

Westminster Group Plc
('Westminster', the 'Group' or the 'Company')
Final Results for 12 months to 31 December 2020
& Investor Presentation

Westminster Group Plc (AIM: WSG), a leading supplier of managed services and technology-based security solutions worldwide, announces Final Results for the 12 months ending 31 December 2020.

Highlights

Operational:

- Successfully navigated Covid-19 largely due to the Company's multiple revenue stream business model and early action by management. Both Technology and Services Divisions, delivered a robust performance.
- Strong and profitable H1 performance delivering 24% increase over H1 2019, although H2 was more challenging due to travel restrictions.
- Travel restrictions and airport closures materially affected our airport managed services, training and guarding business but was offset by growth in product sales and port services.
- Supplied products and solutions to 78 (2019:66) countries across the world
- Successfully completed a \$665,000 contract to supply screening and safety equipment to a global investment management company's 85 offices in 37 countries around the world.
- Secured a £1.5 million, 5-year guarding contract to provide security screening equipment and other services to the Palace of Westminster (informally known as the UK Houses of Parliament).
- Secured £750,000 3-year guarding contract for one of the UK's leading housebuilders.
- Successfully completed a contract at short notice to repatriate 80 NGO staff stranded in Africa.
- Signed strategic alliance with JP International Training.
- Launched new group wide website.
- Launched new on-line training catalogue.
- Launched a UK focussed TV 'Get Back to Work Safely' advertising campaign.
- Westminster's aviation security training operations was graded as 'Outstanding' in all areas audited by UK Civil Aviation Authority (CAA).
- Implemented new working practices to keep all our employees safe during Covid-19 and maintained full employment utilising the furlough scheme where appropriate.
- Recognised by the London Stock Exchange as one of the select 1000 Companies to Inspire Britain.

Financial:

- Despite material impact from Covid-19 still achieved revenues of £10.0m (2019: £10.9m).
- Loss after tax improves to £0.7m (2019: loss of £1.3m*).
- Repaid both Convertible Loan Notes and RiverFort Loan out of £5m placing undertaken in December 2020.
- Total Equity / Net Assets grows from £1.9m in 2019 to £71m in 2020.

Post period End:

- Commenced year debt free.
- Despite continued disruption from Covid-19 encouraging start to the year.
- Recovery of West African Airport operations ahead of expectations.
- Port operations performing well.
- New training contracts indicating recovery in training business.
- Commenced work on Palace of Westminster project (delayed from 2020).
- All large-scale project opportunities remain live, including African airport projects, despite timing delays due to travel restrictions and other disruption.
- Enquiry levels remain healthy.
- Outstanding achievement in international trade recognised by a Queen's Award for Enterprise for International Trade.

* restated refer Chief Financial Officer's Report and note 31

Commenting, Peter Fowler, Chief Executive of Westminster, said:

"The outlook for 2021 is looking positive. We entered the year debt free, other than minor operating leases. There are encouraging signs the Covid-19 disruptions and travel restrictions, which have continued to create delays and challenges for the first few months of the year, are at last easing and we expect to return to revenue growth levels that we were experiencing pre-covid. Revenues from existing contracts, including long-term managed services and the revenue slippage from 2020 together with the anticipated recovery in our guarding, training and West African Airport operations provide the basis for our optimism, although we recognise that the global outlook remains uncertain and subject to change with the potential to further delay closure and delivery of projects.

"We are encouraged to see an on-going improvement in passenger numbers at our airport operations in West Africa with the first quarter numbers being 13.84% ahead of expectations and currently running at around 57% of pre-covid levels, which is far better than many other parts of the world. We expect to see a continuing improvement throughout the year returning to full pre-covid numbers in 2022.

"Our Ghana port security operations continue to remain largely unaffected by Covid and continue to generate healthy revenues, which demonstrates the value of this long-term managed services contract. In 2020 the project generated circa \$2.6 million USD of revenues for Westminster, and we expect this to continue to rise as the port expands capacity and the fourth berth comes on stream later in 2021.

"We continue to have healthy levels of enquiries and in the first few months of the year have supplied a wide range of products and solutions to clients worldwide. With lockdown restrictions beginning to ease we can also look forward to progressing with some of the delayed projects and opportunities that slipped from 2020, such as the Palace of Westminster contract which we secured in September 2020 and which commenced operations in April 2021.

"As Covid restrictions are easing we can also complete the formation and licencing of Westminster Arabia and we look forward to the business being an important part of our growth through 2021 and beyond. The Kingdom of Saudi Arabia is a potentially significant market for Westminster particularly given the Crown Prince's 2030 vision which offers opportunities for several of our Group services.

"We have recently entered into an exclusive service agreement with a company about to launch an innovative and verified Covid testing service with UK government approval, under which Westminster will provide a range of specialist services. Whilst too early to assess the likely scale or success of the project, this initiative could potentially lead to interesting business developments in what could be an important new service in helping to open up the leisure and entertainment sector. We are closely monitoring geo-political events with regards to the US and Iran regarding the JCPOA agreement. As reported in our 2018 Annual Report and our 2019 interim Report we previously signed a 15 year, €24 million per annum contract for airport security, with the full support on the British Government, which was put on hold when President Trump unilaterally withdrew from JCPOA. Should circumstances change and US and international sanctions, including banking, be lifted, there remains an opportunity for our German office to revisit this prospect.

"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. At the time of our recent fundraising in December 2020 we listed out some of the larger project opportunities we are pursuing which remain in play, and we also announced that we were in the advanced stages of securing a long-term contract with the Government of an African country for the provision of airport security managed services relating to five airports in the country. Whilst in the current climate we have, frustratingly, experienced delays in travelling and finalising matters we remain excited by this near-term prospect although there can never be absolute certainty of outcome or timing.

"I am proud of our achievements in recent years as we continue to build our business, particularly in 2020 against a backdrop of the global pandemic, which is a testament to the hard work and dedication of all our staff. I am therefore delighted that in April 2021 Westminster was selected for a Queen's Award for Enterprise for International Trade in recognition of its outstanding growth in overseas sales and is one of just 205 organisations nationally to be awarded the prestigious Queen's Award for Enterprise. To have been selected for this distinguished award is an honour, not just for the Company but for all our employees around the world who have contributed to this success.

"The award will be formally presented by the Lord Lieutenant for Northamptonshire on behalf of Her Majesty the Queen, at a ceremony on Friday, 30 July 2021

"The business model and opportunities we have been developing over the years underpin our confidence for the future growth of our business. Notwithstanding the continued disruption and delays in the first few months of 2021 we remain optimistic that with restrictions beginning to be eased we can once again return to double-digit revenue growth and whilst there is still uncertainty in the world, we currently still expect to meet 2021 financial year market expectations both at the revenue and PBT level."

Investor Presentation: 14.00 on Wednesday 12 May 2021

The presentation will be hosted through the digital platform Investor Meet Company at 14.00 on Wednesday 12 May 2021. Investors can sign up to Investor Meet Company for free and add to meet Westminster Group plc via the following link <https://www.investormeetcompany.com/westminster-group-plc/register-investor>. Investors who have already registered and added to meet the Company will automatically be invited.

Peter Fowler, Chief Executive Officer, and Mark Hughes, Chief Financial Officer, will review the results for 2020 and update on prospects for the Group.

Questions can be submitted pre-event to westminster@walbrookpr.com, or in real time during the presentation via the "Ask a Question" function.

Annual Report and Accounts - The final results announcement can be downloaded from the Company's website (www.wsg-corporate.com). Copies of the Annual Report and Accounts (in addition to the notice of the Annual General Meeting) will be sent to shareholders on or before 1 June 2021 for approval at the Annual General Meeting to be held on 24 June 2021.

For further information please contact:

Westminster Group Plc Rt. Hon. Sir Tony Baldry - Chairman Peter Fowler - Chief Executive Officer Mark Hughes - Chief Financial Officer	Media enquiries via Walbrook PR
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Strand Hanson Limited (Financial & Nominated Adviser) James Harris Ritchie Balmer	020 7409 3494
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Arden Partners plc (Broker) Richard Johnson (Corporate) Tim Dainton/Simon Johnson (Broking)	020 7614 5900
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Walbrook (Investor Relations) Tom Cooper Paul Vann Nick Rome	020 7933 8780 Westminster@walbrookpr.com
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Notes:

Westminster Group plc is a specialist security and services group operating worldwide via an extensive international network of agents and offices 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 (including Fever 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 majority of its customer base, by value, comprises governments and government agencies, non-governmental organisations (NGO's) and blue-chip commercial organisations.

The Westminster Group Foundation is part of the Group's Corporate Social Responsibility activities www.wg-foundation.org

The Foundation's goal is to support the communities in which the Group operates by working with local partners and other established charities to provide goods or services for the relief of poverty and the advancement of education and healthcare particularly in the developing world.

The Westminster Group Foundation is a Charitable Incorporated Organisation, CIO, registered with the Charities Commission number 1158653.

Chairman's Statement

Overview

I am pleased to present the Westminster Group PLC Final Results for the year ended 31 December 2020 in which the Group has delivered a reasonably strong performance despite the challenges of the Covid-19 pandemic.

2020 has been dominated by Covid-19 which was declared a global pandemic in March 2020 creating a worldwide healthcare crisis with tens of millions of citizens infected and a tragic loss of life. Governments around the world reacted in various ways with many closing borders, some putting large parts of their populations on lockdown and imposed travel restrictions. This has had a profound impact on the global economy and businesses across the globe, the like of which has not been seen in a generation.

We are a business which operates internationally with staff around the world, and we are heavily involved in international travel, as such we are not immune to the impact of the global disruption caused by the pandemic. I am therefore proud of the way in which we have successfully navigated the crisis which is due in no small part to the agility and foresight of our management team in taking early action, together with the strength of our multi-revenue stream business model.

I am pleased to report therefore that despite all of the challenges we have delivered a good trading result with circa £10m in revenues and a substantially improved loss after tax of £0.7m (2019: £1.3m).

At the time of writing Covid-19 is still impacting the global economy and many travel restrictions remain in place and therefore there is still uncertainty and challenges for businesses as we enter 2021. However, with vaccination programmes being successfully rolled out around the world and new cases of the virus declining there is cause for optimism. In addition, due to the successful £5m fundraise that we completed in December 2020, we enter 2021 debt free, having repaid all our Loan Notes and the RiverFort debt, and so are now in a much stronger financial position to deal with the challenges and to fund our current and anticipated contracts.

I am proud of our achievements for 2020, particularly against a backdrop of the global pandemic, which is a testament to the hard work and dedication of all our staff and I am therefore delighted that our achievements have been recognised by a Queen's Award for Enterprise for International Trade. This prestigious award is recognised worldwide and is an indication of the growth and momentum we are achieving with our world-wide business.

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 Executive 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 vitally important that we maintain the highest standards of corporate conduct. The Corporate Governance 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.

Social Responsibility

As a Group, we take our corporate social responsibilities very seriously, particularly as we operate in emerging markets and in some cases in areas of poverty and deprivation. 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.

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 reduction and are undertaking regular risk assessments for all areas of our business and have put in place processes and safe working practices, with a number of employees working from home. We also utilised the UK furlough scheme where appropriate.

Meeting with the Group's ever-expanding team of consummate professionals is one of the Board's more pleasurable responsibilities. As a service-based business, our employees are key to delivering success. On behalf of the Board, I want to congratulate Westminster's management and employees around the globe for their achievements and the vital contribution they have made to our success in 2020 and the way in which they have risen to the challenges and opportunities presented by Covid-19.

We have not made any changes to the Board in 2020.

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

Chief Executive Officer's Report

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

Focussing 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

A defining aspect of 2020 has been the global impact of Covid-19 and I am pleased to report that, despite parts of our business being adversely impacted by lockdowns and travel restrictions, the strength of our business model, with multiple revenue streams from multiple sources around the world, together

with our global footprint has meant that we were better placed than many companies to deal with the numerous challenges created by the Pandemic.

We commenced 2020 on a positive note, with visibility over circa £8m of annual recurring revenues from our long-term managed services, guarding and maintenance contracts. Our managed services contracts were running at record levels, we had a healthy backlog of work in hand, our product sales, guarding and training businesses were all operating successfully, and we had positive momentum with a number of our major business development activities. In short, we were on course to continue our year-on-year revenue growth and to deliver healthy post tax profits.

However, as an international business we regularly monitor global activities for issues that may affect our business and in early January we had identified the potential threats and opportunities from the Covid-19 outbreak, long before it was declared a pandemic. We took early steps accordingly to mitigate any adverse impact and to maximise opportunities including restructuring our operations to maintain services and keep our people safe, increased targeted marketing and significantly increasing our stockholding of products such as fever screening equipment, in order to deal with expected demand. These measures were to prove invaluable as the Covid-19 crisis unfolded and logistics became challenging.

Given the worldwide impact of Covid-19, 2020 has been a challenging year but a year in which we have still achieved a number of successes to move our business forward and I am proud of how our staff have pulled together and how we have managed to navigate the crisis.

We have kept our people safe, employed and maintained our global operations, albeit some on reduced levels. We have continued to deliver on business opportunities and in 2020 we have supplied goods and service to 78 countries around the world, including some notable contract wins despite the challenges from Covid-19. 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. Despite the challenges and impact of Covid-19 and travel restrictions resulting in a material loss of revenue in our Services business as well as much of our H2 order intake moving to 2021 we have still delivered a result largely in line with expectations with circa £10m in revenues and substantially improved loss after tax of £0.7m (2019: £1.3m).

I am delighted therefore that all our hard work, efforts and achievements have not only resulted in Westminster being recognised by the London Stock Exchange in November 2020 as one of the select 1000 Companies to Inspire Britain but more importantly, as announced on 29 April 2021, Her Majesty The Queen approved the Prime Minister's recommendation that Westminster should receive a Queen's Award for Enterprise for International Trade, which is a huge accolade for our business.

Business Review

Despite the challenges presented by Covid-19 in 2020 both of our divisions, Technology and Services, delivered a robust performance. The Technology Division increased revenues by 4% to £5.6m (2019: £5.4m) mainly due to strong product sales. The Services Division still delivered revenues of £4.4m (2019: £5.5m) despite the fact our training, guarding and airport operations were heavily impacted by Covid-19 travel restrictions and lockdowns. It was however a year of two halves.

H1 2020 was very successful, delivering a 24% increase over H1 2019 revenues, continuing our four years of double-digit % revenue growth, and resulting in a pre-tax profit of circa £230k. This, in part, was due to record revenues from our West African airport operations for the first two months of the year, the delivery of the 2nd Asian port scanner (secured in 2019), a successful campaign around Covid-19 sales resulting in a surge of product sales, a significant contract for a global financial institution worth \$665k supplying fever screening to their 85 offices in 37 countries and of course an increasing contribution from Ghana.

H2 2020 was a more challenging period due to the prolonged impact of Covid-19 lockdowns and travel restrictions. Our West African airport operations were completely closed for several months, reopening at the end of July 2020 with significantly reduced traffic volumes, even lower than we experienced during the height of the Ebola crisis. I am pleased to report however that we have seen a steady and sustained improvement in passenger numbers towards the end of the year, which is encouraging for 2021. Our training and guarding operations were heavily impacted throughout H2 and the spike in Covid-19 related sales we saw in H1 dwindled as companies retrenched and reduced spending due to uncertainty. Ghana continued to show increasing revenues making a healthy contribution.

2020 was a busy year. In addition to dealing with the many challenges caused by the Covid-19 pandemic we still managed to expand our operations, instigate new strategies to grow and protect our business, and to secure important new business, supplying goods and services to 78 countries around the world, including some notable contract wins.

An example of just some of the many activities and initiatives we undertook throughout the year are as follows:

In January 2020 we entered into and announced a £3.0m Mezzanine Loan Facility with RiverFort Global Opportunities PCC and YA II PN Ltd. of which we drew down £1.5m for the purposes of commencing repayment of our existing £2.245m Convertible Secured Loan Notes (CSLNs) and to provide additional financing if required. We duly commenced the staged redemption of the CSLNs in February 2020 repaying the first 25%. However, given the growing global impact of Covid-19 we subsequently decided to conserve funds to deal with the uncertainties arising from the pandemic and in March 2020 agreed with noteholders to extend the CSLNs redemption date until May 2021 (these were subsequently repaid in full in December 2020).

In February 2020 just before travel restrictions were imposed, we managed to deliver and subsequently receive payment for the final container screening equipment unit to a second port in Asia as part of the \$3.4 million USD contract secured in 2019. Installation of the unit and collection of the installation fee of USD \$0.18 million will be finalised once we are able to travel and gain access to the country.

In March 2020 we announced the main contract relating to the container screening project at the \$1.5 billion container port expansion project Tema Port, Ghana, which Westminster has been operating since July 2019, was finally signed between Meridian Port Services and Scanport, confirming Westminster as the Technical Partner for the duration of the 5-year renewable contract term. It is pleasing to report that the operation has largely been unaffected by Covid-19 and continued to generate healthy revenues throughout the year, even during the country's lockdown period, which demonstrates the value of this long-term managed services contract. Under contract, Westminster and our local partners, Scanport, are responsible for the screening of containers passing through the port, with Westminster responsible for technical management and operations and Scanport being responsible for local management, costs and employment. Revenues are generated by a container screening fee which is shared between the port operator, Scanport and Westminster.

In 2020 the project has generated \$2.57 million USD revenues for Westminster, and we expect this to continue to rise as the fourth berth comes on stream later in 2021. The project therefore has significant growth potential as the port builds capacity.

In May 2020 we secured a contract to provide a leading global investment management corporation with a range of fever screening and safety equipment for deployment to its worldwide offices as part of its 'Return to Work' programme. The contract, valued at c.US\$665,000, includes the provision of a range of fever screening systems covering different applications together with sanitisation stations to 85 offices in 37 countries around the world. Given the logistical issues around deployment and shipping caused by Covid-19 I am pleased to report we successfully completed this project on time and to budget.

In June 2020 our training business, which earlier in the year had been graded as 'Outstanding' in all areas by the Civil Aviation Authority (CAA), signed a new strategic alliance agreement with JP International Training Limited, a leading aviation, maritime, and commercial training organisation, extending our e-Learning platforms and further enhancing our e-product services. Non-contact distance learning is now a growing sector and has been accelerated by the current pandemic and this alliance will provide clients with access to industry-leading distance training, delivered at our clients' own pace and tailored to enhance their employee's knowledge, skills and ability, so they may carry out their roles effectively.

In June we also announced that we had conducted a successful trial of our fever screening solutions in association with Menzies Aviation and their client, Air France, at Stockholm Arlanda Airport. Both Menzies and their clients were impressed with the versatility of the system, adapting to different challenges and processes within the airport environment and it was expected that this would result in joint business opportunities with Menzies Aviation offering the Westminster solution to their global clients as part of their wider commercial package. The continued travel restrictions and challenges facing airports has meant this potential roll out is yet to happen although airports are now more likely to focus on sanitisation systems, which Westminster offer, rather than fever screening. The joint initiative with Menzies Aviation however has now led to other potential and sizeable business opportunities we are jointly pursuing.

In July 2020, operations at our West African Airport once again opened up for commercial flights having been closed to all but essential traffic since March 2020 due to Covid-19 travel restrictions. Initial traffic volumes on re-opening were heavily impacted, worse than at the height of the Ebola, crisis but I am pleased to report that numbers slowly returned over the latter part of the year and we expect the recovery to continue throughout 2021 but to not fully

return to pre-covid levels until 2022. I am proud to report that during the closed period we continued to maintain security of the airport, kept all of our local staff employed and safe, utilising the time to enhance their training. Maintaining the livelihoods of our local staff and their families during these challenging times is important given the lack of any social safety net. In addition to ensuring all our staff remained safe and well during these challenging times we also, through the Westminster Group Foundation, supported the local community with much needed aid including a large quantity of stable commodities such as rice, sugar and water to the poor and disabled community in the Lungi area of Sierra Leone who were suffering financially through the closure of the airport and services.

In August 2020 we announced the launch of our online training catalogue as part of our initiative to expand non-contact sales through Computer Based Training platforms, for which demand is growing and we expect this trend to continue in the wake of the current pandemic and associated travel restrictions. Westminster has been providing training solutions to various sectors, including aviation and security, around the world for over 10 years, increasing its capabilities through various acquisitions and joint ventures. The recent strategic alliance agreement with JP International Training Limited further expands our capabilities in this respect. Our training business continues to be an important part of our growth strategy and the quality of our training services is widely respected. An example of this is that in a recent audit of training companies by the UK Civil Aviation Authority, Westminster was graded as 'Outstanding' in all areas audited, quite an accolade.

In September 2020 we were awarded a long-term contract to replace and maintain the security screening equipment at the Palace of Westminster, informally known as the Houses of Parliament, together with the provision of other confidential ancillary services. The £1.8 million contract is for an initial period of 5 years, although this may be extended. This contract was awarded after a lengthy tender process under which Westminster was rated highest out of all bidders, both technically and commercially. Securing this latest high-profile contract is a testament to our agility, expertise and professionalism.

In October 2020 as part of our One Company, One Vision programme and to improve internal communication with our staff and operations around the world, we launched a new group wide newsletter - the 'Westminster Wire' which will be a quarterly publication to inform all our staff, agents and partners about important or exciting news, both business and social, from around the world.

During October we also successfully delivered and installed a sanitisation tunnel to our West African Airport operation to help keep staff and passengers safe. Sanitisation is one of the key elements in the fight to reduce the transmission of Covid-19. The tunnel has been greatly received and will help increase stakeholder and passenger confidence that FNA is a Covid-19 secure environment thereby encouraging larger passenger numbers through the airport.

The Director General of the Airport's Civil Aviation Authority described the provision of the sanitisation tunnel as 'A promise made, a promise delivered', further strengthening Westminster's relationship with the airport and local government.

In November 2020 we were proud to have been recognised by the London Stock Exchange as one of the select 1000 Companies across all sectors to Inspire Britain 2020, especially in a challenging year so affected by Covid-19. 2020 has been a difficult year for everyone but our team continued to work hard and helped to make Westminster stand out. There are approximately 4 million companies registered in UK, with some 500,000 new incorporations each year, so to be highlighted in the 1,000 most inspirational in UK is a great accolade and a testament to the hard work and dedication of all our staff.

In December 2020 we appointed Strand Hanson Limited as our Financial and Nominated Adviser and Arden Partners plc as our Broker and with them undertook an investor roadshow, culminating in an oversubscribed £5m fundraise, which included a number of new institutional holders. The £5m capital raise has enabled the Company to repay its Convertible Loan Notes and the outstanding RiverFort loan, saving some £300k annual costs, so that we entered 2021 debt free, other than operating leases, and with the capital reserves to deal with the current global uncertainties and to undertake current and anticipated new projects. The placing and a share capital reorganisation were approved by shareholders as announced on 21 December 2020.

All of this is in addition to a diverse range of products and solutions, including Covid-19 related products such as fever detection cameras, sanitising equipment and PPE, which we successfully delivered to a wide range of customers in 78 countries across 6 continents including National Governments, Sports Stadia, Educational Facilities, Conference/Exhibition Centres, Shopping Malls, Financial Institutions, Hospitality Sector and Medical Centres etc.

On a more general note our guarding business was adversely impacted during 2020 due to the closure of businesses and sites where we had guarding operations around the country as a result of Covid-19. Encouragingly however, we also secured new contracts in the year such as the £1 billion Stanton Cross development project in Northamptonshire and in December 2020 we secured a contract with one of the UK's leading home builders, valued at over £750,000 over three years commencing 1 January 2021, for the provision of static and mobile guarding and security services at one of their many sites in the UK. HS2, which was given go ahead in February 2020, is another opportunity for our guarding business which we identified some time ago and have already become a registered security provider to the main contractors. With the UK's vaccination programme advancing well and the end of lockdowns hopefully in sight we anticipate a continued recovery and increase in guarding revenues.

Our French business, Euro Ops which we acquired in May 2019, is proving to be a valuable strategic addition to the Group. The company provides aviation focused services such as humanitarian flights & logistics, emergency flights, flight operations, charter and storage management. An example of our ability to provide emergency services in challenging locations is that in July 2020 we successfully completed the emergency repatriation of 80 stranded NGO staff, at short notice, from Mali, West Africa. 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 being pursued. One large scale opportunity in particular was developed to advanced stages during 2020 although travel restrictions have been a frustration and whilst there is never certainty of timing or outcome, we are extremely optimistic on this large-scale prospect.

As previously announced, we have entered into a strategic joint venture with an influential company in Saudi Arabia Hazar International, and had formed Westminster Arabia, registered in Saudi Arabia. The Kingdom is a huge potential market for Westminster particularly given the Crown Prince's 2030 vision which offers opportunities for several of our Group services. Whilst the final legalisation of documents for the company were delayed by several months due to the closure of governments and embassy offices, I am pleased to report this process has at last been completed and we look forward to Westminster Arabia being an important part of our growth through 2021 and beyond.

An experienced business development team is in place within the Kingdom and has been pursuing several large-scale project opportunities whilst waiting for the formation to be completed and various licences to be put in place. One of several project opportunities being pursued in the Kingdom is Saudi ports for which we conducted detailed operational and vulnerability assessments and have been appointed as an approved contractor. Progress on such projects has been hampered by Covid-19 travel restrictions in the Kingdom however we anticipate these will ease in the near future.

Our German subsidiary, situated to the south east 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 also has a specific focus on developing the Group's managed service contracts in frontier markets, including large projects in south west Africa and west Asia. In 2020 our German office supplied and installed advanced scanning solutions to an army garrison in Stuttgart, as well as technology products to organisations in the Baltic Regions.

The Technology opportunity pipeline is substantial and growing as the business develops partnerships with a number of larger businesses across Europe. The Services side of the business is expected to gain momentum in the coming year, particularly as the aviation industry opens up again.

A key strategy for 2020 has been to redefine our diverse businesses in line with our 'One Company, One Vision' approach which involved rebranding parts of our business to better reflect the global Westminster brand. To those ends we have implemented several new initiatives.

In June 2020 we launched the first phase of the new Westminster website. The website has been designed to ensure the visitor journey throughout the site is an informative interaction with the Westminster Group and its strong and trusted brand. With this upgrade we operate one of the world's largest security websites which is still a work in progress with more content and applications constantly being added. The other Group websites are in the process of being migrated. The new website brings better focus on the Group's vast range of LAND, SEA & AIR products and solutions, and will in due course encompass a sophisticated e-commerce section and enlarged customer and investor engagement areas.

In addition to the new website, a re-branding exercise was completed with the Westminster Group logo being modernised and aligned with tones and formats of the new website.

During the summer of 2020 we launched a UK focussed TV advertising campaign across a variety of channels, with the theme 'Get Back to Work Safely'. Whilst this is principally targeted at generating sales, it is equally designed to enhance brand awareness and the expansion of our UK client base. We have

also expanded our product base to not only include all levels of fever and detection and associated equipment but also a range of sanitisation products and systems to assist businesses maintain compliance with social distancing requirements.

In view of the continued and prolonged impact of the Covid-19 pandemic we continued to look for new opportunities and initiatives that would be more resilient to lockdowns and travel restrictions such as expanding our online and non-contact sales opportunities. One such initiative was the extension of our Covid-19 PPE sales through medical vending machines. We secured exclusive rights to specialised medical vending machines for use in the UK to be used for dispensing packs of face coverings, sanitiser and other safety equipment for deployment at key locations around the country. Whilst we initially had success with this initiative, we surprisingly experienced some reluctance from transport companies about implementing PPE vending and this together with the significant roll out of PPE masks etc., both good and bad, being sold everywhere meant this initiative has not yet produced any material revenues, although we continue to receive enquiries for such systems. With face covering likely to be an ongoing requirement for some time this initiative may yet bear fruit.

On a wider front, despite all the challenges we have faced this year, 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 when 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. This has been particularly the case in 2020 with the added disruption of the Covid-19 pandemic. 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 and we will provide market updates on material developments when appropriate and in line with our regulatory responsibilities.

In summary, despite the challenges created by Covid-19, in some cases because of it, 2020 was a busy year and a year in which, due to our early action and multiple revenue stream business model, we managed to not only navigate the crisis, maintain our operations and keep our people safe but we continued to make progress on a number of fronts. The 2020 results, although encouraging given the pandemic would have been an even better if it were not for the travel restrictions and lockdown periods in the year which delayed the signing of some anticipated contracts and the delivery of some already signed, such as the Palace of Westminster. However, these delayed opportunities and revenues whilst lost from 2020 will now likely benefit 2021.

Strategy

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 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 value of this strategy has been demonstrated during the Covid-19 pandemic where Westminster is able to maintain and grow certain revenues mitigating reductions in its airport business.

To deliver on this vision the Company has in place a 5-year Strategic Growth Plan which is reviewed annually, and which includes a number of strategies to be pursued to achieve our goals. As part of that strategy for growth we continue to improve and enhance our board and senior management team and have made a number of key appointments broadening our range of experience and expertise. If we are to maximise the substantial growth opportunities we are developing, particularly with our airport security operations, it is essential we have the right strategies, people, processes and systems in place to successfully deliver such growth.

We have a growing number of companies within the Group as we expand our international operations and offices around the world which together with recent acquisitions such as Keyguard and Euro Ops, both of which are now consolidated into our Group operations, means we are operating under a range of business identities and with a number of different websites etc.

A key strategy for 2020 has been to redefine our diverse businesses in line with our 'One Company One Vision' approach which involved rebranding parts of our business to better reflect the global Westminster brand. Much of this was completed in 2020 including the launch of a major new group wide website and marketing material reflecting the Westminster brand.

Whilst we continue to pursue our many organic growth opportunities the expansion strategy, we continue to identify potential acquisitions and strategic joint ventures (JVs) in key markets and regions continues and we believe this strategy will enable the Company to expand its sphere of operations in a controlled and effective way.

We entered 2020 with our business in a stronger position than it has been for some time and with renewed optimism for the future. As part of our growth strategy the Board set out its priority goals to be delivered during the year, although we did indicate the unpredictability of the Covid-19 pandemic and the uncertainty of its duration may impact the delivery of some of these goals. In the event this proved to be the case and the global uncertainty and travel restrictions together with distractions governments and companies experienced in dealing with the challenges did impact the delivery of some of those goals, although the business did meet many of its goals and continued to make progress on a number of fronts.

Accordingly, the Board have set its key goals for 2021 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. Secure at least one more long-term managed services contract;
4. Deliver a year of double-digit revenue growth;
5. Deliver another year of significant recurring revenue growth;
6. Deliver a material improvement in profitability;
7. Deliver a sustained and material improvement in our share price; and
8. Instigate an Investors in People programme.

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 projects, our maintenance and guarding contracts and this is a key metric being monitored. As employment costs are the single largest cost base for the Group the number of employees and employee costs are also monitored to ensure best use of resources. Days sales outstanding is used to measure as to the cash conversion of revenue and identifies debtor aging issues.

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 and number of return customers are monitored to give a view on the performance of the division.

Group	2020	2019
Revenue	£10.0m	£10.9m
Gross Margin	40%	41%
Recurring Revenues	£4.5m	£5.6m
Days Sales Outstanding	19	38
Number of Employees	239	261
Average Employee Cost Per Head	£16,264	£16,843
Services Division	2020	2019
Passengers Served ('000)	51	121

Vehicles/Containers Served ('000)	1,003	309
Training Hours Delivered	1,520	4,040
Guarding Hours Delivered	38,962	70,671

Technology Division	2020	2019
Average Enquiries Per Month	356	185
Average Number of Orders Per Month	54	41
Number of Countries Supplied	78	66
Number of Return Customers	70	96

Current Trading & Business Outlook

The outlook for 2021 is looking positive. We entered the year debt free, other than minor operating leases. There are encouraging signs the Covid-19 disruptions and travel restrictions, which have continued to create delays and challenges for the first few months of the year, are at last easing and we expect to return to revenue growth levels that we were experiencing pre-covid. Revenues from existing contracts, including long-term managed services and the revenue slippage from 2020 together with the anticipated recovery in our guarding, training and West African Airport operations provide the basis for our optimism, although we recognise that the global outlook remains uncertain and subject to change with the potential to further delay closure and delivery of projects.

We are encouraged to see an on-going improvement in passenger numbers at our airport operations in West Africa with the first quarter numbers being 13.84% ahead of expectations and currently running at around 57% of pre-covid levels, which is far better than many other parts of the world. We expect to see a continuing improvement throughout the year returning to full pre-covid numbers in 2022.

Our Ghana port security operations continue to remain largely unaffected by Covid and continue to generate healthy revenues, which demonstrates the value of this long-term managed services contract. In 2020 the project generated circa \$2.6 million USD of revenues for Westminster, and we expect this to continue to rise as the port expands capacity and the fourth berth comes on stream later in 2021.

We continue to have healthy levels of enquiries and in the first few months of the year have supplied a wide range of products and solutions to clients worldwide. With lockdown restrictions beginning to ease we can also look forward to progressing with some of the delayed projects and opportunities that slipped from 2020, such as the Palace of Westminster contract which we secured in September 2020 and which commenced operations in April 2021.

As Covid restrictions are easing we can also complete the formation and licencing of Westminster Arabia and we look forward to the business being an important part of our growth through 2021 and beyond. The Kingdom of Saudi Arabia is a potentially significant market for Westminster particularly given the Crown Prince's 2030 vision which offers opportunities for several of our Group services.

We have recently entered into an exclusive service agreement with a company about to launch an innovative and verified Covid testing service with UK government approval, under which Westminster will provide a range of specialist services. Whilst too early to assess the likely scale or success of the project, this initiative could potentially lead to interesting business developments in what could be an important new service in helping to open up the leisure and entertainment sector. We are closely monitoring geo-political events with regards to the US and Iran regarding the JCPOA agreement. As reported in our 2018 Annual Report and our 2019 interim Report we previously signed a 15 year, €24 million per annum contract for airport security, with the full support on the British Government, which was put on hold when President Trump unilaterally withdrew from JCPOA. Should circumstances change and US and international sanctions, including banking, be lifted, there remains an opportunity for our German office to revisit this prospect.

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. At the time of our recent fundraising in December 2020 we listed out some of the larger project opportunities we are pursuing which remain in play, and we also announced that we were in the advanced stages of securing a long-term contract with the Government of an African country for the provision of airport security managed services relating to five airports in the country. Whilst in the current climate we have, frustratingly, experienced delays in travelling and finalising matters we remain excited by this near-term prospect although there can never be absolute certainty of outcome or timing.

I am proud of our achievements in recent years as we continue to build our business, particularly in 2020 against a backdrop of the global pandemic, which is a testament to the hard work and dedication of all our staff. I am therefore delighted that in April 2021 Westminster was selected for a Queen's Award for Enterprise for International Trade in recognition of its outstanding growth in overseas sales and is one of just 205 organisations nationally to be awarded the prestigious Queen's Award for Enterprise. To have been selected for this distinguished award is an honour, not just for the Company but for all our employees around the world who have contributed to this success.

The award will be formally presented by the Lord Lieutenant of Northamptonshire on behalf of Her Majesty the Queen, at a ceremony on Friday, 30 July 2021.

The business model and opportunities we have been developing over the years underpin our confidence for the future growth of our business. Notwithstanding the continued disruption and delays in the first few months of 2021 we remain optimistic that with restrictions beginning to be eased we can once again return to double-digit revenue growth and whilst there is still uncertainty in the world, we currently still expect to meet 2021 financial year market expectations both at the revenue and PBT level.

Peter Fowler
Chief Executive Officer

Chief Financial Officer's Report

Revenue

Revenues of c£10.0m (2019 £10.9m) held up well considering the unprecedented challenges of the Covid-19 pandemic.

Services was resilient at £4.4m (2019: £5.5m). This drop is primarily a combination of two factors. Firstly, the effect of the Covid-19 pandemic (see also below), primarily the closure and slow recovery of passenger numbers at our West African Airport, reduction in guarding due to lockdown in Keyguard and being unable to run training courses in this period; all of these will gradually come back to normal levels as the pandemic recedes. However, secondly, this reduction was offset by strong growth of our Tema Port Ghana operation which screened over 1 million containers in 2020, its first full year, over 3 times the number in 2019.

Technology revenues increased by 4% to £5.6m (2019: £5.4m). This is primarily because strong fever detection sales at the start of the pandemic offsetting a decline in large solution sales and other product sales as a result of the uncertainty the pandemic caused.

Gross Margin

Despite a reduction in the higher margin Services Division, overall better margin in the Technology Division helped to maintain our Gross Margin at 40% (2019: 41%). Part of the reason for the increase in the technology gross margin is the lack of large solutions sales which are typically at 15%. Thus, we had a better margin mix.

Operating Cost Base

Group administrative costs dropped by 11% to £4.7m (2018: £5.3m) in total. When the pandemic began the group made redundancies and other cost

cuts. We have taken advantage of the UK Government furlough scheme, receiving £214,000 in 2020 (2019: Nil), to keep employing key staff such as trainers who, whilst there is no work for them due to lockdowns and other restrictions imposed. Having these employees will be key to our success in the recovery.

Exceptional Items

There is no exceptional item this year (2019: £0.1m). The 2019 exceptional item is the pre contract costs on a Middle East airport project. This project was fully shelved in the first half of 2019. Those costs relate to the period up to 30 June 2019.

Effect of Covid-19

Whilst Westminster has done better than many in the COVID-19 epidemic 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 2020 would have been substantially better had the pandemic never happened.

For the Services Division, the closure of our West African Airport, training being halted, guarding curtailed because part of it related to hospitality venues and there was a general decline of economic activity all had their effect. We also would have expected to gain at least one large managed services contract, had we been able to travel freely in the period.

The Technology Division performed much better largely due to the surge in product sales, not least around safety and screening equipment, however the pandemic and associated travel restriction not only delayed the closure of a number of sizeable contracts but also prevented the installation and deployment of those contracts already signed - an example of which is the significant £1.8m Palace of Westminster contract which was due to be awarded in May 2020 and largely installed that year but which finally got awarded in September 2020 but could not be started until April 2021.

Operational EBITDA[^] from underlying continuing and discontinued operations

The Group loss from operations was £0.7m (2019: £0.7m). When adjusted for the exceptional and non-cash items set out below and depreciation and amortisation, the Group recorded an EBITDA[^] loss from underlying continuing and discontinued operations of £0.52m (2019: £0.01m profit).

Reconciliation to EBITDA [^] from underlying continuing and discontinued operations	2020 £'000	Restated 2019 £'000
Loss from operations	(744)	(676)
Depreciation, amortisation and impairment charges	225	215
Reported EBITDA	(519)	(461)
Share based expense	-	368
Exceptional items	-	106
EBITDA [^] profit / (loss) from underlying continuing and discontinued operations	(519)	13

Finance Costs

Total finance costs of £0m (2019: £0.6m) decreased from the prior year as the coupon on the Convertible Loan Notes (CLN) was offset by the calculated adjustment following the repayment of the CLN. There was an underlying cash charge of £0.3m (2019: £0.3m).

Result for the Year

The Group loss before taxation improved to £0.7m (2019 Restated: Loss before tax of £1.3m) and the loss per share was 0.45p (2019 Restated: Loss per share of 0.91p).

Restatement of 2019 Accounts

A prior year adjustment has been made in respect of investor warrants and certain other matters. The overall effect of this is that the 2019 loss was reduced by £147,000 from £1,398,000 to £1,251,000. See note 31 for further details.

The disclosure of investment in subsidiaries and intercompany loans has been altered see note 14 for further details.

Statement of Financial Position

Total Group assets amounted to £9.5m on 31 December 2020 compared with £6.9m on 31 December 2019. The main movement was an increase in cash at the year-end following the December 2020 placing and after the repayment of debt.

Net Group current assets amounted to £5.4m on 31 December 2020 (2019: £3.1m). Again, this is primarily an increase in cash.

The Group trade and other receivables balance as at 31 December 2020 was £2.4m (2019: £2.5m). Average days sales outstanding at the year-end were 19 (2019: 38). The 2019 balance had a large solutions debt which was paid in 2020 distorting the overall calculation.

Cash and cash equivalents of £2.1m at 31 December 2020 compared with £0.6m at 31 December 2019. In December 2020 we raised equity of £5m which was used to remove all the remaining long-term debts with the exception of the IFRS16 debt element of operating leases.

Assets of disposal groups classified as held for sale were £Nil (2019: £0.17m). This reduction follows the disposal of the Sierra Queen in 2020.

Trade and other payables were £2.3m (2019: £2.5m) and average creditor days were 50 (2019: 66).

A deferred tax asset of £1.0m (2019: £0.9m) was held at the year end.

Total equity on 31 December 2020 stood at a surplus of £7.1m (2019: £1.9m).

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

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.

Convertible Loan Notes (CLN) and Convertible Unsecured Loan Notes (CULN)

Summary of movements in loan notes at principal value £'000	2020	2020	2020	2019	2019	2019
	CULN £'000	CLN £'000	Total £'000	CULN £'000	CLN £'000	Total £'000
At 1 January	171	2,245	2,416	171	2,245	2,416
Fair Value adjustment on Conversion/ Repayment	19	-	19	-	-	-
Conversion	-	(213)	(213)	-	-	-
Repaid	(190)	(2,032)	(2,222)	-	-	-
At 31 December	-	-	-	171	2,245	2,416

On 31 December 2019, the secured CLN carried a coupon of 15% payable quarterly in arrears, had a conversion price of 10p from 1 January 2020 to maturity on 1 May 2021. During 2020 the Group first paid down or converted 25% of the CLN in February 2020. There were some conversions in the year and in December 2020 the group paid the remaining capital owed. The secured CLN was fully repaid as at 31 December 2020 and the security has been

released.

On 31 December 2019, the unsecured CLN carried a coupon of 5% payable quarterly in arrears, had a conversion price of 10p and matured on 31 July 2021. The unsecured CLN's capital was fully repaid on 22 December 2020.

Equity Issues

Date	Type	Number of Shares	Price per share p	Funds Raised £'000
23 January 2020	Equity placing	14,000,000	12.5	1,750
01 April 2020	Conversion of Loan Note	62,500	10	6
02 June 2020	Conversion of Loan Note	937,500	10	94
02 October 2020	Conversion of Loan Note	937,500	10	94
07 October 2020	Conversion of Loan Note	187,500	10	19
22 December 2020	Equity placing	125,000,000	4	5,000
		<u>141,125,000</u>		<u>6,963</u>

Summary of Warrants

As at 31 December 2020 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
9,625,000	Various Holders	12.5	25 July 2019	2	At grant: - detachable
3,499,222	RiverFort	5.2	21 January 2020	4	6 months after grant: - detachable
25,000,000	Various Holders	7.0	22 December 2020	2	At grant: - detachable

589,330 warrants with a strike price of 20.15p issued on 1 February 2016 lapsed during 2020.

For further details on warrants refer to Note 22.

Cash Flow Statement

During the year, the Group had an operating cash outflow of £1.6m (2019 Restated: outflow £0.6m) which arose primarily from an unfavourable working capital movement of £0.8m (2019 Restated: £0.5m).

During the year, the Group raised £6.96m gross from the issue of new equity (2019: £1.55m).

Reconciliation from adjusted EBITDA [^] to normalised operating cash flow	2020 £'000	Restated 2019 £'000
Adjusted EBITDA	(519)	13
Loss on asset disposal	-	(9)
Net changes in working capital	(1,033)	(511)
Movement on tax	31	(26)
Net Cash used in underlying operating activities	<u>(1,521)</u>	<u>(533)</u>

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

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

Mark L W Hughes
Chief Financial Officer

Westminster Group PLC Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Note	2020 £'000	2020 £'000	2020 £'000	Restated 2019 £'000	2019 £'000	Restated 2019 £'000
		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
REVENUE	3	9,945	-	9,945	10,889	-	10,889
Cost of sales		(5,974)	-	(5,974)	(6,444)	-	(6,444)
GROSS PROFIT		3,971	-	3,971	4,445	-	4,445
Administrative expenses		(4,715)	-	(4,715)	(5,149)	28	(5,121)
(LOSS) / PROFIT FROM OPERATIONS	6	(744)	-	(744)	(704)	28	(676)

Analysis of operating loss

Profit from operations		(744)	-	(744)	(704)	28	(676)
Add back amortisation	11	63	-	63	43	-	43
Add back depreciation	12	162	-	162	172	-	172
Add back share based expense		-	-	-	368	-	3

Add back exceptional items	4	-	-	-	106	-	106
EBITDA^ (Loss)/Profit from underlying operations		(519)	-	(519)	(15)	28	13
Finance costs	5	(17)	-	(17)	(620)	-	(620)
LOSS BEFORE TAXATION		(761)	-	(761)	(1,324)	28	(1,296)
Taxation	7	31	-	31	26	-	26
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(730)	-	(730)	(1,298)	28	(1,270)
LOSS AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:							
OWNERS OF THE PARENT		(560)	-	(560)	(1,279)	28	(1,251)
NON-CONTROLLING INTEREST		(170)	-	(170)	(19)	-	(19)
LOSS AND TOTAL COMPREHENSIVE INCOME		(730)	-	(730)	(1,298)	28	(1,270)
EARNINGS PER SHARE	9	(0.45p)	-	(0.45p)	(0.93p)	0.02p	(0.91p)

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 2020

	Note	Group 2020 £'000	Group Restated 2019 £'000	Company 2020 £'000	Company Restated 2019 £'000
Goodwill	10	614	614	-	-
Other intangible assets	11	187	129	187	128
Property, plant and equipment	12	1,901	1,979	1,088	1,079
Investment in subsidiaries	14	-	-	-	-
Deferred tax asset	17	956	907	-	-
TOTAL NON-CURRENT ASSETS		3,658	3,629	1,275	1,207
Inventories	18	773	47	-	-
Trade and other receivables	19	2,438	2,525	9,147	8,720
Cash and cash equivalents	20	2,143	557	1,716	28
TOTAL CURRENT ASSETS		5,354	3,129	10,863	8,748
Assets of disposal groups classified as held for sale	29	-	170	-	-
Non-current receivable	19	484	-	-	-
TOTAL ASSETS		9,496	6,928	12,138	9,955
Called up share capital	21	16,278	14,540	16,278	14,540
Share premium account		14,069	9,577	14,069	9,577
Merger relief reserve		300	300	300	300
Share based payment reserve		1,050	978	1,050	978
Equity reserve on convertible loan note		-	423	-	12
Revaluation reserve		139	133	139	133
Retained earnings:					
At 1 January		(23,697)	(22,594)	(18,468)	(16,149)
(Loss)/profit for the year		(560)	(1,251)	(2,504)	(2,467)
Other changes in retained earnings		15	148	15	148
At 31 December		(24,242)	(23,697)	(20,957)	(18,468)
(DEFICIT)/EQUITY ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		7,594	2,254	10,879	7,072
NON CONTROLLING INTEREST		(535)	(365)	-	-
TOTAL (DEFICIT)/EQUITY		7,059	1,889	10,879	7,072
Borrowings	23	29	2,510	13	212
TOTAL NON-CURRENT LIABILITIES		29	2,510	13	212
Contractual liabilities	24	100	73	-	-
Trade and other payables	24	2,308	2,456	1,246	2,671
TOTAL CURRENT LIABILITIES		2,408	2,529	1,246	2,671
TOTAL LIABILITIES		2,437	5,039	1,259	2,883
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		9,469	6,928	12,138	9,955

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 £2,504,000 in 2020, (2019: £2,467,000 loss). The Group and Company financial statements were approved by the Board and authorised for issue on 29 April 2021 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 2020

	Called up share capital	Share premium account	Merger relief reserve	Share based payment reserve	Revaluation reserve	Equity reserve on convertible loan note	Retained earnings	Total	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AS AT 1 JANUARY 2020 as previously stated	14,540	9,577	300	1,166	133	423	(23,844)	2,295	(365)	1,930
Prior year adjustment (Note 31)	-	-	-	(188)	-	-	147	(41)	-	(41)
AS AT 1 JANUARY 2020	14,540	9,577	300	978	133	423	(23,697)	2,254	(365)	1,889
Shares issued for cash	1,525	5,225	-	-	-	-	-	6,750	-	6,750
Cost of share issues	-	(433)	-	-	-	-	-	(733)	-	(733)
Share based payment charge	-	-	-	87	-	-	-	87	-	87
Lapse of share options	-	-	-	(15)	-	-	-	(15)	-	(15)
Exercise of warrants and share options	213	-	-	-	-	-	-	213	-	213
Revaluation of freehold property	-	-	-	-	6	-	-	6	-	6
Other movements in equity	-	-	-	-	-	-	15	15	-	15
CLN Movement	-	-	-	-	-	(423)	-	(423)	-	(423)
TRANSACTIONS WITH OWNERS	1,738	4,492	-	72	6	(423)	15	5,900	-	5,900
Total comprehensive expense for the year	-	-	-	-	-	-	(560)	(560)	(170)	(730)
AS AT 31 DECEMBER 2020	16,278	14,069	300	1,050	139	-	(24,242)	7,594	(535)	7,059

Westminster Group PLC
Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

	Called up share capital	Share premium account	Merger relief reserve	Share based payment reserve	Revaluation reserve	Equity Reserve on Convertible Loan Note	Retained earnings	Total	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Restated	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AS AT 1 JANUARY 2019	13,003	9,568	300	858	133	222	(22,594)	1,490	(346)	1,144
Shares issued for cash	1,500	-	-	-	-	-	-	1,500	-	1,500
Cost of share issues	-	-	-	-	-	-	(100)	(100)	-	(100)
Share based payment charge	-	-	-	368	-	-	-	368	-	368
Lapse of Share Options	-	-	-	(44)	-	-	44	-	-	-
Lapse of Warrants	-	-	-	(204)	-	-	204	-	-	-
Exercise of warrants and share options	37	9	-	-	-	-	-	46	-	46
CLN movement	-	-	-	-	-	201	-	201	-	201
TRANSACTIONS WITH OWNERS	1,537	9	-	120	-	201	148	2,015	-	2,015
Total comprehensive expense for the year	-	-	-	-	-	-	(1,251)	(1,251)	(19)	(1,270)
AS AT 31 DECEMBER 2019	14,540	9,577	300	978	133	423	(23,697)	2,254	(365)	1,889

Westminster Group PLC
Company Statement of Changes in Equity
For the year ended 31 December 2020

	Called up share capital £'000	Share premium account £'000	Merger relief reserve £'000	Share based payment reserve £'000	Revaluation reserve £'000	Equity reserve on convertible loan note £'000	Retained earnings £'000	Total £'000
AS AT 1 JANUARY 2020 as previously stated	14,540	9,577	300	1,166	133	12	(18,653)	7,075
Prior year adjustment (Note 31)	-	-	-	(188)	-	-	185	(3)
AS AT 1 JANUARY 2020	14,540	9,577	300	978	133	12	(18,468)	7,072
Shares issued for cash	1,525	5,225	-	-	-	-	-	6,750
Cost of share issues	-	(733)	-	-	-	-	-	(733)
Share based payment charge	-	-	-	87	-	-	-	87
Lapse of share options	-	-	-	(15)	-	-	-	(15)
Exercise of warrants & share options	213	-	-	-	-	-	-	213
Revaluation of freehold property	-	-	-	-	6	-	-	6
CLN Movement	-	-	-	-	-	(12)	-	(12)
Other movements in Equity	-	-	-	-	-	-	15	15
TRANSACTIONS WITH OWNERS	1,738	4,492	-	72	6	(12)	15	6,311
Total comprehensive expense for the year							(2,504)	(2,504)
AS AT 31 DECEMBER 2020	16,278	14,069	300	1,050	139	-	(20,957)	10,879
AS AT 1 JANUARY 2019	13,003	9,568	300	858	133	21	(16,149)	7,734
Shares issued for cash	1,500	-	-	-	-	-	-	1,500
Cost of share issues	-	-	-	-	-	-	(100)	(100)
Share based payment charge	-	-	-	368	-	-	-	368
Lapse of Share Options	-	-	-	(44)	-	-	44	-
Lapse of Warrants	-	-	-	(204)	-	-	204	-
Exercise of warrants and share options	37	9	-	-	-	-	-	46
Recognition of equity component of convertible loan notes (CLN)	-	-	-	-	-	(9)	-	(9)
TRANSACTIONS WITH OWNERS	1,537	9	-	120	-	(9)	148	1,805
Total comprehensive expense for the year	-	-	-	-	-	-	(2,467)	(2,467)
AS AT 31 DECEMBER 2019	14,540	9,577	300	978	133	12	(18,468)	7,072

Consolidated Cash Flow Statement
For the year ended 31 December 2020

	Note	2020 Continuing Operations £'000	2020 Discontinued Operations £'000	2020 Total £'000	2019 Continuing Operations £'000	2019 Discontinued Operations £'000	2019 Total £'000
(LOSS) / PROFIT AFTER TAX		(730)	-	(730)	(1,298)	28	(1,270)
Taxation		(31)	-	(31)	(26)	-	(26)
(LOSS) / PROFIT BEFORE TAX		(761)	-	(761)	(1,324)	28	(1,296)
Non-cash adjustments	25	(59)	-	(59)	1,224	-	1,224
Net changes in working capital	25	(1,203)	170	1,033	(360)	(151)	(511)
NET CASH USED IN		(2,023)	170	(1,853)	(460)	(123)	(583)

OPERATING ACTIVITIES						
INVESTING ACTIVITIES:						
Purchase of property, plant and equipment	12	(111)	-	(111)	(70)	- (70)
Purchase of intangible assets	11	(121)	-	(121)	(72)	- (72)
Acquisition of a subsidiary		-	-	-	(18)	- (18)
CASH OUTFLOW FROM INVESTING ACTIVITIES		(232)	-	(232)	(160)	- (160)
CASHFLOWS FROM FINANCING ACTIVITIES:						
Gross proceeds from the issues of ordinary shares		6,963	-	6,963	1,547	- 1,547
Costs of share issues		(733)	-	(733)	(100)	- (100)
Repayment of convertible loan note	16	(2,222)	-	(2,222)	-	- -
Reduction in finance lease debt		(69)	-	(69)	(60)	- (60)
Finance cost on lease liabilities		(5)	-	(5)	(54)	- (54)
CLN and other interest paid		(262)	-	(262)	(323)	- (323)
Other loan repayments, including interest		(1)	-	(1)	-	- -
CASH INFLOW FROM FINANCING ACTIVITIES		3,671	-	3,671	1,010	- 1,010
Net change in cash and cash equivalents		1,416	170	1,586	390	(123) 267
CASH AND EQUIVALENTS AT BEGINNING OF YEAR				557		290
CASH AND EQUIVALENTS AT END OF YEAR	20			2,143		557

**Company Cash Flow Statement
For the year ended 31 December 2020**

	Note	Company 2020 £'000	Company 2019 £'000
(LOSS)/PROFIT AFTER TAX		(2,504)	(2,467)
Other Non-cash adjustments	25	583	929
Net changes in working capital	25	(1,852)	564
NET CASH USED IN OPERATING ACTIVITIES		(3,773)	(974)
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	12	(62)	(26)
Purchase of intangible assets	11	(121)	(71)
CASH OUTFLOW FROM INVESTING ACTIVITIES		(183)	(97)
CASHFLOWS FROM FINANCING ACTIVITIES:			
Gross proceeds from the issues of ordinary shares		6,963	1,547
Costs of share issues		(733)	(100)
Repayment of convertible loan note		(190)	-
Change in lease debt		(20)	-
Finance cost on lease liabilities		(2)	(47)
Interest paid		(374)	(330)
CASH INFLOW FROM FINANCING ACTIVITIES		5,644	1,070
Net change in cash and cash equivalents		1,688	(1)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR		28	29
CASH AND EQUIVALENTS AT END OF YEAR	20	1,716	28

The accompanying notes form part of these financial statements.

Notes to the Accounts:

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 2020 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Parent Company has elected to prepare its financial statements in accordance with IFRS. 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 2020.

(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.

Going concern

The Group made a loss during the period of £730,000 (2019: £1,270,000), The cash outflow from operating activities during the year was £2,023,000 (2019: Outflow £460,000), which was partly financed through raising new equity.

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.

In 2020, the Directors took timely action implementing logistical and organisational changes to consolidate the Group's resilience to Covid-19, including a reduction in costs, risk assessments, safe working practices and various other measures, including utilisation of governmental support schemes. The Directors also took action to expand the Group's range of fever screening and safety equipment, expanding its supply base and instigating targeted marketing campaigns which has seen a significant rise in product sales revenues mitigating reductions elsewhere in the business. The Directors continue to monitor the situation and to update its risk assessments and contingency planning as necessary.

Further details on measures being taken to address the challenges and opportunities presented by Covid-19 can be found in the Chief Executive Office's report.

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 the 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 6).

Segmental reporting

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

An operating segment is a component of the Group;

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

Revenue

Revenue 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 or 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 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.

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.

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.

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

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

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

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 10) 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% (2019:18%) 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 17) 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.

SIGNIFICANT MANAGEMENT ESTIMATES IN APPLYING ACCOUNTING POLICIES

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

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.

New standards, amendments and interpretations

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

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

New standards, amendments and interpretations

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

Other Standards not applicable

The following new standards or amendments are not applicable to the Group

- Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions
- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform

Standards amendments and interpretations in issue not yet effective

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)

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. If endorsed this will apply for annual reporting periods beginning on or after 1 January 2023.

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. If endorsed this will apply 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. If endorsed this will apply for annual reporting periods beginning on or after 1 January 2022.

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). If endorsed this will apply for annual reporting periods beginning on or after 1 January 2022.

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.

This measure is not defined by IFRS 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, IFRS measurements.

Purpose

The Directors believe that this 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 IFRS 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
	£'000	£'000	£'000	£'000
2020				
Supply of products	-	4,237	-	4,237
Supply and installation contracts	-	1,039	-	1,039
Maintenance and services	4,259	312	-	4,571
Training courses	98	-	-	98
Revenue	4,357	5,588	-	9,945
Segmental underlying EBITDA [^]	655	781	(1,955)	(519)
Exceptional items (note 4)	-	-	-	-
Depreciation & amortisation	(136)	(9)	(80)	(225)
Segment operating result	519	772	(2,035)	(744)
Finance cost	(1)	-	(16)	(17)
Profit/ (loss) before tax	518	772	(2,051)	(761)
Income tax charge	51	(2)	(18)	31
Profit/(loss) for the financial year	569	770	(2,069)	(730)
Segment assets	5,255	1,392	2,849	9,496
Segment liabilities	912	694	831	2,437
Capital expenditure	39	10	134	183

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

	Managed Services	Technology	Group and Central	Group Total
	£'000	£'000	£'000	£'000
2019 (Restated)				
Supply of products	-	1,598	-	1,598
Supply and installation contracts	-	3,468	-	3,468
Maintenance and services	5,291	298	-	5,589
Training courses	234	-	-	234

Revenue	5,525	5,364	-	10,889
Segmental underlying EBITDA [^] from underlying continuing and discontinued operations	1,084	525	(1,596)	13
Share based payments	-	-	(368)	(368)
Exceptional items (note 4)	(105)	-	(1)	(106)
Depreciation & amortisation	(72)	(30)	(113)	(215)
Segment operating result	907	495	(2,078)	(676)
Finance cost	(1)	(3)	(616)	(620)
Profit/ (loss) before tax	906	492	(2,694)	(1,296)
Income tax charge	18	-	8	26
Profit/(loss) for the financial year	924	492	(2,686)	(1,270)
Segment assets	2,949	2,023	1,956	6,928
Segment liabilities	1,072	1,433	2,534	5,039
Capital expenditure	48	4	18	70

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.

	2020	2019
	£'000	£'000
UK and Europe	2,056	1,957
Africa	4,172	4,899
Middle East	508	2,397
Rest of World	3,209	1,636
Total	9,945	10,889

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

Included in revenues arising from the Technology Solutions in the "Rest of World" are revenues of approximately £1,284,000 (2019: £1,236,000) for the provision of advanced screening of containers at ports in Asia. This was the Group's largest customer in 2020. No other single customer contributed more than 10% of the Group revenue in either 2020 or 2019.

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

4. Exceptional Items

	2020	2019
	£'000	£'000
Middle East airport pre-contract costs	-	105
Ferry closure costs	-	1
	-	106

The 2019 exceptional relates to the project signed in 2018 for a long-term security support service in a Middle East airport pre-contract costs ceased during 2019 when the project was permanently put on hold.

5. Finance costs

	Group	Group
	2020	2019
	£'000	£'000
Finance cost on lease liabilities	(5)	(54)
Interest payable on bank and other borrowings	(1)	(1)
Interest paid on convertible loan notes (Note 16)	(262)	(375)
Other movement on convertible loan notes	251	(190)
Total finance benefit / (costs)	(17)	(620)

6. Loss from operations

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

	Group	Group
	2020	2019
	£'000	£'000
Staff costs (see Note 8)	3,887	4,396
Depreciation of property, plant and equipment (see Note 12)	162	172
Amortisation of intangible assets (see Note 11)	63	43
Operating lease rentals payable		
Short term Leases	96	85
Foreign exchange loss/(gain)	(43)	(166)

Auditor's remuneration

Amounts payable in 2020 years relate to PKF in respect of audit and other services (2019: BDO were the Company's auditors). The local Audit in Sierra Leone is performed by Moore Sierra Leone (both years). The local audit in Ghana is performed by PKF Ghana.

Audit services

	Group	Group
	2020	2019
	£'000	£'000
Statutory audit of parent and consolidated financial statements	46	57

Review of Interim Results		
- Statutory audit of subsidiaries of the company pursuant to legislation	20	21
Taxation services including research and development tax credits	-	18
Total payable to PKF Littlejohn UK (2019: BDO)	68	98
Local audit in Sierra Leone - Moore Sierra Leone	18	20
Local audit in Ghana - PKF Ghana	1	-
Total fees	87	118

7. 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 19% tax rate and reflected in these financial statements.

	£'000	£'000
	2020	2019
Current year	£'000	£'000
UK Corporation tax on profits in the year	-	-
Potential foreign corporation tax on profits in the year	18	-
Deferred Tax (Note 17)		
Foreign entity deferred tax	(49)	(18)
Review of expected utilisation of Losses	-	(8)
	(31)	(26)

	Group	Group
	2020	2019
	£'000	£'000
Reconciliation of effective tax rate		
Loss on ordinary activities before tax	(761)	(1,296)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(145)	(246)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(158)	106
Foreign entity deferred tax movement (Note 17)	(49)	-
Unrecognised losses carried forward	320	114
Total tax - credit	(31)	(26)

8. Employee costs

Employee costs for the Group during the year

Group

	2020	2019
	£'000	£'000
Wages and salaries	3,757	3,854
Pension contributions	60	44
Social security costs	284	266
	4,101	4,164
Share based payments	-	232
	4,101	4,396
Job retention support	(214)	-
Net Cost	3,887	4,396

The Group operates a stakeholder pension scheme. The Group made pension contributions totalling £60,000 during the year (2019: £44,000), and pension contributions totalling £13,000 were outstanding at the year-end (2019: £8,000).

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 £614,000 (2019: £582,000) and the highest paid director received remuneration totalling £196,000 (2019: £201,000).

Average monthly number of people (including Executive Directors) employed

Group	2020			2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
By function:						
Sales	7	-	7	3	-	3
Operations	197	1	198	224	3	227
Administration	24	-	24	25	-	25
Management	10	-	10	6	-	6
	238	1	239	258	3	261

9. Earnings per share

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

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

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

	2020 '000	2019 '000
Issued ordinary shares		
Start of year	145,403	130,028
Effect of shares issued during the year	17,245	8,834
Weighted average basic and diluted number of shares for year	162,648	138,862

	2020 £'000	2019 £'000
Earnings		
(Loss) / Profit and total comprehensive expense (continuing)	(730)	(1,298)
(Loss) / Profit and total comprehensive expense (discontinued)	-	28
(Loss) / Profit and total comprehensive expense total	(730)	(1,270)

For the year ended 31 December 2020 and 2019 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 0.45p (2019 Loss 0.91p).

10. Goodwill

Group	2020 £'000	2019 £'000
Gross carrying amount at 1 January	1,377	1,359
Acquisition in year	-	18
	1,377	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	596
Carrying amount at 31 December	614	614

The goodwill balance relates to the acquisition of Longmoor Security Limited, Keyguard U.K Limited and Euro-Ops SARL.

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 2020 financial budgets approved by management. The projection assumes that the companies are held in perpetuity. A discount rate of 20% (2019:18%) 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.

11. Other intangible assets

	<i>Group Website and Software</i> £'000	<i>Company Website and Software</i> £'000
2020		
Cost		
At 1 January 2020	297	286
Additions	121	121
Disposals	(3)	(3)
At 31 December 2020	415	404
Accumulated amortisation and impairment		
At 1 January 2020	168	158
Charge for the year	63	62
Disposals	(3)	(3)
At 31 December 2020	228	217
Net book value at 31 December 2020	187	187
2019		
Cost	£'000	£'000
At 1 January 2019	225	215
Additions	72	71
At 31 December 2019	297	286
Accumulated amortisation and impairment		
At 1 January 2019	125	115
Charge for the year	43	43
At 31 December 2019	168	158
Net book value at 31 December 2019	129	128

12. Property, plant and equipment

Group	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Right of use assets	Total
2020	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2020	1,039	727	998	164	260	3,188
Additions	34	40	37	-	-	111
Disposals	-	(1)	(17)	(86)	(96)	(200)
Revaluation	6	-	-	-	-	6
At 31 December 2020	1,079	766	1,018	78	164	3,105
Accumulated depreciation and impairment						
At 1 January 2020	38	476	428	160	107	1,209
Charge for the year	21	44	41	1	55	162
Disposals	-	(1)	(18)	(86)	(62)	(167)
At 31 December 2020	59	519	451	75	100	1,204
Net book value at 31 December 2020	1,020	247	567	3	64	1,901
2019	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2019	1,031	471	1,194	159	260	3,115
Additions	8	32	25	5	-	70
Disposals	-	-	(63)	-	-	(63)
Historical adjustment	-	224	(158)	-	-	66
At 31 December 2019	1,039	727	998	164	260	3,188
Accumulated depreciation and impairment						
At 1 January 2019	17	236	553	151	46	1,003
Charge for the year	21	38	43	9	61	172
Disposals	-	-	(34)	-	-	(34)
Adjustment	-	202	(134)	-	-	68
At 31 December 2019	38	476	428	160	107	1,209
Net book value at 31 December 2019	1,001	251	570	4	153	1,979

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.

Company	Freehold property	Plant and equipment	Office equipment, fixtures and fittings	Right of use assets	Total
2020	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2020	1,039	15	195	84	1,333
Additions	34	3	25	-	62
Disposals	-	-	(18)	(8)	(26)
Revaluation	6	-	-	-	6
At 31 December 2020	1,079	18	202	76	1,375
Accumulated depreciation and impairment					
At 1 January 2020	38	15	175	26	254
Charge for the year	21	1	10	19	51
Disposals	-	-	(18)	-	(18)
At 31 December 2020	59	16	167	45	287
Net book value at 31 December 2020	1,020	2	35	31	1,088
2019	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2019	1,031	15	185	76	1,307
Additions	8	-	10	8	26
	1,039	15	195	84	1,333

Accumulated depreciation and impairment

At 1 January 2019	17	15	174	7	213
Charge for the year	21	-	7	19	47
Adjustment	-	-	(6)	-	(6)
At 31 December 2019	<u>38</u>	<u>15</u>	<u>175</u>	<u>26</u>	<u>254</u>

Net book value at 31 December 2019	1,001	-	20	58	1,079
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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.

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.

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.

	2020	2019
	£'000	£'000
Historical cost	<u>756</u>	<u>722</u>
Accumulated depreciation		
At 1 January	293	279
Charge for the year	15	14
At 31 December	<u>308</u>	<u>293</u>
Net book value as at 31 December	<u>448</u>	<u>429</u>

13. 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

	2020	2019
	£'000	£'000
At 1 January 2020	158	216
Expensed in the year	(91)	(58)
As at 31 December	<u>67</u>	<u>158</u>
Of which		
Current lease	38	60
Non-current	29	98
	<u>67</u>	<u>158</u>

14. Investment in subsidiaries

The Group has reviewed its disclosure on investments in subsidiaries.

All loans relate to cash movements between Group companies and are repayable on demand. It has been decided that loans and other intercompany accounts will, going forward, be 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. Therefore this note now deals solely with investments:

Company	2020	2019
	Investments	Restated Investments
Cost	£'000	£'000
At 1 January 2019	389	378
Movement in Year	-	11
At 31 December	<u>389</u>	<u>389</u>
Accumulated impairment		
At 1 January 2019	(389)	(378)
Movement in Year	-	(11)
At 31 December	<u>(389)</u>	<u>(389)</u>
Investment in subsidiaries	<u>-</u>	<u>-</u>

A sum of £7,915,000 (2019: £8,650,000) has been recognised in receivables; and £735,000 (2019: £2,398,000) has been recognised in payables.

Had the Company continued to report as in prior years, this would have been the result:

Company	2020	2020	2020	2019	2019	2019
	Investments	Loans	Total	Investments	Loans	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	389	14,901	15,290	378	15,458	15,836
Movement in Year	-	(114)	(114)	11	(557)	(546)
At 31 December	<u>389</u>	<u>14,787</u>	<u>15,176</u>	<u>389</u>	<u>14,901</u>	<u>15,290</u>
Accumulated impairment						
At 1 January 2019	(389)	(8,649)	(9,038)	(378)	(8,552)	(8,930)
Movement in Year	-	1,042	1,042	(11)	(97)	(108)
At 31 December	<u>(389)</u>	<u>(7,607)</u>	<u>(7,996)</u>	<u>(389)</u>	<u>(8,649)</u>	<u>(9,038)</u>
Investment in	7,180	7,180			6,252	6,252

subsidiaries -

15. Subsidiary undertakings

The subsidiary undertakings at 31 December 2020 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 Security 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	90
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 Managed Services Limited (formerly Westminster Facilities Management Limited)	England	Dormant	100
CTAC Limited	England	Dormant	100
Longmoor Security Services Limited (formerly Westminster Aviation Security Services (ME) Limited)	England	Dormant	100
Westminster International (Ghana) Limited	Ghana	Dormant	90

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.
 Ghana No.10, Adomi Street (formerly 3rd Close), Airport Residential Area, Accra

* Consolidated due to de facto control. These results do not have a material effect on the financial statements.

16. Financial instruments

Categories of financial assets and liabilities.

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

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial assets				
Financial assets measured at amortised cost				
Trade and other receivables (note 19)	2,647	2,279	9,059	8,650
Cash and cash equivalents (note 20)	2,143	557	1,716	28
	4,790	2,836	10,775	8,678
Financial liabilities				
Financial liabilities measured at amortised cost				
Borrowings (note 23)	29	2,510	13	212
Trade and other payables (note 24)	2,308	2,405	1,246	2,652
	2,337	4,915	1,259	2,864

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 27.

Convertible Loan Notes

The Group had the following convertible loan notes outstanding during the year the key details of which are set out below:

	Secured Convertible Loan Notes ("CLN")
Amount	£2.245m repaid or converted during 2020.

<i>Conversion Price</i>	25p until 22 May 2019 15p per share until 30 September 2019, 12.5p per share from 1 October 2019 until 31 December 2019 and thereafter 10p.
<i>Security</i>	Secured fixed and floating released at the end of the year.
<i>Redemption Date</i>	1 May 2021 however all repaid or converted in 2020.
<i>Management Fee</i>	£25,000 per annum.
<i>Coupon</i>	12 % until 31 March 2019 then 15% paid quarterly in arrears. Listed on the CISX during the year; but delisted once all were repaid or converted.
<i>Conversion Detail</i>	Company could make repayment without penalty at any time. The holder could convert at any time.

These were either converted or repaid during 2020 with the process being completed on 31 December 2020. See also Note 23.

	2020	2020	2020	2019	2019	2019
£'000	CULN	CLN	Total	CULN	CLN	Total
At 1 January	179	2,233	2,412	171	2,216	2,387
Amortised finance cost	20	265	285	18	357	375
Interest paid	(9)	(253)	(262)	(10)	(312)	(322)
Fair Value adjustment on Extension	-	-	-	-	(28)	(28)
Repaid in the year	(190)	(2,032)	(2,222)	-	-	-
Converted in the year	-	(213)	(213)	-	-	-
At 31 December	-	-	-	179	2,233	2,412

Analysis of movement in debt at principal value (excluding IFRS impacts), memorandum only

	2020	2020	2020	2019	2019	2019
£'000	CULN	CLN	Total	CULN	CLN	Total
At 1 January	171	2,245	2,416	171	2,245	2,416
Fair value adjustment on conversion / repayment	19	-	19	-	-	-
Conversion	-	(213)	(213)	-	-	-
Repaid	(190)	(2,032)	(2,222)	-	-	-
At 31 December	-	-	-	171	2,245	2,416

17. 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 2020, 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 2022.

The Group believes it has a total potential deferred tax asset of £2,557,000 (2019: £1,904,000). It has recognised a deferred tax asset of £956,000 (2019: £907,000) due to budgeted future profits of the business beyond 2021. There remains £1,601,000 (2019: £991,000) of unrecognised deferred tax asset.

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 19% (2019: 17%). Any changes in the future would affect these amounts proportionately.

	2020	2019
	£'000	£'000
Opening balance as at 1 January	907	889
Credit / (debit) to income statement	49	18
Deferred tax asset as at 31 December	956	907

18. Inventories

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Finished goods	773	47	-	-
	773	47	-	-

The cost of inventories recognised as an expense within cost of sales amounted to £2,782,000 (2019: £3,210,000). No reversal of previous write-downs was recognised as a reduction of expense in 2020 or 2019.

19. Trade and other receivables

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables, gross	759	851	1	1
Allowance for credit losses	(52)	(116)	(1)	(1)
Trade receivables	707	735	-	-
Amounts recoverable on contracts	135	1,430	-	-
Intercompany receivables	-	-	7,915	8,650
Other receivables	1,321	114	1,144	-

Financial assets	2,163	2,279	9,059	8,650
Other taxes and social security	211	-	63	-
Prepayments	64	246	25	70
Non-financial assets	275	246	88	70
Trade and other receivables	2,438	2,525	9,147	8,720
Non-current receivable (financial asset)	484	-	-	-

The average credit period taken on sale of goods in 2020 was 19 days (2019: 38 days). An allowance has been made for estimated credit losses of £52,000 (2019: £116,000). 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. A loan to Sovereign Ferries (SL) Limited which was fully impaired was written off in the period.

Other receivables include a sum of £1,130,000 due from the RiverFort Equity Placing and Sharing Agreement detailed in note 23. It is expected that it will be recovered from the sale of shares currently still held by RiverFort. However, refer also note 26 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.

	2020	2019
	£'000	£'000
Current	463	474
Not more than 3 months	130	197
More than 3 months	166	180
	759	851

	2020	2019
	£'000	£'000
Opening balance at 1 January	116	127
Amounts written off	(48)	(113)
Amounts provided	46	102
Written back (no longer required)	(62)	-
Closing balance at 31 December	52	116

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

At 31 December 2020 £307,000 (2019: £510,000) of receivables were denominated in US dollars and £167,000 (2019: £ Nil) were denominated in Ghanaian Cedi. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

20. Cash and cash equivalents

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,143	605	1,716	28
Bank overdraft	-	(48)	-	-
Cash and cash equivalents	2,143	557	1,716	28

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 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.

21. Called up share capital

Group and Company

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

	2020		2019	
	Number	£'000	Number	£'000
Ordinary Share Capital				
At 1 January	145,402,511	14,540	130,027,511	13,003
Arising on exercise of share options and warrants	2,125,000	213	375,000	37
Issued under the RiverFort EPSA	14,000,000	1,400	-	-
Share capital reorganisation to create deferred shares	-	(15,991)	-	-
Other issue for cash	125,000,000	125	15,000,000	1,500
At 31 December	286,527,511	287	145,402,511	14,540
Deferred share capital				
At 1 January	-	-	-	-
Share capital reorganisation to create deferred shares	161,527,511	15,991	-	-
At 31 December	161,527,511	15,991	-	-
Total Share Capital				
At 31 December	448,055,022	16,278	145,402,511	14,540

During the year, the following equity issues took place

Date	Comment	Shares Issued	Issue price
23 January 2020	Equity placing	14,000,000	12.5p
01 April 2020	Conversion of Loan Note	62,500	10p
02 June 2020	Conversion of Loan Note	937,500	10p
02 October 2020	Conversion of Loan Note	937,500	10p
07 October 2020	Conversion of Loan Note	187,500	10p
22 December 2020	Equity placing	125,000,000	4p

Share Capital Reorganisation

During the year the company undertook a share capital reorganisation in order to facilitate a placing of shares. As at 3 December 2020 the Company's Existing Ordinary Shares were trading at around 6.3 pence and had a nominal value of 10 pence. Under the Companies Act 2006 the Company is not permitted to issue shares with an issue price which is below their nominal value. In order to enable the Company to issue shares pursuant to the placing at 4 pence per share and also going forwards in the future at an issue price which exceeds their nominal value, the Company undertook a reorganisation of its ordinary share capital. Under the share capital reorganisation each of the Existing Ordinary Shares that were in issue were subdivided into 1 new ordinary share of 0.1 pence each and 1 deferred share of 9.9 pence each.

After the Share Capital Reorganisation had taken place and before the placing, there were the same number of New Ordinary Shares in issue as there were Existing Ordinary Shares in issue. There were 161,527,511 Existing Ordinary Shares in issue as at 3 December 2020. Immediately following the share capital reorganisation and before completion of the placing, 161,527,511 New Ordinary Shares and 161,527,511 Deferred Shares were issued, and the Existing Ordinary Shares cancelled.

The New Ordinary Shares have the same rights as those currently accruing to the Existing Ordinary Shares currently in issue under the articles of association of the Company, including those relating to voting and entitlement to dividends.

Holders of options or warrants over Existing Ordinary Shares maintained the same rights as currently accruing to them.

The Deferred Shares will have no substantive rights attached to them and, accordingly, will not carry the right to vote or to participate in any distribution of surplus assets. Furthermore, they were not admitted to trading on AIM. The Deferred Shares effectively carry no value.

The holders of the Deferred Shares shall be deemed to have conferred an irrevocable authority on the Company at any time to: (i) appoint any person, for and on behalf of such holder, to, inter alia, transfer some or all of the Deferred Shares (without making any payment therefor) to such person(s) as the Company may determine (including without limitation the Company itself); and (ii) repurchase or cancel such Deferred Shares without obtaining the consent of the holders thereof. In addition, the Company may repurchase all of the Deferred Shares, at a price not exceeding 1 penny in aggregate.

As part of this process, the Company's articles of association were amended to set out the rights and restrictions attaching to the Deferred Shares.

22. Share options and Warrants

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% and a life of 5 years.

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 18.1p (2019: 18.2p). The average life of the unexpired share options was 7.1 years (2019: 8.4 years).

As At	31 December 2020			31 December 2019	
	Exercise price £	Number outstanding	Average life outstanding (years)	2019 number outstanding	2019 average life outstanding (years)
Grant date					

28 June 2012	0.365	225,000	1.5	225,000	2.5
01 July 2014	0.510	225,000	3.5	225,000	4.5
10 December 2014	0.285	2,187,500	3.9	2,281,250	4.9
09 October 2015	0.140	40,000	4.8	40,000	5.8
01 June 2018	0.130	6,150,000	7.4	6,150,000	8.4
01 November 2018	0.130	750,000	7.8	750,000	8.8
		9,577,500	6.4	9,671,250	7.1

During the year, no employee options were granted (2019: Nil), none were exercised (2019: none) and 93,750 lapsed (2019: 496,000). The weighted average price of the options lapsed in the year was 28.5p (2019: 20.3p). The weighted average exercise price of exercisable options at the end of 2020 was 18.0p (2019 18.1p).

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
25 July 2019	£1m Share Issue	9,625,000	12.5	2
22 January 2020	RiverFort EPSA	3,499,222	5.2	4
22 December 2020	£5m Share Issue	25,000,000	7.0	2

On 23 January 2020, the Company announced that it had agreed to issue to the RiverFort Global Opportunities PCC and YA II PN Ltd as part of the RiverFort Equity Placing and Sharing Agreement (EPSA) 3,499,222 warrants at 14.54p, being a premium of 34% to the closing price of 10.85p on 21 January 2020, that can be exercised between 6 and 48 months from issue. On 22 December 2020 following the placing of the 125,000,000 New Ordinary Shares referred to in Note 21 and below; the strike price was adjusted under the terms of the EPSA to 5.2p.

On 3 December 2020, the Company announced a placing of 125,000,000 New Ordinary Shares to various holders. These were admitted to AIM on 22 December 2020. Subscribers in the Placing were granted warrants to subscribe for New Ordinary Shares on a 1 warrant for each 5 Placing Shares basis. These Placing Warrants are exercisable at 7p per New Ordinary Share for a period of 24 months from Admission. The Placing Warrants were not admitted to trading on AIM or any other stock market and are not transferable.

The Warrants issued on 31 January 2018 and 22 January 2020 are valued in accordance with IFRS 2 that is for equitysettled 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 fair value of £88,000 (2019 restated: £27,000) for the issue of these warrants was recognised in the year.

The Warrants issued with Share Issues on 25 July 2019 and 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.

23. Borrowings

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Non-current				
Convertible loan note (note 16)	-	2,233	-	-
Convertible redeemable unsecured loan notes (Note 16)	-	179	-	179
Non-current lease debt	29	98	13	33
Total borrowings	29	2,510	13	212

RiverFort Loan Facility

On 22 January as part of the RiverFort Equity Placing and Sharing Agreement (EPSA) the Company entered into a £3.0m Mezzanine Loan Facility with the RiverFort Global Opportunities PCC and YA II PN Ltd. (together the "Investor") and elected to drawdown an initial £1.5m to fund the commencement of the staged Convertible Loan Notes (CLN) redemption programme and provide additional working capital. The Company has the right, at its sole discretion, to draw down up to a further £1.5m at any time in the following 24 months, subject to certain conditions.

The Mezzanine Loan Facility is subject to a 0.75% Commitment Fee and each drawdown had a term of 18 months at a 6.5% rate of interest and a 5% drawdown fee. Repayments commenced 3 months after drawdown and were to be followed by 15 equal monthly payments. The Company could if it wishes, elect to convert any of its monthly payments or amounts due by issuing the Investor with a convertible note giving conversion rights equal to the amount concerned, in which case the Investor will have 12 months to convert the note into ordinary shares of the Company at the lower of 14.54p or the 90% 5 day volume weighted average price immediately preceding the date of such notice. The Company may also elect to make early repayment of any outstanding amount subject to a 5% early redemption premium.

On 22 December 2020 following the equity placing the company elected to repay the remaining amount due on the Mezzanine Loan. As such there was no balance outstanding at 31 December 2020 (2019 £Nil).

Convertible Loan Notes

For full details of these notes see note 16.

From 31 December 2019 holders were able elect to convert their CLNs at 10p per share in place of cash redemption. From May 2019 the Group was allowed to redeem the CLNs in whole or in part at any time before the maturity date (1 May 2021) without restriction or penalty.

On 22 January the Group commenced a staged redemption programme of the Company's existing £2.245m Convertible Loan Notes with an offer to convert or redeem 25% of the outstanding balance.

In February 2020 CLNs to the value of £555,000 were redeemed and £6,250 were converted to Ordinary Shares. In March, June and October CLNs to the value of a further £212,500 in total were converted. Finally, in December 2020 the remaining £1,471,250 of CLNs were redeemed.

Convertible redeemable unsecured loan notes

On 31 December 2019, the convertible redeemable unsecured loan notes carried a coupon of 5% payable quarterly in arrears, had a conversion price of 10p and matured on 31 July 2021. On 22 December 2020, this note was fully redeemed for a value of USD \$250,000.

Non-current lease debt

As described in Note 13, 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.

24. Trade and other payables

Current	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade payables	688	1,385	125	99
Accruals and other creditors	1,582	960	366	140
Intercompany payables	-	-	735	2,398
Finance lease creditor (IFRS 16)	38	60	20	18
Financial liabilities	2,308	2,405	1,246	2,655
Other taxes and social security payable	-	51	-	16
Contractual liabilities	100	73	-	-
Non-financial liabilities	100	124	-	16
Total current trade and other payables	2,408	2,529	1,246	2,671

Shown on the balance sheet as:

Contractual liabilities	100	73	-	-
Trade and other payables	2,308	2,456	1,246	2,671
	2,408	2,529	1,246	2,671

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 2020 was 50 days (2019: 66 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 2020 £438,000 (2019: £1,243,000) of payables were denominated in US dollars, £2,000 (2019: £16,000) were denominated in Euros, £1,000 (2019: Nil) were denominated in Ghanaian Cedi and Nil (2019: £22,000) were denominated in Sierra Leone Leones.

25. 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	2020			2019	2019	2019
	Continuing operations	Discontinued operations	Total			
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments:						
Depreciation, amortisation and impairment of non-financial assets	225	-	225	215	-	215
Effect of assets / liabilities acquired	-	-	-	2	-	2
Finance costs	(17)	-	(17)	620	-	620
Revaluation of fixed assets	(6)	-	(6)	2	-	2
Loss on disposal of non-financial assets	33	-	33	-	-	-
Non-cash accounting for CLN & CULN	(119)	-	(119)	35	-	35
Conversion of CLN	(213)	-	(213)	-	-	-
Increase in Deferred Tax Asset	(49)	-	(49)	(18)	-	(18)
Share-based payment expenses	87	-	87	368	-	368
Total adjustments	(59)	-	(59)	1,224	-	1,224

Net changes in working capital:	2020			Restated 2019	Restated 2019	Restated 2019
	Continuing Operations	Discontinued Operations	Total			
	£'000	£'000	£'000	£'000	£'000	£'000
(Increase)/Decrease in inventories	(726)	-	(726)	27	-	27
Decrease in trade and other receivables	128	-	128	2,091	-	2,091
Increase in long term receivables	(484)	-	(484)	-	-	-
Increase/(decrease) in contract liabilities	27	-	27	(2,365)	-	(2,365)
Decrease in trade and other payables	(148)	-	(148)	(113)	-	(113)
Decrease in assets of disposal group classified as held for sale	-	170	170	-	-	-
Decrease in liabilities of disposal group classified as held for sale	-	-	-	-	(151)	(151)
Total changes in working capital	(1,203)	170	(1,033)	(360)	(151)	(511)

Company	Company	Company
	2020	Restated 2019
	£'000	£'000

Adjustments:

Depreciation, amortisation and impairment of non-financial assets	113	90
Finance costs	376	458
Revaluation of fixed assets	(6)	-
(Profit) / loss on disposal of non-financial assets	8	-
Non-cash accounting for CLN	(1)	(90)
Share-based payment expenses	87	368
Other non-cash items	6	103
Total adjustments	<u>583</u>	<u>929</u>

Net changes in working capital:

Increase in trade and other receivables	(427)	623
Decrease in trade and other payables	(1,425)	(59)
Increase in asset held for sale	-	-
Total changes in working capital	<u>(1,852)</u>	<u>564</u>

26. Contingent assets and contingent liabilities

The RiverFort EPSA has already been described in Notes 21, 22 and 23. In summary, the company issued 14m ordinary shares and received a £1.5m mezzanine loan. At the same time under the EPSA the company issued 14m shares and booked a sundry debt of £1.75m. The loan was to be repaid and the sundry debt settled by selling down the shares. As disclosed in note 23 the mezzanine loan was fully repaid in December 2020. As at the 31 December 2020 there remained shares still to be sold and a residual sundry debt for those shares. Because of the low share price caused primarily by the market reaction to Covid-19, had the remaining shares been sold at the end of 2020 there would have been a loss of £936,000 on this debt. However, the shares do not have to be fully sold until at least 31 December 2021 and there is reason to believe that it will be at a price higher during 2021 than the 31 December 2020 price level and enough to recoup the losses.

There were no material contingent assets and contingent liabilities in 2019.

27. 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 Leone (SLL) 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
31 December 2020				
Financial assets	307	-	-	167
Financial liabilities	(438)	(2)	-	(1)
Total exposure	(131)	(2)	-	166
31 December 2019				
Financial assets	510	-	-	-
Financial liabilities	(1,243)	(16)	(22)	-
Total exposure	(733)	(16)	(22)	-

If the US dollar were to depreciate by 10% relative to its year end rate, this would cause a gain of profits in 2020 of £15,000 (2019: £81,000 Gain).

If the Ghanaian Cedi were to depreciate by 10% relative to its year end rate, this would cause a loss of profits in 2020 of £18,000 (2019: £ Nil).

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk. Foreign currency denominated financial assets and liabilities are immaterial for the Company.

Interest rate sensitivity

The main borrowings of the Group were the convertible loans and the RiverFort EPSA. These are detailed in note 16. All had fixed interest rates. Interest on the cash holdings of the Group and "other" loans noted in note 23 is both not material and also has fixed interest rates. Therefore no calculation of interest rate sensitivity has been undertaken.

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 19 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 2020, the Group's financial liabilities have contractual maturities (including interest payments, where applicable) as summarised below:

Group	2020			2019		
	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
Convertible loans	-	-	-	-	2,233	179
Trade and other payables	2,308	-	-	2,456	-	-
Total	2,308	-	-	2,456	2,233	179

Company	2020			2019		
	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
Convertible loans	-	-	-	-	-	179
Trade and other payables	1,246	-	-	2,668	-	-
Total	1,246	-	-	2,668	-	179

28. Discontinued operations

At 30 September 2017, the Group took the decision to dispose of its ferry operation in Sierra Leone, from this date the operation together with the related finance obligations was being actively marketed for sale, and therefore has been reclassified as a disposal group held for sale within the financial statements.

A discontinued operation is a component of the Group's activities that is distinguishable by reference to geographical area or line of business that is held for sale, has been disposed of or discontinued, or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

	2020 £'000	2019 £'000
Revenue	-	-
Cost of sales	-	-
Gross Profit	-	-
Administration expenses	-	28
Operating loss from discontinued activities before taxation	-	28
Income tax expense	-	-
Loss from discontinued ordinary activities after taxation	-	28
Earnings per share relating to the discontinued operations	-	0.02p

Cash flows relating to the discontinued operation are as follows:

Operating cash flows	-	28
Investing cash flows	-	-

29. Disposal groups held for sale

At 30 September 2017 the Group took the decision to dispose of its ferry operation in Sierra Leone, from this date the operation together with the related finance obligations was being actively marketed for sale, and therefore has been reclassified as a disposal group held for sale within the financial statements. On this date the Group impaired the assets of the disposal group to nil. Details of the assets and liabilities held for sale are as follows:

	2020 £'000	2019 £'000
Assets held for sale:		
Tangible fixed assets at cost	-	2,820
Accumulated depreciation	-	(2,650)
Assets held for sale	-	170

The Sierra Queen was sold in February 2020.

30. Related Party Transactions

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

	Balance at 31 December 2018	Movement in Year 2019	Balance at 31 December 2019	Movement in Year 2020	Balance at 31 December 2020
Westminster International Limited	2,265	64	2,329	(1,483)	846
Westminster Security Limited (formerly Longmoor Security Limited)	-	-	-	10	10
Westminster Aviation Security Services Limited	5,466	(1,487)	3,979	6	3,985

Sovereign Ferries Limited	-	45	45	503	548
Westminster Operating Limited	(2,381)	(17)	(2,398)	2,156	(242)
Keyguard U.K Limited	31	(31)	-	68	68
Longmoor (SL) Limited	(29)	29	-	-	-
Facilities Operations Management Limited	959	(767)	192	(6)	186
Westminster Sierra Leone Limited *	23	(23)	-	(60)	(60)
Westminster Group GMBH	2	793	795	63	858
GLIS Gesellschaft für Luftfahrt- und Infrastruktur-Sicherheit GmbH	-	-	-	(50)	(50)
Westminster Sicherheit GMBH	593	(593)	-	-	-
Euro Ops SARL	-	-	-	104	104
Westminster Managed Services Limited (formerly Westminster Facilities Management Limited)	(22)	1,332	1,310	-	1,310
Longmoor Security Services Limited (formerly Westminster Aviation Security Services (ME) Limited)	-	-	-	-	-
Westminster International (Ghana) Limited	-	-	-	(383)	(383)
	6,907	(655)	6,252	928	7,180

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

In the year to 31 December 2020 fees and expenses of £18,619 (2019: £16,180) plus VAT were accrued to Cattaneo LLP a Limited Liability Partnership under the control of Charles Cattaneo. On the 31 December 2020 Cattaneo LLP was owed £1,600 including VAT (2019: £1,600).

Certain members of the Fowler family, other than directors, have been employed by the Group on normal arms-length terms for between 11 and 23 years. Their remuneration, in aggregate, for the year ended 31 December 2020 was £182,830 (2019: £171,659)

31. Prior year adjustment

Changes to the way investments and loans in subsidiaries have been displayed are reported in note 14.

The 2019 statement of profit and loss, other comprehensive income and financial position has been restated to account for net gains amounting to £147,000 (Company: £184,000) that were not recognised in the prior year accounts following reviews of policies and reconciliations during 2020. No third balance sheet is presented as the error occurred solely in the prior period and effects that year only.

Statement of profit or loss and other comprehensive income (extract)

Note	Year ended	
	31 December 2019	
	Group	Company
Loss per signed accounts 2019	(1,398)	(2,652)
Review of accounting for Share based payments	i) (110)	(110)
Correction of error in accounting for Warrants	ii) 298	298
Write off of uncollectable VAT balance	iii) (41)	-
Other immaterial difference	iv) -	(3)
Restated loss for 2019	(1,251)	(2,467)

As a result of the prior year adjustments, the Earnings per Share have been recalculated as follows:

Earnings per Share	Signed accounts as at		Restated as at
	31 December 2019	Adjustment	31 December 2019
	Per-share amount		Per-share amount
	pence		pence
Basic and diluted EPS	(1.02p)		(0.91p)
Group statement of financial position (extract)	Signed accounts as at		Restated as at
	31 December 2019	Adjustment	31 December 2019
Share based payment reserve	i) & ii) 1,166	(188)	978
Trade and other receivables	iii) 2,566	(41)	2,525
(Loss)/profit for the year	i), ii) & iii) (1,398)	147	(1,251)
Company statement of financial position (extract)	Signed accounts as at		Restated as at
	31 December 2019	Adjustment	31 December 2019
Share based payment reserve	i) & ii) 1,166	(188)	978
Trade and other payables	iv) 2,668	3	2,671
(Loss)/profit for the year	i), ii) & iv) (2,652)	185	(2,467)

i. Following a review by the Group of the reserve for share based payments going back to first principles, it was determined that this reserve had been understated by £110,000.

ii. In discussion with the new auditors, PKF, a more appropriate treatment of warrants issued as part of a placing was determined. To be consistent £298,000 charged in 2019 has been written back.

- iii. An accounting error left an unrecoverable balance of £41,000 on the VAT account. This is written off.
- iv. There was a sundry immaterial rounding difference on the Company's P&L account which has now been corrected.

32. Events after the Reporting Period

In February 2021, 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.

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