue recognition	<p>The committee reviewed the judgements applied by management in determining the recognition of revenue for the period to 31 December 2022. The Committee was satisfied that such judgements were appropriate, and any risk had been adequately addressed.</p>
Deferred tax assets	<p>The committee reviewed the judgements applied by management in determining the recognition of deferred tax for the period to 31 December 2022. The Committee was satisfied that considering the expected level of future profits such judgements were appropriate, and any risk had been adequately addressed.</p>
Recoverability of Debtors	<p>The committee considered the recoverability of material debit balances with third parties. The committee was satisfied that the amounts were recoverable, and any risk had been adequately addressed.</p>
Subsidiary intercompany balances	<p>The committee considered the recoverability of intercompany balances at a company level. The committee was satisfied that the amounts were recoverable, and any risk had been adequately addressed.</p>

### External Auditor

The Audit Committee has responsibility for overseeing the Group's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the Group, their appointment and their audit fee proposals.

The committee continues to monitor the performance and objectivity of the external auditors and takes this into consideration when making its recommendations to the Board on the remuneration, the terms of engagement and the re-appointment, or otherwise, of the external auditors.

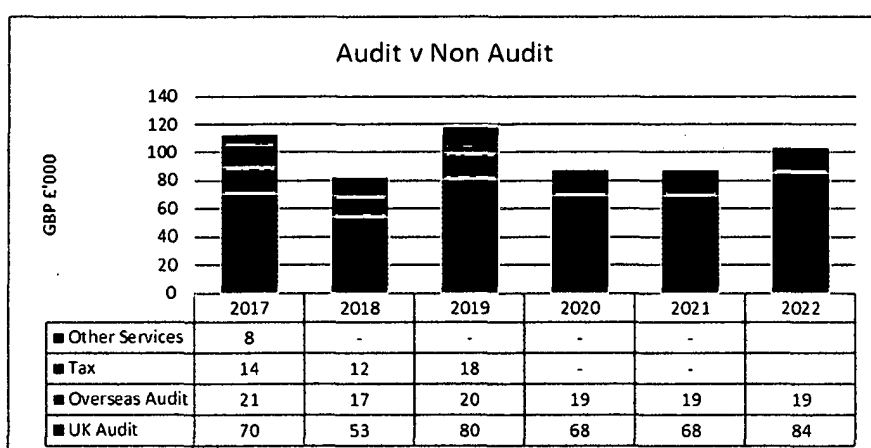
Prior to commencement of the 2022 year-end audit, the committee approved the external auditor's work plan and resources and agreed with the auditor's various key areas of focus, including impairments, as well as a particular focus on certain higher risk jurisdictions. During the year, the committee met with the external auditor without management being present. This meeting provided the opportunity for direct dialogue and feedback between the committee and the auditor, where they discussed *inter alia* some of the key audit management letter points.

The committee received confirmation from the auditor that they are independent of the Group under the requirements of the Financial Reporting Council's Ethical Standards for Auditors. The auditor also confirmed that they were not aware of any relationships between the Group and the firm or between the firm and any persons in financial reporting oversight roles in the Group that may affect its independence.

### Non-audit services

In order to further ensure independence, the committee has a policy on the provision of non-audit services by the external auditor that seeks to ensure that the services provided by the external auditor are not, or are not perceived to be, in conflict with auditor independence. The committee decided in 2021 to strengthen this independence by asking the Group to appoint a separate firm in the UK (Ellacotts) as UK tax advisors. It also continued to monitor independence by obtaining an account of all relationships between the external auditor and the Group, and by reviewing the economic importance of the Group to the external auditor by monitoring the audit fees as a percentage of total income generated from the relationship with the Group, the committee ensured that the independence of the external audit was not compromised. During 2022 the committee had reviewed and updated its policy on the engagement of external auditors and the provision of non-audit services in order to bring it into full compliance with the EU audit reform legislation. An analysis of fees paid to the external auditor, including the non-audit fees, is set out in Note 5 and detailed below.

### Audit v Non-Audit Services



Since 2020 the UK and Group audit has been performed by PKF Littlejohn LLP. The overseas audit is performed by Moore Sierra Leone (£19,000).

Other than interim reviews there are no Non Audit Services.

### Internal Audit

The committee reviewed the need for an internal function and concluded that given the size and profitability of the Group an internal audit function was not cost effective. However, the committee is keeping this under review and at an appropriate moment will look to establish an internal audit function.

## **Internal Control**

The Audit Committee has been delegated, from the Board, the responsibility for monitoring the effectiveness of the Group's system of internal control.

The Audit Committee monitors the Group's risk management and internal control processes through detailed discussions with, the Risk Committee, management and Executive Directors, review of the external audit reports, as part of the year-end audit, all of which highlight the key areas of control weakness in the Group. All weaknesses identified by either internal or external audit are discussed by the committee with Group management and an implementation plan for the targeted improvements to these systems is put in place.

The Group's system of risk management and internal control were in place throughout the accounting period and remain in place up to the date of approval of this Annual Report.

The main features of the Group's internal control and risk management systems that specifically relate to the Group's financial reporting and accounts consolidation process are set out in the Corporate Governance Report on page 35.

On behalf of the Board

**Simon Barrell**

Chairman of the Audit Committee

31 May 2023



**Nomination Committee**

**Major General (Rtd) Graham Binns (Chair)**

Mawuli Ababio

Simon Barrell

Peter Fowler

As Chairman of the Nomination Committee, I am pleased to present the report of the committee for the year ended 31 December 2022.

The Committee's Terms of Reference were last reviewed and approved by the Board on 23 March 2023 and can be viewed on the Corporate Governance section of the Company's website. (<https://www.wsg-corporate.com/investor-relations/corporate-governance/>)

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

**Committee Membership**

The Nominations Committee is composed of independent Non-Executive Directors with the exception of the Group CEO but other individuals such as other Board Directors or the HR manager may be invited to attend all or any part of any meeting when deemed appropriate.

The Group Company Secretary, Roger Worrall, acts as Secretary to the Committee and minutes of meetings are circulated to all Committee members.

**The key responsibilities of the Nomination Committee are:**

- To annually review the structure, size and composition (including skills, knowledge, experience and diversity) of the Board as well as the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- To review the balance of the Board and its committees, and consider Non-Executive Directors' independence, whether the balance between non-executive and executive directors remains appropriate, and whether the Board has the requisite skills and experience to oversee delivery of the agreed strategy for the Group;
- Identify any training needs of Executive Directors and Non-Executive Directors;
- Review annual board evaluation results and make recommendations to the board for implementation;
- Identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise;
- Review annually the time required from a Non-Executive Director. Performance evaluation should be used to assess whether the non-executive director is spending enough time to fulfil their duties; and
- Review the Company's succession plans for directors and senior management and make recommendations as appropriate.

Members of the Committee do not participate in any discussions relating to their own appointment, re-appointment, or replacement.



## 2022 Activity

Nominations Committee Activities 2022	2022				
	Feb	Mar	Jun	Sep	Oct
<b>Board Evaluation</b>					
Directors complete board evaluation survey	•				
Consolidated board evaluation results produced & circulated		•			
Board review of consolidated results			•		
Review of Board skills to deliver agreed strategy			•		
Identify & organise any board member training required			•		
<b>Review Board &amp; its Committees</b>					
Review balance Execs & Non-Exec's on Board & Committees			•		
Review Committee Chairs & Membership			•		
Consider Non-Executive Directors Independence				•	
Consider the amount of time Chairman & Non-Execs require to fulfil their duties				•	
Consider if Chairman Non-Execs are spending enough time to fulfil their duties				•	
<b>Review Succession Plans</b>					
Review Board Succession plans				•	
Review Senior Non-Main Board Directors & Senior Managers Succession plans				•	
<b>Board Members – Vacancies (when required)</b>					
Identify & Nominate Candidates to the board					

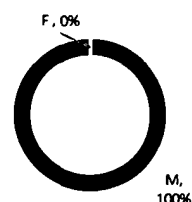
During the year the Committee performed the activities summarised below: We continue to monitor the skills, knowledge, experience and diversity of the Board and its committees and considered it appropriate for our size and current activities. The diversity of our Board, our senior management and the Group as a whole are shown in the charts. The skills matrix for the Board can be found on page 32.

We also continue to have oversight of succession. At our stage of development, we feel our succession planning is adequate, but it is an area we are monitoring carefully and will continue to advise the Board accordingly.

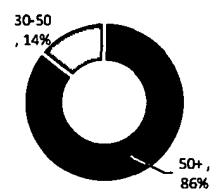
On behalf of the Board

**Major General (Rtd) Graham Binns**  
Chairman of the Nomination Committee  
31 May 2023

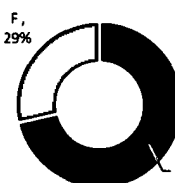
**Board**  
Gender



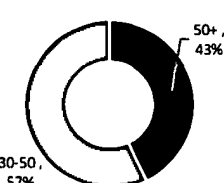
**Age**



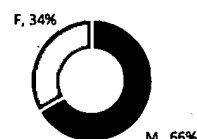
**Senior Management**  
Gender



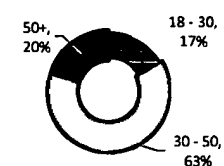
**Age**



**Groupwide**  
Gender



**Age**



**Remuneration Committee****Mawuli Ababio (Chair)**

Simon Barrell

Major General (Rtd) Graham Binns

As Chairman of the Remuneration Committee, I am pleased to present the report of the committee for the year ended 31 December 2022.

The Terms of Reference are reviewed by the Board annually and amended where appropriate.

The Committee's Terms of Reference were last reviewed and approved by the Board on 23 March 2023 and can be viewed on the Corporate Governance section of the Company's website. (<https://www.wsg-corporate.com/investor-relations/corporate-governance/>)

As a Company whose shares are admitted to trading on AIM, 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.

**Committee Membership**

The Remuneration Committee is composed entirely of independent Non-Executive Directors but other individuals such as the Group's Chairman and CEO may be invited to attend all or any part of any meeting when deemed appropriate.

The Group Company Secretary, Roger Worrall, acts as Secretary to the Committee and minutes of meetings are circulated to all Committee members.

**Executive Directors' Remuneration Policy**

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

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

Base salary is reviewed annually and in setting salary levels the Remuneration Committee considers the experience and responsibilities of the Executive Directors and their personal performance during the previous year. The Committee also takes account of external market data, as well as the rates of increases for other employees within the Group.

Share options are granted having regard to an individual's seniority within the business and are designed to give Directors and staff an interest in the increase in the value of the Group. None have been granted in 2022.

Benefits primarily comprise the provision of company cars, or car allowance, pension payments, health insurance and participation in the Group life assurance scheme.

All Executive Directors and executive management participate in the Group's annual bonus scheme, which is based upon the assessment of individual performance, subject to the Group achieving profitability commensurate with its revenues and capital employed.

### Exclusions

The terms of reference of the Committee do not encompass:

- decisions to employ or dismiss Executives which is a matter for the Board; or
- deliberate on the remuneration of any Non-Executive Director, which is a matter for the Board; or
- responsibility for nominations to the Board which is a matter for the Nominations Committee.

This report details how the Remuneration Committee has fulfilled its responsibilities under its Terms of Reference and under the QCA Corporate Governance Code 2018. The report sets out the Company's remuneration policy, how the policy will be applied in 2023, gives details of the remuneration outcomes for 2022, and describes the workings of the Remuneration Committee during the year.

### Remuneration Outcomes for 2022 and Remuneration Policy for 2023

#### Executive Directors' remuneration

Executive Directors' remuneration is determined by the Remuneration Committee.

There have been no changes in Executive Directors' salary and entitlements since 2014. Looking forward the Committee is aiming to bring the remuneration more in line with the market and to introduce a Long-Term Incentive Plan for the directors and key staff.

#### 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.

It is anticipated that Non-Executive Directors will spend an average of 2 days a month undertaking their Role and Duties. This will include attendance at board meetings, the AGM, one annual board away day a year and at least one site visit a year. They also attend periodic Audit, Disclosure, Nominations and Remuneration Committee meetings. They are required to spend time considering all relevant papers prior to each meeting.

In addition to the above they may be required to devote additional time to the Company when it is undergoing a period of particularly increased activity and may be required to support the Company by attending meetings with clients and advisors etc. both within the UK and overseas.

The service contracts of the Non-Executive Directors specify the following:

Non-Executive Directors	Severance	Notice	Contractual fees (pa) £'000
Mawuli Ababio	None	3 months	24
Simon Barrell	None	3 Months	24
Graham Binns	None	3 months	24

Non-Executive Directors are allowed to claim reasonable expenses and receive payments for additional days worked on authorised projects over the contractual 2 days per month.

**Board Balance, Time Commitment and Meetings**

The Board contains an almost equal balance of Executive and Non-Executive Directors, including an Executive Chairman who is responsible for dealing with the strategic direction and long-term success of the Company. The Board will meet every two months or at any other time deemed necessary for the good management of the business and at a location agreed between the Board members. The Non-Executive Directors are all considered independent Directors.

**Executive and Non-Executive Directors' remuneration package and interest in share capital**

Details of the Executive and Non-Executive Directors' remuneration and interest in share capital for the year ended 31 December 2022 are as follows:

	Basic £'000	Benefit in Kind £'000	Group NI £'000	Total cost of employment 2022 £'000	Total cost of employment 2021 £'000
<b>Executive Directors</b>					
Sir Anthony Baldry	76	-	11	87	85
Peter Fowler	162	18	26	206	196
Mark Hughes	120	-	18	138	138
Stuart Fowler	110	-	16	126	124
	<b>468</b>	<b>18</b>	<b>71</b>	<b>557</b>	<b>543</b>
<b>Non-Executive Directors</b>					
Mawuli Ababio	24	-	-	24	63
Simon Barrell	24	-	3	27	13
Graham Binns	24	-	3	27	4
Lady Paricia Lewis	-	-	-	-	21
Charles Cattaneo	-	-	-	-	12
	<b>72</b>	<b>-</b>	<b>6</b>	<b>78</b>	<b>113</b>
<b>Total Board Remuneration</b>	<b>540</b>	<b>18</b>	<b>77</b>	<b>635</b>	<b>656</b>

No options were exercised during the year and no cash benefit was therefore received by the Directors.

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

	01 January 2022	Purchased in Year	31 December 2022
Sir Anthony Baldry	176,991	-	176,991
Mawuli Ababio	-	-	-
Peter Fowler and Mrs P J Fowler	6,601,794	1,474,417	8,076,211
Mark Hughes	116,000	1,237,500	1,353,500
Stuart Fowler	541,618	-	541,618
Simon Barrell	375,000	-	375,000
Major General (Rtd) Graham Binns	-	434,782	434,782
	<b>7,811,403</b>	<b>3,146,699</b>	<b>10,958,102</b>

In addition to the interests disclosed above, the following Executive and Non-Executive Directors had options to acquire ordinary shares of 10p each in the Company granted under the 2007 Share Option Plan and the 2017 Share Option Scheme. These changed after the year end, see also Subsequent Events note 28 page 100.

	Grant Price	Market Price at Date of Grant	01 January 2022	Change in Year	31 December 2022	Date from which exercisable	Expiry Date
Sir Anthony Baldry	13p	13p	750,000	-	750,000	01 June 2019#	31 May 2028
Peter Fowler	28.5p	25.5p	781,250	-	781,250	10 June 2016*	09 June 2024
Peter Fowler	13p	13p	1,750,000	-	1,750,000	01 June 2019#	31 May 2028
Mark Hughes	13p	10.25p	750,000	-	750,000	08 November 2019#	07 November 2028
Stuart Fowler	28.5p	25.5p	625,000	-	625,000	10 June 2016*	09 June 2024
Stuart Fowler	13p	13p	750,000	-	750,000	01 June 2019#	31 May 2028

The market price of the shares at 31 December 2022 was 1.80p and the range during the year was 0.93p to 3.86p.

(\*) These options were granted to the Directors at a price of 28.5p under the 2007 EMI Scheme. Executive Directors are issued share options under the EMI Scheme and Non-Executive Directors under an unapproved scheme, which has the same rules as the EMI Scheme but without the relevant tax concessions. Save for a change of control in the Company, Share Options granted to Directors will only vest if the Company's share price has reached 60p at any time and became exercisable from 10 June 2016 expiring 9 June 2024.

(#) These options were granted to the Directors at a price of 13p under the Company's 2017 Share Option Scheme. They can be exercised at any time from the first anniversary of the date of grant up to the tenth anniversary of that date. Save for a change of control in the Company, the Share Options will only vest if the Company's share price has reached 26p per Ordinary Share at any time, being twice the middle market price on the original date of grant.

	2022				
RemCo Committee Activities 2022	Feb	Apr	Jul	Nov	Dec
Independent Review – PWC / Bird & Bird		•			
Independent Review / Advice – Bird & Bird			•	•	•
Advice from Strand Hanson			•		
Remuneration Policy					
Consideration of Group's financial situation			•	•	
Update on remuneration trends generally			•	•	
Review of overall remuneration policy			•	•	
Execs & Non-Execs Salary Review					
Review Executive salaries for 2022			•	•	
Review Non - Executive fees for 2022			•	•	
Review Executive salaries for 2023				•	
Review Non - Executive fees for 2023				•	
Performance Pay & Long-term Incentive Plan Options					
Review of proposed performance pay package			•		
Consideration of Long-Term Incentive plan options				•	•
Consideration of Deferred Bonus plan options				•	•
Approval of LTIP & Deferred Bonus Framework					•
Approval of LTIP & Deferred Bonus Criteria					
Directors Shareholding Review	•		•	•	

The Directors of Westminster Group PLC (Company Number: 03967650) present their annual report and the audited financial statements for the year ended 31 December 2022.

**Principal activities**

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

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

**Review of business, future developments and key performance indicators**

A full review of the business and future development, incorporating key performance indicators, is set out in the Chief Executive Officer's Strategic Report and the Chief Financial Officer's statement on pages 8 to 18.

**The Directors who held office during the year were as follows****Executive Directors**

Rt Hon Sir Tony Baldry  
Peter Fowler  
Stuart Fowler  
Mark Hughes

**Non-Executive Directors**

Mawuli Ababio  
Simon Barrell  
Major General (Rtd) Graham Binns

**Risk management objectives and strategy**

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

**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 (2021: £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 31 May 2023, those shareholders, other than Directors, who had disclosed to the Company an interest of more than 3 % of the issued share capital, are set out as follows.

Name of shareholder	Share Holding	Percentage
Spreadex Ltd	20,277,047	6.13%
Janus Henderson	12,500,000	3.78%
Premier Miton Group	10,000,000	3.03%

**Policy on payments to suppliers**

It is a policy of the Group in respect of all suppliers, where reasonably practical, to agree the terms of payment with those suppliers when agreeing the terms of each transaction and to abide by them. The ratio of amounts owed by the Group to trade creditors at the year-end represented 51 days (2021: 43 days).

**Share price**

During 2022 the Group's share price ranged from 0.93p to 3.86p and the share price at 31 December 2022 was 1.80p (2021: 3.10p).

**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**

These are detailed in note 28 to the financial statements.

**Going concern**

As detailed in note 2 to the financial statements, the financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have considered all relevant available information about the future. As part of its assessment, management have considered the profit and cash forecasts, the continued support of the shareholders and Directors' and management's ability to affect costs and revenues. Management regularly forecast results, financial position and cash flows for the Group.

The Directors have therefore reviewed the Group's resources taking into account the continuing, if diminishing, issues caused by the pandemic at the date of approving the financial statements, and their projections for future trading, which give a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, which for the avoidance of doubt is at least 12 months from the date of signing the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Auditor**

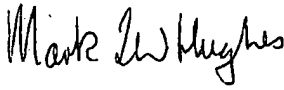
In so far as each of the Directors is aware

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

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

On behalf of the Board

  
**Peter Fowler**  
Director

  
**Mark L W Hughes**  
Director

31 May 2023

**Directors' responsibilities statement**

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK-adopted IAS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

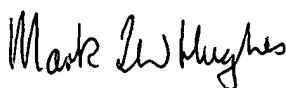
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Website publication**

The Directors are responsible for ensuring that the Annual Report and financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

**On behalf of the Board**

**Peter Fowler**  
Director



**Mark L W Hughes**  
Director

31 May 2023



### **Opinion**

We have audited the financial statements of Westminster Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the group's forecast financial information up to 31 December 2025, as well as obtaining the post year-end management accounts for review. Refer to the Key Audit Matters section of this report for further information on how we evaluated the directors' assessment of the going concern basis of accounting and the entity's ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Our application of materiality**

The scope of our audit was influenced by our application of materiality. We determined materiality for the financial statements as a whole to be £143,000 for the group financial statements, based on 1.5% of group revenue (2021: £121,000 based on 1.75% of group revenue). The change in materiality threshold year on year reflects the knowledge gained from prior year audits.

We consider revenue to be the most relevant determinant of the group's financial position and performance used by shareholders. The group continue to seek new opportunities to expand the business through the signing of new contracts in their target regions.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £7,150 (2021: £6,050) in addition to other identified misstatements that warranted reporting on qualitative grounds for both group and parent company.

Materiality for the financial statements of the parent company was set at £142,999 (2021: £120,999). Parent company materiality is based on net assets as the main driver of the parent company is the underlying performance of the subsidiaries. Materiality is capped at a level below Group materiality.

Whilst materiality for the financial statements of the group was set at £143,000, each significant component of the group was audited to an overall materiality ranging between £3,000 to £142,999 (2021: £5,000 to £120,999) with performance materiality set at 70% (2021: 70%) for the group and all components of the group individually. 70% has been deemed a suitable threshold as the audit has been deemed medium risk. We applied the concept of materiality both in planning and performing the audit, and in evaluating the effect of misstatements.

## **Our approach to the audit**

In designing our audit we determined materiality, as above, and assessed the risk of material misstatement in the financial statement. We addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represents a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of the group's significant operating components located in Sierra Leone and United Kingdom.

As the group auditor, we were responsible for the scope of direction of the audit process. The group's Sierra Leone operation was audited by a component auditor. The audit team discussed significant events occurring during the year and post year-end period with the component auditor and performed a review of the component auditor's working papers, including review of planning and completion stage group reporting. All other work was performed by PKF Littlejohn LLP.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<b>Revenue recognition (See Note 2)</b>	
<p>Under ISA (UK) 240 there is a rebuttable presumption that revenue recognition is a fraud risk.</p> <p>The Group has several different revenue streams under the main trading entities, Westminster International (WI), Westminster Aviation Security Services (WASS) and Keyguard UK Limited.</p> <p>There is a risk regarding the completeness and accuracy of revenue.</p>	<p>In addition to the procedures required by ISA (UK) 240, our work in this area included:</p> <ul style="list-style-type: none"> <li>• Updating our understanding of the information system and related controls relevant to each material income stream. And undertaking walkthrough testing to ensure that the key controls within these systems have been operating in the period under audit.</li> <li>• Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at the year-end;</li> <li>• A review of post-year end receipts to ensure completeness of income recorded in the accounting period;</li> </ul> <p><b>Westminster International Ghana accrued income</b></p> <ul style="list-style-type: none"> <li>• A review of the agreement signed with Scanport Limited to confirm the percentage of the overall revenues due from the contract earned by Westminster;</li> <li>• A review of the accrued income calculations including comparisons of the daily and monthly Scanport Limited counts compared to those counted by Westminster staff; and</li> <li>• A comparison of the accrued income to the expected final settlement of outstanding debts by Scanport Limited.</li> </ul> <p>We note that the quantum of income is heavily dependent on the judgements and estimates made by management in note 2. Based on the procedures performed, we are satisfied that the balances are not materially misstated.</p>
<b>Going concern (See Note 2)</b>	
<p>When preparing financial statements, those charged with governance should satisfy themselves as to whether the going concern basis is appropriate.</p> <p>ISA (UK) 570 "Going concern" specifically requires the auditor to conclude on: whether a material uncertainty related to going</p>	<p>It is a requirement of International Financial Reporting Standards that, in determining that the going concern basis is appropriate, the directors must consider a period of at least 12 months from the date of approval of the financial statements.</p>

<p>concern exists; the appropriateness of the directors use of the going concern assumption in the preparation of the financial statements; and the appropriateness of any relevant disclosures in the financial statements.</p> <p>We therefore require the directors to make their assessment of going concern at their meeting prior to the preparation of the financial statements which must cover a period of at least 12 months from the date the financial statements will be approved. In making this assessment they will need to consider budgets, cash flow forecasts and projections.</p>	<p>In order for us to satisfy the requirements of ISA (UK) 570 in our audit we reviewed the details of management's assessment.</p> <p>We evaluated this assessment and considered its appropriateness in light of our understanding of the Group and the work we are required to perform under ISA (UK) 570.</p> <p>Procedures we performed included:</p> <ul style="list-style-type: none"> <li>• Reviewing budgets/forecasts and comparing with available post year-end results.</li> <li>• Challenging management assumptions used in formulating the cash flow forecasts to June 2024.</li> <li>• Ensuring appropriate disclosures have been made in the financial statements surrounding the going concern position.</li> <li>• Considering the timing as to when new revenue streams will be cash generating and challenge management thereon.</li> <li>• Reviewing and challenging management's sensitivity analysis embedded within the Going concern model. Management's sensitivities revolved around the production of a cash flow model with a worst case scenario in relation to income and expenses.</li> </ul> <p>Based on the procedures performed, we consider management's use of the going concern assumption to be reasonable and the related disclosures appropriate.</p>
<p><b>Recoverability of trade debtors (Westminster Aviation Security Services Limited, Westminster International UK Ghana Port income, Sovereign Ferries and Riverfort debt)</b></p>	
<p>The Group has a number of debtor balances that remain outstanding at the year end and due to their nature could represent potential bad debts.</p> <p>Westminster Aviation Security Services Limited – The company has a contract for airport security with Freetown Airport Lungi Sierra Leone FNA. The client has reports that some of the airlines have not made any payments hence a risk of recoverability of this debtor balance.</p>	<p>Our work in this area included:</p> <p><b>Westminster Aviation Security Services Limited</b></p> <ul style="list-style-type: none"> <li>• Performing recoverability testing on the trade debtors to check for payments received post year end;</li> <li>• Performing a review of the reasons for non-payment by discussing with the management and considering whether explanations were in accordance with our findings;</li> </ul>

<p>Westminster International Ghana port income – The company had a contract with Scanport Limited to provide security services at a port in Ghana. There has been a dispute and no payments have been received since February 2022 hence a risk of recoverability of this accrued income balance.</p> <p>Sovereign Ferries – The company sold the "Queen Sierra" ferry to a Greek company on extended terms. Given the collapse in travel between Greek islands during the pandemic, the company is having to continue to support the buyer giving them a payment holiday. There is risk of recoverability of this debtor balance.</p> <p>RiverFort Debt (note 25) - In early 2020, Westminster Group obtained a loan under the RiverFort EPSA. At the same time, under EPSA, the company issued 14m shares to RiverFort and booked a sundry debtor of £1.75m which was to be settled by selling down the shares. As at 31 December 2022 these shares remained unsold due to the low share price of Westminster Group. No reduction in fair value has previously been recognised as Westminster Group have the right to dictate the date of sale and anticipate there would be higher price in the future therefore mitigating the loss.</p>	<ul style="list-style-type: none"> <li>• Reviewing bad debt provisions to ensure these are sufficient;</li> </ul> <p><b>Westminster International Ghana port income</b></p> <ul style="list-style-type: none"> <li>• Obtaining correspondence between the two parties on this arrangement and any changes noted in this regard;</li> <li>• Liaising with the Group's representative who is locally engaged on this case to gain clarification on the potential outcome and the recoverability of this contracted income;</li> <li>• Challenged management on the recoverability of this balance and potential impairment, if any;</li> </ul> <p><b>Sovereign Ferries</b></p> <ul style="list-style-type: none"> <li>• Discussing with Westminster Group on the expected payment dates of this balance and their assessment of impairment;</li> <li>• Obtained corroboration on the key assumptions made by management in their impairment review of the debt;</li> <li>• Obtaining evidence of payments from the buyer and intention to adhere to the payment plan agreed by both parties.</li> </ul> <p><b>RiverFort Debt</b></p> <ul style="list-style-type: none"> <li>• Obtaining management workings regarding the potential losses and review these for accuracy.</li> <li>• Obtaining any correspondence between the two parties on this arrangement and any changes noted in this regard.</li> <li>• Reviewing the Directors' assessment of the recoverability of the debt including the factors which could affect the future share price. Challenging the assumptions within the document and confirming the analysis of available data.</li> <li>• Challenging the directors on their determination of whether a loss should be recognised in the current year.</li> </ul> <p>We note that debtor balances are dependent on the judgements and estimates made by management in note 2. Based on the procedures performed, we are satisfied that the balances are not materially misstated.</p>
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## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and review of board minutes amongst other procedures.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
  - AIM rules
  - Local industry regulations in Sierra Leone and Ghana
  - Local tax and employment law in Sierra Leone and Ghana
  - Companies Act 2006
  - IFRS
  - GDPR
  - Bribery Act 2010
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Enquiries of management
  - Review of Board minutes
  - Review of legal expenses
  - Review of RNS announcements
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's

report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Timothy Harris (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

31 May 2023



**Westminster Group PLC**  
**Consolidated Statement of Comprehensive Income for the year ended 31 December**  
**2022**

	Note	2022	2021
		Total	Total
		£'000	£'000
REVENUE	3	9,528	7,051
Cost of sales		(4,393)	(3,789)
GROSS PROFIT		5,135	3,262
Administrative expenses		(5,460)	(5,179)
<b>(LOSS) FROM OPERATIONS</b>	5	<b>(325)</b>	<b>(1,917)</b>
<b>Analysis of operating loss</b>			
Profit from operations		(325)	(1,917)
Add back amortisation	10	56	78
Add back depreciation	11	196	166
<b>EBITDA^ (Loss) from underlying operations</b>		<b>(73)</b>	<b>(1,673)</b>
Finance costs	4	(40)	(3)
<b>LOSS BEFORE TAXATION</b>		<b>(365)</b>	<b>(1,920)</b>
Taxation	6	354	(11)
<b>LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(11)</b>	<b>(1,931)</b>
<b>LOSS AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
<b>OWNERS OF THE PARENT</b>		<b>121</b>	<b>(1,921)</b>
<b>NON-CONTROLLING INTEREST</b>		<b>(132)</b>	<b>(10)</b>
<b>LOSS AND TOTAL COMPREHENSIVE INCOME</b>		<b>(11)</b>	<b>(1,931)</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	8	<b>(0.00p)</b>	<b>(0.62p)</b>

The accompanying notes form part of these financial statements.

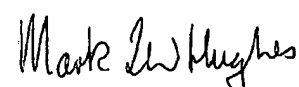
^ This is an Alternative Performance Measure refer to Note 2 for further details

**Westminster Group PLC**  
**Consolidated and Company Statements of Financial Position**  
**As at 31 December 2022**

		Group	Group	Company	Company
		2022	2021	2022	2021
	Note	£'000	£'000	£'000	£'000
Goodwill	9	615	614	-	-
Other intangible assets	10	106	150	84	120
Property, plant and equipment	11	1,825	1,895	1,087	1,133
Investment in subsidiaries	13	-	-	-	-
Deferred tax asset	16	1,308	953	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,854</b>	<b>3,612</b>	<b>1,171</b>	<b>1,253</b>
Inventories	17	485	681	-	-
Trade and other receivables	18	4,808	3,661	10,683	9,830
Cash and cash equivalents	19	289	944	(59)	380
<b>TOTAL CURRENT ASSETS</b>		<b>5,582</b>	<b>5,286</b>	<b>10,624</b>	<b>10,210</b>
Non-current receivable	18	593	424	-	-
<b>TOTAL ASSETS</b>		<b>10,029</b>	<b>9,322</b>	<b>11,795</b>	<b>11,463</b>
Called up share capital	20	331	331	331	331
Share based payment reserve		964	1,043	964	1,043
Revaluation reserve		139	139	139	139
Retained earnings:					
At 1 January		6,340	(24,409)	9,307	(20,957)
(Loss)/profit for the year		121	(1,921)	(23)	(2,389)
Other changes in retained earnings		42	32,670	78	32,653
At 31 December		6,503	6,340	9,362	9,307
<b>(DEFICIT)/EQUITY ATTRIBUTABLE TO:</b>					
<b>OWNERS OF THE COMPANY</b>		<b>7,937</b>	<b>7,853</b>	<b>10,796</b>	<b>10,820</b>
<b>NON-CONTROLLING INTEREST</b>		<b>(522)</b>	<b>(390)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (DEFICIT)/EQUITY</b>		<b>7,415</b>	<b>7,463</b>	<b>10,796</b>	<b>10,820</b>
Borrowings	22	27	12	-	5
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>27</b>	<b>12</b>	<b>-</b>	<b>5</b>
Contractual liabilities	23	80	87	-	-
Trade and other payables	23	2,507	1,760	999	638
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,587</b>	<b>1,847</b>	<b>999</b>	<b>638</b>
Liabilities of disposal group classified as held for sale		-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>2,614</b>	<b>1,859</b>	<b>999</b>	<b>643</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>10,029</b>	<b>9,322</b>	<b>11,795</b>	<b>11,463</b>

The accompanying notes form part of these financial statements. The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account. The Company made a loss of £24,000 in 2022, (2021: £2,348,000 loss). The Group and Company financial statements were approved by the Board and authorised for issue on 31 May 2023 and signed on its behalf by:

  
**Peter Fowler**  
 Director

  
**Mark L W Hughes**  
 Director

**Westminster Group PLC**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2022**

	Called up share capital	Share premium account	Merger relief reserve	Share based payment reserve	Revaluation reserve	Retained earnings	Total	Non- controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>AS AT 1 JANUARY 2022</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>1,043</b>	<b>139</b>	<b>6,340</b>	<b>7,853</b>	<b>(390)</b>	<b>7,463</b>
Lapse of share options	-	-	-	(79)	-	79	-	-	-
Other movements in equity	-	-	-	-	-	(37)	(37)	-	(37)
<b>TRANSACTIONS WITH OWNERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79)</b>	<b>-</b>	<b>42</b>	<b>(37)</b>	<b>-</b>	<b>(37)</b>
Total comprehensive expense for the year	-	-	-	-	-	121	121	(132)	(11)
<b>AS AT 31 DECEMBER 2022</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>964</b>	<b>139</b>	<b>6,503</b>	<b>7,937</b>	<b>(522)</b>	<b>7,415</b>

**Westminster Group PLC**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2021**

	Called up share capital	Share premium account	Merger relief reserve	Share based payment reserve	Revaluation reserve	Retained earnings	Total	Non- controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AS AT 1 JANUARY 2021 as previously stated	16,278	14,069	300	1,050	139	(24,242)	7,594	(535)	7,059
Prior year adjustment	-	-	-	-	-	(150)	(150)	150	-
AS AT 1 JANUARY 2021	16,278	14,069	300	1,050	139	(24,392)	7,444	(385)	7,059
Shares issued for cash	44	2,456	-	-	-	-	2,500	-	2,500
Cost of share issues	-	(179)	-	-	-	-	(179)	-	(179)
Lapse of share options	-	-	-	(7)	-	7	-	-	-
Exercise of warrants and share options	-	9	-	-	-	-	9	-	9
Capital Reduction	(15,991)	(16,355)	(300)	-	-	32,646	-	-	-
TRANSACTIONS WITH OWNERS	(15,947)	(14,069)	(300)	(7)	-	32,653	2,330	-	2,330
Total comprehensive expense for the year	-	-	-	-	-	(1,921)	(1,921)	(5)	(1,926)
AS AT 31 DECEMBER 2021	331	-	-	1,043	139	6,340	7,853	(390)	7,463

**Westminster Group PLC**  
**Company Statement of Changes in Equity**  
**For the year ended 31 December 2022**

	Called up share capital	Share premium account	Merger relief reserve	Share based payment reserve	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>AS AT 1 JANUARY 2022</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>1,043</b>	<b>139</b>	<b>9,307</b>	<b>10,820</b>
Lapse of Share Options	-	-	-	(79)	-	79	-
<b>TRANSACTIONS WITH OWNERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79)</b>	<b>-</b>	<b>79</b>	<b>-</b>
Total comprehensive expense for the year						(24)	(24)
<b>AS AT 31 DECEMBER 2022</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>964</b>	<b>139</b>	<b>9,362</b>	<b>10,796</b>

	Called up share capital	Share premium account	Merger relief reserve	Share based payment reserve	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>AS AT 1 JANUARY 2021</b>	<b>16,278</b>	<b>14,069</b>	<b>300</b>	<b>1,050</b>	<b>139</b>	<b>(20,957)</b>	<b>10,879</b>
Shares issued for cash	44	2,456	-	-	-	-	2,500
Cost of share issues	-	(179)	-	-	-	-	(179)
Lapse of Share Options	-	-	-	(7)	-	7	-
Exercise of warrants and share options	-	9	-	-	-	-	9
Capital Reduction	(15,991)	(16,355)	(300)	-	-	32,646	-
<b>TRANSACTIONS WITH OWNERS</b>	<b>(15,947)</b>	<b>(14,069)</b>	<b>(300)</b>	<b>(7)</b>	<b>-</b>	<b>32,653</b>	<b>2,330</b>
Total comprehensive expense for the year	-	-	-	-	-	(2,389)	(2,389)
<b>AS AT 31 DECEMBER 2021</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>1,043</b>	<b>139</b>	<b>9,307</b>	<b>10,820</b>

**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2022**

		<b>2022</b>	<b>2021</b>
		<b>Total</b>	<b>Total</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>(LOSS) AFTER TAX</b>		<b>(11)</b>	<b>(1,931)</b>
Taxation		<b>(354)</b>	<b>11</b>
<b>(LOSS) BEFORE TAX</b>		<b>(365)</b>	<b>(1,920)</b>
Non-cash adjustments	<b>24</b>	<b>252</b>	<b>244</b>
Net changes in working capital	<b>24</b>	<b>(569)</b>	<b>(1,632)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(682)</b>	<b>(3,308)</b>
<b>INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	<b>11</b>	<b>(111)</b>	<b>(160)</b>
Purchase of intangible assets	<b>10</b>	<b>(12)</b>	<b>(41)</b>
<b>CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(123)</b>	<b>(201)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES:</b>			
Gross proceeds from the issues of ordinary shares		-	2,509
Costs of share issues		-	(179)
Reduction in finance lease debt		<b>15</b>	<b>(17)</b>
Finance cost		<b>(40)</b>	<b>(3)</b>
Loan drawdown		<b>185</b>	-
Other loan repayments, including interest		<b>(10)</b>	-
<b>CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>150</b>	<b>2,310</b>
Net change in cash and cash equivalents		<b>(655)</b>	<b>(1,199)</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>944</b>	<b>2,143</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>19</b>	<b>289</b>	<b>944</b>

**Company Cash Flow Statement**  
**For the year ended 31 December 2022**

		<b>Company</b>	<b>Company</b>
		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>(LOSS)/PROFIT AFTER TAX</b>		<b>(23)</b>	<b>(2,389)</b>
Other Non-cash adjustments	24	121	140
Net changes in working capital	24	(493)	(1,291)
<b>NET CASH (USED IN) /FROM OPERATING ACTIVITIES</b>		<b>(395)</b>	<b>(3,540)</b>
<b>INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	11	(26)	(111)
Purchase of intangible assets	10	(13)	(6)
<b>CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(39)</b>	<b>(117)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES:</b>			
Gross proceeds from the issues of ordinary shares		-	2,509
Costs of share issues		-	(179)
Change in lease debt		(5)	(8)
Finance cost on lease liabilities		-	(1)
<b>CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>(5)</b>	<b>2,321</b>
Net change in cash and cash equivalents		<b>(439)</b>	<b>(1,336)</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>380</b>	<b>1,716</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>		<b>(59)</b>	<b>380</b>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

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### 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 2022 consolidate the individual financial statements of the Company and its subsidiaries. The Group 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 UK-adopted IAS. The Parent Company has elected to prepare its financial statements in accordance with UK-adopted IAS. The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account.

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

#### Basis of measurement

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

#### Consolidation

##### (i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2022.

##### (ii) Subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties
- who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

##### (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.



## Notes to the Financial Statements (continued)

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### Going concern

The Group made a loss during the period of £0.0m (2021: £1.9m), The cash outflow from operating activities during the year was £0.7m (2021: £3.3m).

The financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the current and future position of the Group, including new long-term contracts. As part of its assessment, management have taken into account the profit and cash forecasts, the continued support of the shareholders and the Directors' and management's ability to affect costs and revenues. Management regularly forecast results, the financial position and cash flows for the Group.

The Directors have reviewed the Group's resources at the date of approving the financial statements, and their projections for future trading, which due to winning incremental new business give a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, which for the avoidance of doubt is at least 12 months from the date of signing the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Business combinations

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

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

### Foreign currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates - 'the functional currency'. The functional and presentation currency in these financial statements is the Great British Pounds (GBP).

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

Foreign exchange gains and losses are recognised in arriving at profit before interest and taxation (see Note 5).

### Segmental reporting

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

An operating segment is a component of the Group;

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

## Notes to the Financial Statements (continued)

### Revenue

#### *Revenue recognition*

Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the Group to customers in exchange for consideration in the ordinary course of the Group's activities.

#### *Performance Obligations*

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer, and they are separately identifiable in the contract.

#### *Transaction price*

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of the cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices. Given the nature of many of the Group's products and services, which are designed and/or manufactured under contract to customers' individual specifications, there are typically no observable stand-alone selling prices. Instead, stand-alone selling prices are typically estimated based on expected costs plus contract margin consistent with the Group's pricing principles.

Whilst payment terms vary from contract to contract, an element of the transaction price may be received in advance of delivery. The Group may therefore have contract liabilities depending on the contracts in existence at a period end. The Group's contracts are not considered to include significant financing components on the basis that there is no difference between the consideration and the cash selling price.

#### *Revenue recognition*

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer.

For each performance obligation within a contract the Group determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

The Group has determined that most of its contracts satisfy the overtime criteria, either because the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs, or the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. For each performance obligation recognised over time, the Group recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred, and as risks have been mitigated or retired. The Group has determined that this method appropriately depicts the Group's performance in transferring control of the goods and services to the customer.

If the overtime criteria for revenue recognition is not met, revenue is recognised at the point in time that control is transferred to the customer which is usually when legal title passes to the customer and the business has the right to payment. When it is expected that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

#### **Operating expenses**

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

#### **Interest income and expenses**

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

#### **Goodwill**

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, 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

## Notes to the Financial Statements (continued)

fair value of identifiable net assets exceeds the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately. Goodwill is carried at cost less accumulated impairment losses.

### Property, plant and equipment

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

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

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

Freehold land is not depreciated.

### Leases

All leases that fall under IFRS 16 will be recorded on the balance sheet as liabilities, at the present value of the future lease payments, along with an asset reflecting the right to use the asset over the lease term. Rentals payable under operating leases exempt from IFRS 16 are charged to income on a straight-line basis over the term of the relevant lease. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is initially measured at the present value of the following lease payments:

- fixed payments;
- variable payments that are based on index or rate;
- the exercise price of any extension or purchase option if reasonably certain it can be exercised; and
- penalties for terminating the lease, if relevant.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate for that type of asset.

The right-of-use assets are initially measured based on initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs. The right-of-use assets are depreciated over the period of the lease term using the straight-line method. The lease term includes periods covered by the option to extend, if the Group is reasonably certain to exercise that option. In addition, right-of-use assets may during the lease term be reduced by any impairment losses, if any, or adjusted for certain remeasurements of the lease liability.

### Impairment on non-financial assets

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

### Financial instruments

#### Financial assets

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

The Group recognises a loss allowance for expected losses on financial assets that are measured at amortised cost including trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Cash and cash equivalents comprise cash at bank and deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities unless a legally enforceable right to offset exists.

## **Notes to the Financial Statements (continued)**

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The RiverFort sundry debtor is classified at fair value through profit or loss and is re-measured to fair value at the end of each reporting period. Gains and losses arising from re-measurement are taken to profit or loss, as are transaction costs incurred.

Management review at each reporting date the significant observable inputs and valuation adjustments with respect to the fair value measurement of the RiverFort debtor. The value of the Group's shares is observable in an active market as quoted prices are available hence valuation is within level 1 of the fair value hierarchy under IFRS 13, Fair value measurement. There were no changes in either the inputs or the valuation technique in the year.

### **Financial instruments (continued)**

#### **Financial liabilities**

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

Convertible loan notes with an option that leads to a potentially variable number of shares, have been accounted for as a host debt with an embedded derivative. The embedded derivative is accounted for at fair value through profit and loss at each reporting date. The host debt is recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Convertible loan notes which can be converted to share capital at the option of the holder, and where the number of shares to be issued does not vary with changes in fair value, are considered to be a compound instrument.

The liability component of a compound instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound instrument and fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### **Investments and loans in subsidiaries**

Subsidiary fixed asset investments are valued at cost less provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all investment and loans in subsidiaries.

#### **Inventories**

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

#### **Taxation**

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

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

Deferred tax is the tax expected to be payable or recoverable on material differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

## **Notes to the Financial Statements (continued)**

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### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities unless a legally enforceable right to offset exists.

### **Equity, reserves and dividend payments**

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

The share-based payment reserve represents equity-settled share-based employee remuneration until such share options are exercised or lapse. It also includes the equity settled items such as warrants for services rendered accounted for in accordance with IFRS 2.

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.

### **Pensions**

The Group operates a defined contribution pension scheme for employees in the UK and is operating under auto enrolment. Local labour in Africa benefit from a termination payment on leaving employment. The expected value of this is accrued on a monthly basis.

### **Share-based compensation (Employee Based Benefits)**

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

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

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

### **Share-based payments**

The Group has two types of share-based payments other than employee compensation.

Warrants issued for services rendered which are accounted for in accordance with IFRS 2 recognising either the cost of the service if it can be reliably measured or the fair value of the warrant (using Black-Scholes option pricing models).

Warrants issued as part of Share Issues have been determined as equity instruments under IAS 32. Since the fair value of the shares issued at the same time is equal to the price paid, these warrants, by deduction, are considered to have been issued at nil value.

### **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.

## Notes to the Financial Statements (continued)

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### 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.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Board has judged that because most of the Group's costs and a substantial part of its sales are situated in the UK.

#### *Goodwill*

Goodwill (note 9) has been tested for impairment by considering its net present value for the expected income stream in perpetuity at a discount rate judged to be 5% based on the normal lending rate we are offered leases at, which management consider is a good surrogate for cost of capital. It was also established that 20% (2021: 34%) is the discount rate at which no impairment still would be needed. The income is assumed to be flat and stable for the purpose of this test. Goodwill which does not show a net present value higher than its carrying cost will be impaired.

#### *Deferred tax asset*

Deferred tax assets (note 16) are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The Directors have prepared projections for the next five years based on the best available evidence and have concluded that this deferred tax asset will be utilised in the future.

#### *Subsidiary intercompany balances*

Intercompany balances are stated at full value if the subsidiary is continuing to trade, and a reasonable projection indicates that the subsidiary will be able to repay the balance at some time in the future. Dormant subsidiaries owing money to the group are therefore fully impaired. The Group will support subsidiaries to meet their obligations as and when they fall due.

#### *Debtors and Accrued Income*

The collectability of debtor balances, which include amounts due from various projects including Ghana, have been reviewed in depth by management and the collectability of each debt has been considered carefully. The outcome of these reviews, as well as a more general exercise, is that the carrying value of the debtors is stated at the amount owed less a realistic provision for those debtors considered to be uncollectable or needing impairment. The collectability of the debt in relation to Ghana revolves around agreement with the counterparty over the quantum and the payment terms due under the contract for services rendered and early termination. Management have taken a prudent approach to ensure the carrying value of the amount owed is collectable. The accrued income has been estimated based solely on the volume of containers passing through the screening systems. Management believe the final income figure could be in excess of the amount disclosed in the financial statements.

#### *Sundry Debtors*

The collectability of sundry debtor balances has been reviewed and considered by the executive team. The carrying value of the sundry debtor in particular RiverFort has been tested and it is considered to be fairly stated although there is potential for a contingent liability as disclosed in Note 25.

The judgements involved in determining the appropriate classification of the receivable being a financial asset held at fair value through profit or loss include the asset not being held for trading investment in an equity instrument that is designated at fair value through other comprehensive income at initial recognition. The contractual terms of the sundry debt does not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The RiverFort sundry debtor balance is therefore measured at fair value and any gains and losses recognised in the profit and loss as they arise.

#### *Revalued freehold property*

The freehold property is stated at fair value. A full revaluation exercise was carried out in December 2020. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The Directors are of the opinion that the 2020 valuation has not moved materially since the last valuation was performed. The valuation was not materially different to the value the asset is recorded at the balance sheet date.

### **New standards, amendments and interpretations**

The following new standards have been adopted as appropriate and where required the prior year's figures have been restated.

#### Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). This applied for annual reporting periods beginning on or after 1 January 2022.

#### Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. This applied for annual reporting periods beginning on or after 1 January 2022.

#### Amendment to IFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. This applied for annual reporting periods beginning on or after 1 January 2022.

#### Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. This will apply for annual reporting periods beginning on or after 1 January 2022.

### **New standards, amendments and interpretations adopted early**

#### Income Taxes (Amendments to IAS 12)

This implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 but have been adopted early.

### **Standards amendments and interpretations in issue not yet effective**

#### IAS 1 Presentation of Financial Statements

IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. The amendments are effective for annual periods beginning on or after January 1, 2023.

#### IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

This standard is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendments are effective for annual periods beginning on or after January 1, 2023.

#### IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023. This is not applicable to the Group.

#### Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. This will apply for annual reporting periods beginning on or after 1 January 2023.

#### Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12

Targeted amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. This will apply for annual reporting periods beginning on or after 1 January 2023.

## Notes to the Financial Statements (continued)

### Alternative performance measures (APM)

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

The Directors also look at recurring revenue as a key performance indicator. This is revenue arising from multi-year contracts.

These measures are not defined by UK-adopted IAS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, UK-adopted IAS measurements.

### Purpose

The Directors believe that the EBITDA APM assists in providing additional useful information on the underlying trends, performance and position of the Group. This APM is also used to enhance the comparability of information between reporting periods and business units, by adjusting for non-recurring or uncontrollable factors which affect UK-adopted IAS measures, to aid the user in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes and this remains consistent with the prior year.

The key APM that the Group has focused on is as follows: 'EBITDA profit from underlying continuing and discontinued operations': This is the headline measure used by management to measure the Group's performance and is based on operating profit before the impact of financing costs, share based payment charges, depreciation, amortisation, impairment charges and exceptional items. Exceptional items relate to certain costs that derive from events or transactions that fall within the normal activities of the Group but which, individually or, if of a similar type, in aggregate, are excluded by virtue of their size and nature in order to reflect management's view of the performance of the Group.

### 3. Segment reporting

#### Operating segments

The Board considers the Group on a Business Unit basis. Reports by Business Unit are used by the chief decision-makers in the Group. The Business Units operating during the year are the two operating divisions; Services and Technology. This split of business segments is based on the products and services each offer.

	Managed Services	Technology	Group and Central	Group Total
2022	£'000	£'000	£'000	£'000
Supply of products	-	1,815	-	1,815
Supply and installation contracts	-	1,080	-	1,080
Maintenance and services	5,854	338	-	6,192
Training courses	419	22	-	441
<b>Revenue</b>	<b>6,273</b>	<b>3,255</b>	<b>-</b>	<b>9,528</b>
<b>Segmental underlying EBITDA<sup>^</sup></b>	<b>2,398</b>	<b>81</b>	<b>(2,552)</b>	<b>(73)</b>
Depreciation & amortisation	(108)	(22)	(122)	(252)
<b>Segment operating result</b>	<b>2,290</b>	<b>59</b>	<b>(2,674)</b>	<b>(325)</b>
Finance cost	-	-	(40)	(40)
Profit/ (loss) before tax	2,290	59	(2,714)	(365)
Income tax benefit / (charge)	40	-	314	354
<b>Profit/(loss) for the financial year</b>	<b>2,330</b>	<b>59</b>	<b>(2,400)</b>	<b>(11)</b>
<b>Segment assets</b>	<b>4,886</b>	<b>2,543</b>	<b>2,600</b>	<b>10,029</b>
<b>Segment liabilities</b>	<b>878</b>	<b>1,388</b>	<b>348</b>	<b>2,614</b>
<b>Capital expenditure</b>	<b>113</b>	<b>1</b>	<b>39</b>	<b>153</b>

This is an Alternative Performance Measure refer to Note 2 for further details



## Notes to the Financial Statements (continued)

	Managed Services	Technology	Group and Central	Group Total
2021	£'000	£'000	£'000	£'000
Supply of products	-	1,156	-	1,156
Supply and installation contracts	-	329	-	329
Maintenance and services	4,981	395	-	5,376
Training courses	100	90	-	190
Revenue	5,081	1,970	-	7,051
Segmental underlying EBITDA	1,106	(365)	(2,414)	(1,673)
Depreciation & amortisation	(97)	(9)	(138)	(244)
Segment operating result	1,009	(374)	(2,552)	(1,917)
Finance cost	-	-	(3)	(3)
Profit/ (loss) before tax	1,009	(374)	(2,555)	(1,920)
Income tax benefit / (charge)	(11)	-	-	(11)
Profit/(loss) for the financial year	998	(374)	(2,555)	(1,931)
Segment assets	4,785	1,324	3,213	9,322
Segment liabilities	1,056	378	425	1,859
Capital expenditure	83	1	117	201

### 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.

	2022	2021
	£'000	£'000
UK and Europe	2,520	2,161
Africa	6,704	4,296
Middle East	68	122
Rest of World	236	472
Total	<b>9,528</b>	<b>7,051</b>

Some of the Group's assets are located outside the United Kingdom where they are being put to operational use on specific contracts.

### Information about major customers

No single customer contributed more than 10% of the Group revenue in 2022.

<sup>^</sup> This is an Alternative Performance Measure refer to Note 2 for further details

## Notes to the Financial Statements (continued)

### 4. Finance costs

	Group 2022 £'000	Group 2021 £'000
Finance cost on lease liabilities	(6)	(3)
Interest payable on bank and other borrowings	(34)	-
<b>Total finance costs</b>	<b>(40)</b>	<b>(3)</b>

### 5. Loss from operations

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

	Group 2022 £'000	Group 2021 £'000
Staff costs (see Note 8)	4,356	4,369
Depreciation of property, plant and equipment	196	166
Amortisation of intangible assets	56	78
Operating lease rentals payable		
Short term Leases	158	89
Foreign exchange loss/(gain)	344	132

### Auditor's remuneration

Amounts payable in 2022 relate to PKF in respect of audit and other services. The local Audit in Sierra Leone is performed by Moore Sierra Leone (both years). The local audit in Ghana was performed by PKF Ghana in 2021 only.

Audit services	Group 2022 £'000	Group 2021 £'000
Statutory audit of parent and consolidated financial statements	62	46
Review of Interim Results	2	2
- Statutory audit of subsidiaries of the company pursuant to legislation	20	20
Taxation services including research and development tax credits	-	-
<b>Total payable to PKF Littlejohn UK</b>	<b>84</b>	<b>68</b>
Local audit in Sierra Leone - Moore Sierra Leone	19	18
Local audit in Ghana - PKF Ghana	-	1
<b>Total fees</b>	<b>103</b>	<b>87</b>

## Notes to the Financial Statements (continued)

### 6. Taxation

#### Analysis of tax charge / (credit) in year

The Finance Act 2020 set the Corporation Tax main rate at 19% for the financial year beginning 1 April 2020. Deferred taxes at the balance sheet date have been measured using a 25% tax rate and reflected in these financial statements.

	£'000 2022	£'000 2021
Current year	£'000	£'000
UK Corporation tax on profits in the year	-	-
Potential foreign corporation tax on profits in the year	-	8
<b>Deferred Tax (Note 16)</b>		
Foreign entity deferred tax	(40)	3
Review of expected utilisation of Losses	(314)	-
	<u>(354)</u>	<u>11</u>
	<b>Group</b>	<b>Group</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of effective tax rate</b>		
Loss on ordinary activities before tax	<u>(365)</u>	<u>(1,920)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(69)	(365)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	94	20
Deferred tax movement (Note 16)	(355)	3
Release of losses	(24)	-
Unrecognised losses carried forward	-	353
Total tax - credit	<u>(354)</u>	<u>11</u>

For further details on Tax refer to Note 16.

## Notes to the Financial Statements (continued)

### 7. Employee costs

Employee costs for the Group during the year

#### Group

	2022	2021
	£'000	£'000
Wages and salaries	3,822	4,083
Pension contributions	73	68
Social security costs	461	359
	<b>4,356</b>	<b>4,510</b>
Share based payments	-	-
	<b>4,356</b>	<b>4,510</b>
Job retention support	-	(141)
Net Cost	<b>4,356</b>	<b>4,369</b>

The Group operates a stakeholder pension scheme. The Group made pension contributions totalling £73,000 during the year (2021: £68,000), and pension contributions totalling £83,000 were outstanding at the year-end (2021: £15,000).

Details of the Directors' remuneration are included in the Remuneration Committee Report. Key management within the business are considered to be the Board of Directors. The total Directors' remuneration during the year was £635,000 (2021: £656,000) and the highest paid director received remuneration totalling £206,000 (2021: £196,000).

#### Average monthly number of people (including Executive Directors) employed

Group	2022	2021
By function:		
Sales	8	10
Operations	212	197
Administration	24	24
Management	12	10
	<b>256</b>	<b>241</b>

### 8. Loss per share

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

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. Only those outstanding options that have an exercise price below the average market share price in the year have been included.

The weighted average number of ordinary shares is calculated as follows:

	2022	2021
	'000	'000
Issued ordinary shares		
Start of year	330,515	286,528
Effect of shares issued during the year	-	23,576
Weighted average basic and diluted number of shares for year	<b>330,515</b>	<b>310,104</b>

## Notes to the Financial Statements (continued)

### 8. Loss per share (continued)

	2022	2021
	£'000	£'000
<b>Earnings</b>		
Loss and total comprehensive expense	(11)	(1,931)

For the year ended 31 December 2022 and 2021 the issue of additional shares on exercise of outstanding share options, convertible loans and warrants would decrease the basic loss per share and there is therefore no dilutive effect. Loss per share was 0.00p (2021: 0.62p).

### 9. Goodwill

Group	2022	2021
	£'000	£'000
Gross carrying amount at 1 January	1,377	1,377
Exchange rate movement	1	-
Gross carrying amount at 31 December	1,378	1,377
Accumulated impairment at 1 January	(763)	(763)
Impairment charge for the year	-	-
Accumulated impairment at 31 December	(763)	(763)
Carrying amount at 1 January	614	614
Carrying amount at 31 December	615	614

The goodwill balance relates to the acquisition of Longmoor Security Limited, Keyguard U.K Limited and Euro-Ops SARL. The movement is because of an exchange rate movement on Euro Ops where the goodwill is in Euros.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill may be impaired. The recoverable amounts of the cash-generating unit are determined from value in use calculations. The key assumptions are discount rate (5%) future revenues (assumed as flat) derived from the most recent 2022 financial budgets approved by management. The projection assumes that the companies are held in perpetuity. A discount rate of 20% (2021: 34%) would not result in any impairment based on management's latest forecast.

No reasonably possible change in any of the estimates and assumptions used in the impairment test would give rise to a material impairment.

## Notes to the Financial Statements (continued)

### 10. Other intangible assets

	<i>Group Website and Software</i>	<i>Company Website and Software</i>
<b>2022</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 January 2022	400	364
Additions	12	13
<b>At 31 December 2022</b>	<b>412</b>	<b>377</b>
<b>Accumulated amortisation and impairment</b>		
At 1 January 2022	250	244
Charge for the year	56	49
<b>At 31 December 2022</b>	<b>306</b>	<b>293</b>
<b>Net book value at 31 December 2022</b>	<b>106</b>	<b>84</b>
<b>2021</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 January 2021	415	404
Additions	41	6
Disposals	(56)	(46)
<b>At 31 December 2021</b>	<b>400</b>	<b>364</b>
<b>Accumulated amortisation and impairment</b>		
At 1 January 2021	228	217
Charge for the year	78	73
Disposals	(56)	(46)
<b>At 31 December 2021</b>	<b>250</b>	<b>244</b>
<b>Net book value at 31 December 2021</b>	<b>150</b>	<b>120</b>

## Notes to the Financial Statements (continued)

### 11. Property, plant and equipment

Group	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2022</b>						
<b>Cost or valuation</b>						
At 1 January 2022	1,126	768	1,058	109	173	3,234
Additions	5	15	20	-	101	141
Disposals	-	-	-	(37)	(109)	(146)
<b>At 31 December 2022</b>	<b>1,131</b>	<b>783</b>	<b>1,078</b>	<b>72</b>	<b>165</b>	<b>3,229</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2022	81	557	496	77	128	1,339
Charge for the year	24	49	59	11	53	196
Disposals	-	-	-	(38)	(93)	(131)
<b>At 31 December 2022</b>	<b>105</b>	<b>606</b>	<b>555</b>	<b>50</b>	<b>88</b>	<b>1,404</b>
<b>Net book value at 31 December 2022</b>	<b>1,026</b>	<b>177</b>	<b>523</b>	<b>22</b>	<b>77</b>	<b>1,825</b>
<b>2021</b>						
<b>Cost or valuation</b>						
At 1 January 2021	1,079	766	1,018	78	164	3,105
Additions	47	10	45	34	24	160
Disposals	-	(8)	(5)	(3)	(15)	(31)
Revaluation	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>1,126</b>	<b>768</b>	<b>1,058</b>	<b>109</b>	<b>173</b>	<b>3,234</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2021	59	519	451	75	100	1,204
Charge for the year	22	46	50	5	43	166
Disposals	-	(8)	(5)	(3)	(15)	(31)
<b>At 31 December 2021</b>	<b>81</b>	<b>557</b>	<b>496</b>	<b>77</b>	<b>128</b>	<b>1,339</b>
<b>Net book value at 31 December 2021</b>	<b>1,045</b>	<b>211</b>	<b>562</b>	<b>32</b>	<b>45</b>	<b>1,895</b>

Right of use assets (motor vehicles) above have been created in accordance with IFRS 16. Motor vehicles are leased for certain employees for lease terms ranging between 3-5 years with fixed payments. The Group does not purchase or guarantee the future value of lease vehicles.

The freehold property was valued professionally by White Commercial, Chartered Surveyors, as at 31 December 2020, which provided a valuation of £1,020,000. The valuation was made on the basis of recent market transactions on arm's length terms and on an alternative use basis. The Revaluation Reserve is not available for distribution to shareholders. The Directors are of the opinion that the valuation has not moved materially since the last valuation was performed. The valuation was not materially different to the value the asset is recorded at the balance sheet date.

## Notes to the Financial Statements (continued)

### 11. Property, plant and equipment (continued)

Company	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000
<b>2022</b>					
<b>Cost or valuation</b>					
At 1 January 2022	1,126	23	237	100	1,486
Additions	4	-	22	-	26
Disposals	-	-	-	(76)	(76)
<b>At 31 December 2022</b>	<b>1,130</b>	<b>23</b>	<b>259</b>	<b>24</b>	<b>1,436</b>
<b>Accumulated depreciation and impairment</b>					
At 1 January 2022	81	18	184	70	353
Charge for the year	24	1	23	24	72
Disposals	-	-	-	(76)	(76)
<b>At 31 December 2022</b>	<b>105</b>	<b>19</b>	<b>207</b>	<b>18</b>	<b>349</b>
<b>Net book value at 31 December 2022</b>	<b>1,025</b>	<b>4</b>	<b>52</b>	<b>6</b>	<b>1,087</b>
<b>2021</b>					
<b>Cost or valuation</b>					
At 1 January 2021	1,079	18	202	76	1,375
Additions	47	5	35	24	111
Disposals	-	-	-	-	-
	1,126	23	237	100	1,486
<b>Accumulated depreciation and impairment</b>					
At 1 January 2021	59	16	167	45	287
Charge for the year	22	2	17	25	66
Disposals	-	-	-	-	-
<b>At 31 December 2021</b>	<b>81</b>	<b>18</b>	<b>184</b>	<b>70</b>	<b>353</b>
<b>Net book value at 31 December 2021</b>	<b>1,045</b>	<b>5</b>	<b>53</b>	<b>30</b>	<b>1,133</b>

The freehold property was valued professionally by White Commercial, Chartered Surveyors, as at 31 December 2020, which provided a valuation of £1,020,000. The valuation was made on the basis of recent market transactions on arm's length terms and on an alternative use basis. The Directors are of the opinion that the valuation has not moved materially since the last valuation was performed. The valuation was not materially different to the value the asset is recorded at the balance sheet date. The Revaluation Reserve is not available for distribution to shareholders.

No depreciation has been charged on the freehold land only building additions have been depreciated. The difference between the net book value of the total freehold property if depreciation, at 2%, had been charged as shown in the financial statements is not materially different to the value the asset is recorded at the balance sheet date.



## Notes to the Financial Statements (continued)

### 11. Property, plant and equipment (continued)

The freehold property is stated at valuation, the comparable historic cost and depreciation values are as follows: This depreciation is charged on historical cost only.

	2022	2021
	£'000	£'000
Historical cost	808	803
<b>Accumulated depreciation</b>		
At 1 January	324	308
Charge for the year	16	16
<b>At 31 December</b>	<b>340</b>	<b>324</b>
<b>Net book value as at 31 December</b>	<b>468</b>	<b>479</b>

### 12. Lease commitments

The Group accounts for operating leases under IFRS 16. There are some leases of small value or less than one-year duration which have been charged to expenses as incurred, but the aggregate commitment of these leases is immaterial.

#### Right to use assets

	2022	2021
At 1 January	106	67
Additions	30	70
Expensed in the year	(47)	(31)
<b>As at 31 December</b>	<b>89</b>	<b>106</b>
<b>Of which</b>		
Current Lease	62	42
Non-Current	27	64
	<b>89</b>	<b>106</b>

### 13. Investment in subsidiaries

All loans relate to cash movements between Group companies and are repayable on demand. Loans and other intercompany accounts are included in the Company's respective current payables or receivables. This is because they are more in the nature of current assets and current liabilities than longer term investments.

Company	2022	2021
	Investments	Investments
Cost	£'000	£'000
At 1 January	389	389
Movement in Year	-	-
<b>At 31 December</b>	<b>389</b>	<b>389</b>
<b>Accumulated impairment</b>		
At 1 January	(389)	(389)
Movement in Year	-	-
<b>At 31 December</b>	<b>(389)</b>	<b>(389)</b>
<b>Investment in subsidiaries</b>	<b>-</b>	<b>-</b>

A sum of £9,244,000 (2021: £8,463,000) has been recognised in receivables as intercompany; and £630,000 (2021: £219,000) has been recognised in payables as intercompany.

## Notes to the Financial Statements (continued)

### 14. Subsidiary undertakings

The subsidiary undertakings at 31 December 2022 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
Westminster Services Limited (formerly Longmoor Security Limited)	England	Close protection training and provision of security services (Managed Services)	100
Westminster Aviation Security Services Limited	England	Managed services of airport security under long term contracts. (Managed Services)	100
Sovereign Ferries Limited	England	Dormant	100
Westminster Operating Limited	England	Special purpose vehicle which exists solely for listing the 2013 CLN on the CISX. Year end 31 October. Only transactions are intra group	100
Keyguard U.K Limited	England	Security and risk management including manned guarding, mobile patrols, risk management and K9 services.	100
Longmoor (SL) Limited	Sierra Leone	Security and terminal guarding	100
Facilities Operations Management Limited	Sierra Leone	Infrastructure management	100
Westminster Sierra Leone Limited *	Sierra Leone	Local infrastructure for airport operations	49
Westminster Group GmbH	Germany	Dormant	100
GLIS Gesellschaft für Luftfahrt- und Infrastruktur-Sicherheit GmbH	Germany	Managed Services	85
Westminster Sicherheit GmbH	Germany	Dormant	85
Euro Ops SARL	France	Managed Services infrastructure	100
Westminster Maritime Services Limited #	England	Dormant	100
CTAC Limited	England	Dormant	100
Longmoor Security Services Limited (formerly Westminster Aviation Security Services (ME) Limited)	England	Dormant	100
Westminster Aviation Security Services RDC SARLU	DRC	Managed services of airport security under long term contracts. (Managed Services)	100
Westminster Liberia LLC	Liberia	Managed services of port security under long term contracts. (Managed Services)	100

Subsidiary company registered addresses:

England	Westminster House, Blacklocks Hill, Banbury, Oxfordshire, OX17 2BS, United Kingdom.
Sierra Leone	60 Wellington Street, Freetown, Sierra Leone.
Germany	Chiemseestrasse 25, 83233 Bernau am Chiemsee, Germany.
France	17 Route de Sundhoffen, 68280 Andolsheim. France.
DRC	Cabinet Lohayo Ngola Patrick, Immeuble Mirlandsis. au No34 du Boulevard Sendwe, Kinshasa DRC.
Liberia	Gbaintor Law Firm, Wroto Town. Sinkor, Airfield, Monrovia, Liberia.

- \* Consolidated due to de facto control. These results do not have a material effect on the financial statements.  
 # Westminster Maritime Services Limited was formerly known as Westminster Facilities Management Limited & Westminster Managed Services Limited.

## Notes to the Financial Statements (continued)

### 15. Financial instruments

#### Categories of financial assets and liabilities.

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<b>Financial assets</b>				
Trade and other receivables (note 18)	5,354	3,606	10,672	9,774
Cash and cash equivalents (note 19)	289	944	(59)	380
	<b>5,643</b>	<b>4,550</b>	<b>10,613</b>	<b>10,154</b>
<b>Financial liabilities</b>				
Borrowings (note 22)	27	12	-	5
Trade and other payables (note 23)	2,507	1,760	999	638
	<b>2,534</b>	<b>1,772</b>	<b>999</b>	<b>643</b>

See note 2 for a description of the accounting policies for each category of financial instruments. The fair values are presented in this note and are the same as the carrying value. A description of the Group's risk management and objectives for financial instruments is given in note 26.

### 16. Deferred tax assets and liabilities

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. The Group's projections show the expectation of future profits, hence in 2018 a deferred tax asset was recognised. Reviews performed since then, including as at 31 December 2022, confirmed those expectations.

The tax losses against which this deferred tax asset is being recognised are in the group's holding company and its principal UK based subsidiaries. Evidence, both positive and negative, primarily the Group's projections of future profits have been considered. The critical judgement has been the timing of new contracts. The deferred tax asset is expected to be used in the period up to the end of 2023.

The Group believes it has a total potential deferred tax asset of £4,047,000 (2021: £3,396,000). It has recognised a deferred tax asset of £1,308,000 (2021: £953,000) due to budgeted future profits of the business beyond 2022 and the expected tax rate. There remains £2,739,000 (2021: £2,443,000) of unrecognised deferred tax asset.

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 25% (2021: 19%). Any changes in the future would affect these amounts proportionately.

	2022 £'000	2021 £'000
Opening balance as at 1 January	953	956
Credit / (debit) to income statement	355	(3)
Deferred tax asset as at 31 December	<b>1,308</b>	<b>953</b>

### 17. Inventories

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Finished goods	485	681	-	-
	<b>485</b>	<b>681</b>	<b>-</b>	<b>-</b>

The cost of inventories recognised as an expense within cost of sales amounted to £2,153,000 (2021: £1,313,000). No reversal of previous write-downs was recognised as a reduction of expense in 2022 or 2021.

## Notes to the Financial Statements (continued)16

### 18. Trade and other receivables

	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade receivables, gross	1,827	1,193	-	-
Allowance for credit losses	(26)	(56)	-	-
Trade receivables	1,801	1,137	-	-
Amounts recoverable on contracts	750	136	-	-
Intercompany receivables	-	-	9,244	8,643
Other receivables	2,211	1,909	1,428	1,131
<b>Financial assets</b>	<b>4,762</b>	<b>3,182</b>	<b>10,672</b>	<b>9,774</b>
Other taxes and social security	15	437	-	46
Prepayments	31	42	11	10
<b>Non-financial assets</b>	<b>46</b>	<b>479</b>	<b>11</b>	<b>56</b>
<b>Trade and other receivables</b>	<b>4,808</b>	<b>3,661</b>	<b>10,683</b>	<b>9,830</b>
<b>Non-Current Receivable</b>	<b>593</b>	<b>424</b>	<b>-</b>	<b>-</b>

The average credit period taken on sale of goods in 2022 was 30 days (2021: 57 days). An allowance has been made for estimated credit losses of £26,000 (2021: £56,000). This allowance has been based on the knowledge of receivables at the reporting date together with forecasts of future economic impacts and their collectability. There are no expected credit losses on amounts recoverable on contracts.

Expected credit losses on intercompany receivables assume that repayment of the loan is demanded at the reporting date. If the subsidiary has sufficient accessible highly liquid assets to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. If the subsidiary could not repay the loan if demanded at the reporting date, the Group consider the expected manner of recovery to measure expected credit losses. This is a 'repay over time' strategy (that allows the subsidiary time to pay), non-trading subsidiaries will not be able to repay loans over time and are therefore deemed to be impaired.

Other receivables include a sum of £1,118,000 (2021: £1,118,000) due from the RiverFort Equity Placing and Sharing Agreement. It is expected that it will be recovered from the sale of shares currently still held by RiverFort. Refer to note 25 on Contingent Liabilities.

The following table provides an analysis of trade receivables at 31 December. The Group believes that the balances are ultimately recoverable based upon a review of past payment history and the current financial status of the customers.

	2022	2021
	£'000	£'000
Current	410	619
Not more than 3 months	1,166	379
More than 3 months	251	195
	<b>1,827</b>	<b>1,193</b>
<b>Allowances for Credit Losses</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance at 1 January	56	52
Amounts written off	(37)	-
Amounts provided	17	37
Currency movement	1	-
Written back (no longer required)	(11)	(33)
<b>Closing balance at 31 December</b>	<b>26</b>	<b>56</b>

There are no significant expected credit losses from financial assets that are neither past due nor impaired.

## Notes to the Financial Statements (continued)

### 18. Trade and other receivables (continued)

At 31 December 2022 £1,313,000 (2021: £574,000) of receivables were denominated in US dollars, £11,000 (2021: £63,000) of receivables were denominated in Euros and £ 71,000 (2021: £269,000) were denominated in Ghanaian Cedi. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

### 19. Cash and cash equivalents

	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash at bank and in hand	289	944	(59)	380
Bank overdraft	-	-	-	-
Cash and cash equivalents	289	944	(59)	380

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

### 20. Called up share capital

#### Group and Company

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

Ordinary Share Capital	2022		2021	
	Number	£'000	Number	£'000
At 1 January	330,514,660	331	286,527,511	287
Arising on exercise of share options and warrants	-	-	127,500	-
Other issue for cash	-	-	43,859,649	44
At 31 December	330,514,660	331	330,514,660	331

Deferred share capital	2022		2021	
	Number	£'000	Number	£'000
At 1 January	-	-	161,527,511	15,991
Capital Reduction	-	-	(161,527,511)	(15,991)
At 31 December	-	-	-	-

Total Share Capital	2022		2021	
	Number	£'000	Number	£'000
Ordinary Share Capital	330,514,660	331	330,514,660	331
Deferred share capital	-	-	-	-
	330,514,660	331	330,514,660	331

There were no equity issues in the year.

## Notes to the Financial Statements (continued)

### 21. Share options and Warrants

	Options outstanding
Options outstanding as at 1 January 2022	9,477,500
Lapsed during the year	(785,000)
Options outstanding as at 31 December 2022	<u>8,692,500</u>

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

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

The Company adopted the 2017 Share Option Scheme on 21 September 2017 that provides for the granting of both Enterprise Management Incentives and unapproved share options (Westminster Group Individual Share Option Agreements). The main terms of the option scheme are as follows:

- Although no special conditions apply to the options granted in 2017, the model form agreement allows the Company to adopt special conditions to tailor an option for any particular employee.
- The scheme is open to all full-time employees and Directors except those who have a material interest in the Company.
- For the purposes of this definition, a material interest is either beneficial ownership of, or the ability to control directly, or indirectly, more than 30% of the ordinary share capital of the Company.
- The Board determines the exercise price of options before they are granted. It is provided in the scheme rules that options must be granted at the prevailing market price in the case of EMI options and must not be granted at an exercise price that is less than the nominal value of a share.
- There is a limit that options over unissued shares granted under the scheme and any discretionary share option scheme or other option agreement adopted or entered into by the Company must not exceed 10% of the issued share capital.
- Options can be exercised on the second anniversary of the date of grant and may be exercised up to the 10th anniversary of granting. Options will remain exercisable for a period of 40 days if the participant is a "good leaver".

Options have subsequently been granted on this basis.

These options are valued by the use of the Black-Scholes model using a volatility of 70%, interest free rate of 0.5%, dividend of 0% and a life of 5 years.

## Notes to the Financial Statements (continued)

### 21. Share options and Warrants (continued)

The Company has the following share options outstanding to its employees (including those on good leaver terms). The weighted average exercise price at the reporting date was 17.6p (2021: 18.0p). The average life of the unexpired share options was 4.5 years (2021: 5.4 years).

As At		31 December 2022		31 December 2021	
Grant date	Exercise price £	Number outstanding	Average life outstanding (years)	2021 number outstanding	2021 average life outstanding (years)
28 June 2012	0.365	-	-	225,000	0.5
01 July 2014	0.510	150,000	1.5	225,000	2.5
10 December 2014	0.285	2,187,500	1.9	2,187,500	2.9
09 October 2015	0.140	40,000	2.8	40,000	3.8
01 June 2018	0.130	5,565,000	5.4	6,050,000	6.4
01 November 2018	0.130	750,000	5.8	750,000	6.8
		<b>8,692,500</b>	<b>4.5</b>	<b>9,477,500</b>	<b>5.4</b>

During the year, no employee options were granted (2021: Nil), none were exercised (2021: none) and 785,000 lapsed (2021: 100,000). The weighted average price of the options lapsed in the year was 23.4p (2021: 13.0p). The weighted average exercise price of exercisable options at the end of 2022 was 17.6p (2021 18.0p).

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 past 3 years has been used to calculate volatility.

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.

### Warrants

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

Date issued	Reason for issue	Number of warrants	Exercise price pence per share	Life in years
31 January 2018	Placing Commission	170,455	22.0	5
22 January 2020	RiverFort EPSA	3,499,222	5.2	4

The Warrants issued on 31 January 2018 are valued in accordance with IFRS 2 that is for equity-settled share-based payment transactions, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. Warrants are recorded at fair value at inception and are not remeasured.

The Warrants issued with Share Issues on 22 December 2020 have been determined as equity instruments under IAS 32. Since the fair value of the shares issued at the same time is equal to the price paid, these warrants, by deduction, are considered to have been issued at nil value.

## Notes to the Financial Statements (continued)

### Warrants

The fair value of £Nil (2021: Nil) for the issue of these warrants was recognised in the year.

### Movement in Warrants

	As at 1/1/22	Lapsed	Redeemed	As at 31/12/22
Placing Commission	170,455	-	-	170,455
RiverFort EPSA	3,499,222	-	-	3,499,222
Share Issue	24,872,500	(24,872,500)	-	-
	<u>28,542,177</u>	<u>(24,872,500)</u>	<u>-</u>	<u>3,669,677</u>

### 22. Lease Liabilities

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<b>Non-current</b>				
Non-current lease debt	27	12	-	5
<b>Total non-current lease liabilities</b>	<u>27</u>	<u>12</u>	<u>-</u>	<u>5</u>

### Non-current lease debt

As described in Note 12, all leases that fall under IFRS 16 are recorded on the balance sheet as liabilities, at the present value of the future lease payments, along with an asset reflecting the right to use the asset over the lease term. The non-current lease debt is the part of that debt which falls due after 12 months.



## Notes to the Financial Statements (continued)

### 23. Trade and other payables

Current	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	556	509	104	170
Accruals and other creditors	1,757	1,219	260	226
Intercompany payables	-	-	630	219
Other loans	132	-	-	-
Finance lease creditor (IFRS 16)	62	32	5	23
Financial liabilities	2,507	1,760	999	638
Other taxes and social security payable	-	-	-	-
Contractual liabilities	80	87	-	-
Non-financial liabilities	80	87	-	-
<b>Total current trade and other payables</b>	<b>2,587</b>	<b>1,847</b>	<b>999</b>	<b>638</b>

Shown on the balance sheet as:

Contractual liabilities	80	87	-	-
Trade and other payables	2,507	1,760	999	638
	<b>2,587</b>	<b>1,847</b>	<b>999</b>	<b>638</b>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs, as well as payments received in advance on contracts. The average credit period taken for trade purchases in 2022 was 51 days (2021: 43 days). The Directors consider that the carrying value of trade payables approximates to their fair value.

Contractual liabilities relate to amounts received from customers at year-end but not yet earned.

At 31 December 2022 £194,000 (2021: £160,000) of payables were denominated in US dollars, £85,000 (2021: £24,000) were denominated in Euros, £4,000 (2021: £21,000) were denominated in Ghanaian Cedi and £39,000 (2021: £23,000) were denominated in Sierra Leone Leones.

### 24. Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to loss before taxation to arrive at operating cash flow:

Group	2022	2021
	£'000	£'000
<b>Adjustments:</b>		
Depreciation, amortisation and impairment of non-financial assets	252	244
Finance costs	40	(3)
Movement in right to use assets	(30)	-
(Profit) / loss on disposal of non-financial assets	(4)	-
Non-cash finance cost	(6)	-
Increase in Deferred Tax Asset	-	3
<b>Total adjustments</b>	<b>252</b>	<b>244</b>

## Notes to the Financial Statements (continued)

### 24. Cash flow adjustments and changes in working capital (continued)

<b>Net changes in working capital:</b>	<b>2022</b>	<b>2021</b>
	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
Decrease in inventories	196	92
Increase in trade and other receivables	(1,147)	(1,223)
(Increase)/decrease in long term receivables	(169)	60
Decrease in contract liabilities	(7)	(13)
Increase / (decrease) in trade and other payables	558	(548)
<b>Total changes in working capital</b>	<b>(569)</b>	<b>(1,632)</b>
<b>Company</b>	<b>Company</b>	<b>Restated Company</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Adjustments:</b>		
Depreciation, amortisation and impairment of non-financial assets	121	139
Finance costs	-	1
<b>Total adjustments</b>	<b>121</b>	<b>140</b>
<b>Net changes in working capital:</b>		
Increase in trade and other receivables	(853)	(683)
Increase/(decrease) in trade and other payables	360	(608)
<b>Total changes in working capital</b>	<b>(493)</b>	<b>(1,291)</b>

### 25. Contingent assets and contingent liabilities

In 2020, the company received a £1.5m mezzanine loan under the RiverFort EPSA. At the same time under the EPSA the company issued 14m shares at 12.5p to RiverFort and booked a sundry debt of £1.75m. The loan was to be repaid and the sundry debt settled by RiverFort selling down the shares, with share sales taking place throughout 2020 at an average price of 9 pence per share. The balance of the mezzanine loan was however fully repaid in cash by the Company in December 2020. Following repayment of the loan the remaining shares owned by RiverFort were held to Westminster's order. As at the 31 December 2022 there remained 4,300,696 shares still to be sold and a residual sundry debt relating to those shares. Had the shares been sold at the end of 2022 there would have been a book loss of £1,041,000 (2021: £985,000) on this debt. However, the shares are still held and there is no reason or expectation they will be sold until the Company's share price is favourable. Management expects the future prospects set out in the "Current Trading & Business Outlook" section of the Chief Executive Officers report to create a share price that would be sufficient to allow the Company to release the shares for sale creating revenue and eradicating the sundry debt. In order to recover the debt, the share price at sale would need to be 26p.

In February 2022, Clydesdale Bank PLC trading as Yorkshire Bank offered the Group an overdraft and other banking facilities. As a condition of these facilities the Company entered into a multilateral charge and guarantee in respect of bank overdrafts and other facilities of all companies within the Group.

## Notes to the Financial Statements (continued)

### 26. Financial risk management

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

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

#### Foreign currency sensitivity

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro (EUR) and US dollar (USD) but also the Sierra Leone New Leone (SLE) and Ghanaian Cedi (GHS). 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.

Group	Short-term exposure USD £'000	Short-term exposure EUR £'000	Short-term exposure SLL £'000	Short-term exposure GHS £'000
<b>31 December 2022</b>				
Financial assets	1,313	11	-	71
Financial liabilities	(194)	(85)	(39)	(4)
<b>Total exposure</b>	<b>1,119</b>	<b>(74)</b>	<b>(39)</b>	<b>67</b>
<b>31 December 2021</b>				
Financial assets	574	63	-	269
Financial liabilities	(160)	(24)	(23)	(21)
<b>Total exposure</b>	<b>414</b>	<b>39</b>	<b>(23)</b>	<b>248</b>

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a loss of profits in 2022 of £124,000 (2021: £46,000 Loss).

If the Euro were to depreciate by 10% relative to its year end rate, this would cause gain of profits in 2022 of £8,000 (2021: £4,000 Loss).

If the Sierra Leonean Leone were to depreciate by 10% relative to its year end rate, this would cause a gain of profits in 2022 of £4,000 (2021: £3,000 Gain).

If the Ghanaian Cedi were to depreciate by 10% relative to its year end rate, this would cause a loss of profits in 2022 of £7,000 (2021: £28,000 Loss).

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

There were no material borrowings in 2022. Interest on the cash holdings of the Group and lease debt noted in note 22 are both not material and also has fixed interest rates. Therefore, no calculation of interest rate sensitivity has been undertaken.

## Notes to the Financial Statements (continued)

### 26. Financial risk management (continued)

#### Credit risk analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and where possible working on a "cash with order".

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

None of the Group's financial assets are secured by collateral or other credit enhancements. Details of allowance for credit losses are shown in note 18 of these financial statements.

The Company has investments in and amounts owing from subsidiary companies. The amounts owing are held at fair value. For loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. If it does not, then an impairment will be considered.

#### Liquidity risk analysis

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. 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 outlook period.

As at 31 December 2022, the Group's financial liabilities have contractual maturities (including interest payments, where applicable) as summarised below:

Group	2022			2021		
	Current (within 6 months)	6 to 12 months	Non-current (1-5 years)	Current (within 6 months)	6 to 12 months	Non-current (1-5 years)
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	2,587	-	-	1,760	-	-
Total	2,587	-	-	1,760	-	-

Company	Current (within 6 months)	6 to 12 months	Non-current (1-5 years)	Current (within 6 months)	6 to 12 months	Non-current (1-5 years)
	£'000	£'000	£'000	£'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	999	-	-	638	-	-
Total	999	-	-	638	-	-

## Notes to the Financial Statements (continued)

### 27. Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, are listed below:

	Balance at 31 December	Movement in Year	Balance at 31 December	Movement in Year	Balance at 31 December
	2020	2021	2021	2022	2022
Westminster International Limited	2,329	(2,202)	127	(713)	(586)
Westminster Services Limited (formerly Longmoor Security Limited)	-	-	-	62	62
Westminster Aviation Security Services Limited	3,979	783	4,762	(1,432)	3,330
Sovereign Ferries Limited	45	503	548	(2)	546
Westminster Operating Limited	(2,398)	2,224	(174)	2,075	1,901
Keyguard U.K Limited	-	332	332	(10)	322
Longmoor (SL) Limited	-	(24)	(24)	2	(22)
Facilities Operations Management Limited	192	1,307	1,499	24	1,523
Westminster Sierra Leone Limited *	-	-	-	-	-
Westminster Group GMBH	795	393	1,188	133	1,321
GLIS Gesellschaft für Luftfahrt- und Infrastruktur-Sicherheit GmbH	-	-	-	-	-
Westminster Sicherheit GMBH	-	-	-	-	-
Euro Ops SARL	-	187	187	51	238
Westminster Maritime Services Limited	1,310	(1,331)	(21)	-	(21)
Longmoor Security Services Limited (formerly Westminster Aviation Security Services (ME) Limited)	-	-	-	-	-
Westminster International (Ghana) Limited	-	-	-	-	-
	6,252	2,172	8,424	190	8,614

The remuneration of the Directors, who are the key management personnel of the Group, is set out in the Remuneration Committee report on pages 50 to 53 as are details of pension contributions for Directors.

In the year to 31 December 2022 fees and expenses of £2,640 (2021: £1,320) plus VAT were accrued to Graham Binns Consulting Limited, a Limited Liability Partnership under the control of Major General (Rtd) Graham Binns. On the 31 December 2022 Graham Binns Consulting Limited was owed £nil (2021: £1,584 including VAT).

Certain members of the Fowler family, other than directors, have been employed by the Group on normal arms-length terms for between 13 and 25 years. Their remuneration, in aggregate, for the year ended 31 December 2022 was £176,718 (2021: £183,448).

In July 2022 Westminster International (Ghana) Limited (WIG), was sold for £1 to Mawuli Ababio. WIG was surplus to requirements and had never actually traded because the operations are dealt with direct to the UK. However, having a company, which is wholly Ghanaian owned, as a subcontractor to facilitate certain aspects of the operations in Ghana gave potential logistical benefits. In the year to 31 December 2022 fees and expenses of £ nil (2021: £ Nil) plus VAT were accrued to Westminster International (Ghana) Limited, a Limited Liability Company under the control of Mawuli Ababio. On the 31 December 2022 Westminster International (Ghana) Limited was owed £ nil (2021: £ Nil).

## COMPANY INFORMATION

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### Directors

#### Executive

Sir Tony Baldry (Chairman)  
Peter Fowler  
Mark Hughes  
Stuart Fowler

#### Non-Executives

Mawuli Ababio (Deputy Chairman)  
Simon Barrell  
Major General (Rtd) Graham Binns

#### Company Secretary

Roger Worrall

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