



01 June 2023

Westminster Group Plc
(‘Westminster’, the ‘Group’ or the ‘Company’)
Final Results for 12 months to 31 December 2022
& 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 2022.

Highlights:

Operational:

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

Financial:

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

Post period end:

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

Commenting on the results and prospects, Peter Fowler, Chief Executive said:

"I am pleased to report that, despite the challenges from the tail end of the Covid pandemic, the impact of the Ukraine conflict and the ensuing global economic turmoil, we still delivered a 35% increase in revenues to £9.5m (2021: £7.1m) and achieved an effective break-even position with a 99% improvement in losses to £0.0m (2021: loss £1.9m), demonstrating the recovery underway and that we are heading back to a growth trajectory.

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

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

"Building on our 2022 results, we believe a record year of revenues and profitability are in sight for 2023. The key to achieving this, of course, is to secure new contracts with enough time to recognise revenues in the year and we are working hard to deliver that."

Investor Presentation: 3pm on Thursday 8 June 2023

Peter Fowler (CEO) and Mark Hughes (CFO) will provide a live presentation to review the results and update on prospects at 3pm on Thursday 08 June 2023.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Westminster Group Plc via:

<https://www.investormeetcompany.com/westminster-group-plc/register-investor>

Annual Report and Accounts - The final results announcement can be downloaded from the Company's website (www.wsg-corporate.com). The notice of the Annual General Meeting to be held on 28 June 2023 was posted to shareholders on 31 May 2023 and copies of the Annual Report and Accounts will be sent to shareholders on or before 16 June 2023 for approval at the Annual General Meeting and will be available from the Company's website (www.wsg-corporate.com) once posted.

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

Strand Hanson Limited (Financial & Nominated Adviser)

James Harris 020 7409 3494
Ritchie Balmer
Richard Johnson

Zeus Capital Limited (Broker)

Louisa Waddell 020 3829 5000
Simon Johnson

Walbrook (Investor Relations)

Tom Cooper 020 7933 8780
Paul Vann
Nick Rome

Westminster@walbrookpr.com

Notes:

Westminster Group Plc is a public company listed on the London Stock Exchange. The company is a subsidiary of Westminster Group Limited, which is a private company limited by guarantee.

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.

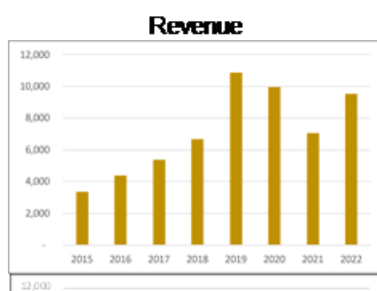
Westminster's principal activity is the design, supply and ongoing support of advanced technology security solutions, encompassing a wide range of surveillance, detection, tracking and interception technologies and the provision of long-term managed services contracts such as the management and running 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 (NGOs) 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

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

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

Stock markets, particularly with small cap companies, have been impacted, access to capital has become more challenging, rising prices, inflation and global uncertainty all make for a more challenging business environment. Governments and corporations are reviewing budgets and spending plans, postponing capital expenditure and creating delays in some order placements, as we experienced with a delayed multi-million-dollar Technology project we were verbally awarded in early 2022 and was anticipated to be completed that year. Due to the country's currency issues causing budget constraints the project was delayed and will hopefully go forward in 2023.

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

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

Corporate Conduct

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

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

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

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

Corporate and Social Responsibility

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

Employees and Board

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

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

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

Rt. Hon Sir Tony Baldry DL

Chairman

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

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

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

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

Overview

2022 has been a year of both challenges and achievements.

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

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

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

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

Divisional Review

Services Division

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

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

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

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

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

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

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

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

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

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

Technology Division

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

The global economic turmoil and financial uncertainty created by the Russian invasion of Ukraine has resulted in governments

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

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

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

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

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

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

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

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

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

is an important step forward for our business. Westminster Arabia remains an important component in our growth strategy.

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

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

Summary

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

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

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

Strategy

Our vision is to build a global business with strong brand recognition delivering advanced security solutions and long-term managed services, on Land, at Sea and in the Air, primarily to high growth and emerging markets around the world, with a particular focus on building multiple revenue streams, many of which involve long term recurring revenue business, from diverse sources in varying parts of the world, providing a degree of resilience to external events and enhancing shareholder value. The Board considers strategy at each regular Board Meeting and has at least one 'off-site' strategy day each year to review the Company's rolling five-year Strategic Growth Plan and to consider new short-, medium- and long-term strategies that could be implemented to achieve our goals and to deal with changing global and economic issues.

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

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

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

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

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

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

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

Environment, Social, and Governance (ESG) Strategy

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

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

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

We take our social responsibilities very seriously, including supporting the communities in which we operate and, in this

we take our social responsibilities very seriously including supporting the communities in which we operate and, in this respect, have our own registered charity - the Westminster Group Foundation - see here www.wg-foundation.org

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

Performance Indicators

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

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

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

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

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

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

Current Trading & Business Outlook

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

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

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

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

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

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

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

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

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

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

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

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

Peter Fowler

Chief Executive Officer

Chief Financial Officer's Report

Revenue

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

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

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

Gross Margin

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

Operating Cost Base

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

Effect of Covid-19

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

Operational EBITDA^ from underlying operations

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

Reconciliation to EBITDA^ from underlying operations

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

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

Finance Costs

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

Earnings Results for the Year

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

Statement of Financial Position

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

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

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

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

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

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

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

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

Key Performance Indicators

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

Equity Issues

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

Summary of Warrants

As at 31 December 2022 the warrants outstanding were:

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

The S P Angel warrants have now lapsed.

For further details on warrants, refer to Note 21.

Cash Flow Statement

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

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

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

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

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

Westminster Group PLC

Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022	2021
		Total	Total
		£'000	£'000
REVENUE	3	9,528	7,051
Cost of sales		(4,393)	(3,789)
GROSS PROFIT		5,135	3,262
Administrative expenses		(5,460)	(5,179)
(LOSS) FROM OPERATIONS	5	(325)	(1,917)
Analysis of operating loss			
Profit from operations		(325)	(1,917)
Add back amortisation	10	56	78
Add back depreciation	11	196	166
EBITDA [^] (Loss) from underlying operations		(73)	(1,673)

Finance costs	4	(40)	(3)
LOSS BEFORE TAXATION		(365)	(1,920)
Taxation	6	354	(11)
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(11)	(1,931)
LOSS AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		121	(1,921)
NON-CONTROLLING INTEREST		(132)	(10)
LOSS AND TOTAL COMPREHENSIVE INCOME		(11)	(1,931)
BASIC AND DILUTED LOSS PER SHARE	8	(0.00p)	(0.62p)

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

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

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

Peter Fowler
Director

Mark L W Hughes
Director

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

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

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

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

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

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

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

Consolidated Cash Flow Statement
For the year ended 31 December 2022

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

Company Cash Flow Statement
For the year ended 31 December 2022

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

Notes to the Financial Statements

1. General information and nature of operations

Westminster Group PLC ("the Company") was incorporated on 7 April 2000 and is domiciled and incorporated in the United Kingdom and quoted on AIM. The Group's financial statements for the year ended 31 December 2022 consolidate the individual financial statements of the Company and its subsidiaries. The Group design, supply and provide on-going advanced technology solutions and services to governmental and non-governmental organisations on a global basis.

2. Summary of significant accounting policies

Basis of preparation

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted IAS. The Parent Company has elected to prepare its financial statements in accordance with UK-adopted IAS. The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account.

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

Basis of measurement

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

Consolidation

(i) Basis of consolidation

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

(ii) Subsidiaries

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

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

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

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

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

(iii) Transactions eliminated on consolidation

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

(iv) Company financial statements

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

Going concern

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

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

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

Business combinations

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair

value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

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

Foreign currency

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

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

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

Segmental reporting

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

An operating segment is a component of the Group;

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

Revenue

Revenue recognition

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

Performance Obligations

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

Transaction price

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

Whilst payment terms vary from contract to contract, an element of the transaction price may be received in advance of

delivery. The Group may therefore have contract liabilities depending on the contracts in existence at a period end. The Group's contracts are not considered to include significant financing components on the basis that there is no difference between the consideration and the cash selling price.

Revenue recognition

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

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

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

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

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

Operating expenses

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

Interest income and expenses

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

Goodwill

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

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.

The RiverFort sundry debtor is classified at fair value through profit or loss and is re-measured to fair value at the end of

each reporting period. Gains and losses arising from re-measurement are taken to profit or loss, as are transaction costs incurred.

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

Financial 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.

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

Deferred tax asset

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

Subsidiary intercompany balances

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

Debtors and Accrued Income

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

Sundry Debtors

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

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

Revalued freehold property

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

not moved materially since the last valuation was performed. The valuation was not materially different to the value the asset is recorded at the balance sheet date.

New standards, amendments and interpretations

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

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

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

Reference to the Conceptual Framework (Amendments to IFRS 3)

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

Amendment to IFRS 9 Financial Instruments

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

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

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

New standards, amendments and interpretations adopted early

Income Taxes (Amendments to IAS 12)

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

Standards amendments and interpretations in issue not yet effective

IAS 1 Presentation of Financial Statements

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

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

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

IFRS 17 Insurance Contracts

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

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

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

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

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

Alternative performance measures (APM)

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

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

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

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

Purpose

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

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

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

3. Segment reporting

Operating segments

The Board considers the Group on a Business Unit basis. Reports by Business Unit are used by the chief decision-

makers in the Group. The Business Units operating during the year are the two operating divisions; Services and Technology. This split of business segments is based on the products and services each offer.

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

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

Geographical areas

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

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

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

Information about major customers

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

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

4. Finance costs

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

5. Loss from operations

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

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

Auditor's remuneration

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

Audit services

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

6. Taxation

Analysis of tax charge / (credit) in year

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

	£'000 2022 £'000	£'000 2021 £'000
Current year		
UK Corporation tax on profits in the year	-	-
Potential foreign corporation tax on profits in the year	-	8
Deferred Tax (Note 16)		
Foreign entity deferred tax	(40)	3
Review of expected utilisation of Losses	(314)	-
	(354)	11
	Group	Group
	2022	2021

2022	2021
£'000	£'000

Reconciliation of effective tax rate

Loss on ordinary activities before tax	(365)	(1,920)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(69)	(365)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	94	20
Deferred tax movement (Note 16)	(355)	3
Release of losses	(24)	-
Unrecognised losses carried forward	-	353
Total tax - credit	(354)	11

For further details on Tax refer to Note 16.

7. Employee costs

Employee costs for the Group during the year

Group

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

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

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

Average monthly number of people (including Executive Directors) employed

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

8. Loss per share

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

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

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

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

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

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

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

9. Goodwill

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

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

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

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

10. Other intangible assets

	Group Website and Software	Company Website and Software
2022	£'000	£'000
Cost		
At 1 January 2022	400	364
Additions	12	13
At 31 December 2022	412	377
Accumulated amortisation and impairment		
At 1 January 2022	250	244
Charge for the year	56	49

At 31 December 2022	306	293
Net book value at 31 December 2022	106	84
2021		
	£'000	£'000
Cost		
At 1 January 2021	415	404
Additions	41	6
Disposals	(56)	(46)
At 31 December 2021	400	364
Accumulated amortisation and impairment		
At 1 January 2021	228	217
Charge for the year	78	73
Disposals	(56)	(46)
At 31 December 2021	250	244
Net book value at 31 December 2021	150	120

11. Property, plant and equipment

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

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

The freehold property was valued professionally by White Commercial, Chartered Surveyors, as at 31 December 2020, which provided a valuation of £1,020,000. The valuation was made on the basis of recent market transactions on arm's length terms and on an alternative use basis. The Revaluation Reserve is not available for distribution to shareholders. The

Directors are of the opinion that the valuation has not moved materially since the last valuation was performed. The valuation was not materially different to the value the asset is recorded at the balance sheet date.

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

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

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

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

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

12. Lease commitments

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

Right to use assets

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

13. Investment in subsidiaries

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

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

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

14. Subsidiary undertakings

The subsidiary undertakings at 31 December 2022 were as follows:

Name	Country of incorporation	Principal activity	% of nominal ordinary share capital and voting rights held
Westminster International Limited	England	Advanced security technology, (Technology Division)	100
Westminster Services Limited (formerly Longmoor Security Limited)	England	Close protection training and provision of security services (Managed Services)	100
Westminster Aviation Security Services Limited	England	Managed services of airport security under long term contracts. (Managed Services)	100
Sovereign Ferries Limited	England	Dormant	100
Westminster Operating Limited	England	Special purpose vehicle which exists solely for listing the 2013 CLN on the CISX. Year end 31 October. Only transactions are intra group	100
Keyguard U.K Limited	England	Security and risk management including manned guarding, mobile patrols, risk management and K9 services.	100
Longmoor (SL) Limited	Sierra Leone	Security and terminal guarding	100
Facilities Operations Management	Sierra Leone	Infrastructure management	100

Facilities Operations Management Limited	Sierra Leone	Infrastructure Management	100
Westminster Sierra Leone Limited *	Sierra Leone	Local infrastructure for airport operations	49
Westminster Group GmbH	Germany	Dormant	100
GLIS Gesellschaft für Luftfahrt- und Infrastruktur-Sicherheit GmbH	Germany	Managed Services	85
Westminster Sicherheit GmbH	Germany	Dormant	85
Euro Ops SARL	France	Managed Services infrastructure	100
Westminster Maritime Services Limited #	England	Dormant	100
CTAC Limited	England	Dormant	100
Longmoor Security Services Limited (formerly Westminster Aviation Security Services (ME) Limited)	England	Dormant	100
Westminster Aviation Security Services RDC SARLU	DRC	Managed services of airport security under long term contracts. (Managed Services)	100
Westminster Liberia LLC	Liberia	Managed services of port security under long term contracts. (Managed Services)	100

Subsidiary company registered addresses:

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

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

15. Financial instruments

Categories of financial assets and liabilities.

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

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

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

16. Deferred tax assets and liabilities

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The Group's projections show the expectation of future profits, hence in 2018 a deferred tax asset was recognised. Reviews performed since then, including as at 31 December 2022, confirmed those expectations.

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

The Group believes it has a total potential deferred tax asset of £4,047,000 (2021: £3,396,000). It has recognised a deferred tax asset of £1,308,000 (2021: £953,000) due to budgeted future profits of the business beyond 2023 and the expected tax

tax asset of £1,000,000 (2021: £950,000) due to budgeted future profits of the business beyond 2022 and the expected tax rate. There remains £2,739,000 (2021: £2,443,000) of unrecognised deferred tax asset.

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

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

17. Inventories

	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finished goods	485	681	-	-
	485	681	-	-

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

18. Trade and other receivables

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

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

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

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

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

	2022	2021
	£'000	£'000
Current	410	619
Not more than 3 months	1,166	379
More than 3 months	251	195
	1,827	1,193

Allowances for Credit Losses	2022	2021
	£'000	£'000
Opening balance at 1 January	56	52
Amounts written off	(37)	-
Amounts provided	17	37
Currency movement	1	-
Written back (no longer required)	(11)	(33)
Closing balance at 31 December	26	56

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

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

19. Cash and cash equivalents

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

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

20. Called up share capital

Group and Company

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

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

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

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

There were no equity issues in the year.

21. Share options and Warrants

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

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 EM 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 EM options and must not be granted at an exercise price that is less than the nominal value of a share.
- There is a limit that options over unissued shares granted under the scheme and any discretionary share option scheme or other option agreement adopted or entered into by the Company must not exceed 10% of the issued share capital.
- Options can be exercised on the second anniversary of the date of grant and may be exercised up to the 10th anniversary of granting. Options will remain exercisable for a period of 40 days if the participant is a "good leaver".

Options have subsequently been granted on this basis.

These options are valued by the use of the Black-Scholes model using a volatility of 70%, interest free rate of 0.5%, dividend

of 0% and a life of 5 years.

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

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

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

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

For share options granted post IPO the expected share price volatility was determined taking account of the historic daily share price movements. Since 2009, the standard deviation of the share price over the past 3 years has been used to calculate volatility.

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

Warrants

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

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

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

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

Warrants

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

Movement in Warrants

	As at 1/1/22	Lapsed	Redeemed	As at 31/12/22
Placing Commission	170,455	-	-	170,455

Financing contribution	119,188			119,188
RiverFort EPISA	3,499,222	-	-	3,499,222
Share Issue	24,872,500	(24,872,500)	-	-
	28,542,177	(24,872,500)	-	3,669,677

22. Lease Liabilities

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Non-current				
Non-current lease debt	27	12	-	5
Total non-current lease liabilities	27	12	-	5

Non-current lease debt

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

23. Trade and other payables

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

Shown on the balance sheet as:

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

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

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

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

24. Cash flow adjustments and changes in working capital

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

Group	2022	2021
	£'000	£'000
Adjustments:		

Depreciation, amortisation and impairment of non-financial assets	252	244
Finance costs	40	(3)
Movement in right to use assets	(30)	-
(Profit) / loss on disposal of non-financial assets	(4)	-
Non-cash finance cost	(6)	-
Increase in Deferred Tax Asset	-	3
Total adjustments	252	244

Net changes in working capital:	2022	2021
	Total	Total
	£'000	£'000
Decrease in inventories	196	92
Increase in trade and other receivables	(1,147)	(1,223)
(Increase)/decrease in long term receivables	(169)	60
Decrease in contract liabilities	(7)	(13)
Increase / (decrease) in trade and other payables	558	(548)
Total changes in working capital	(569)	(1,632)

Company	Company	Restated Company
	2022	2021
	£'000	£'000
Adjustments:		
Depreciation, amortisation and impairment of non-financial assets	121	139
Finance costs	-	1
Total adjustments	121	140
Net changes in working capital:		
Increase in trade and other receivables	(853)	(683)
Increase/(decrease) in trade and other payables	360	(608)
Total changes in working capital	(493)	(1,291)

25. Contingent assets and contingent liabilities

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

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

26. Financial risk management

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

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

rate risk.

Foreign currency sensitivity

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

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

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

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

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

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

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

Interest rate sensitivity

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

Credit risk analysis

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

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

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

The Company has investments in and amounts owing from subsidiary companies. The amounts owing are held at fair

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

Liquidity risk analysis

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages its liquidity needs by monitoring scheduled debt repayments for long term financial liabilities as well as forecast cash flows due in day-to-day business. Net cash requirements are compared to borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the outlook period.

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

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

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

27. Related Party Transactions

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

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

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

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

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

28. Events after the Reporting Period

On 13 January 2023 the Company granted a total of 16,700,000 share options over ordinary shares of 0.1p each in the Company with an exercise price of 1.95p pence per Ordinary Share under the Company's 2017 Share Option Scheme. The options ordinarily become exercisable on the second anniversary of grant, subject to satisfaction of the vesting conditions and the grantee's continued service with the Company and will be exercisable at any point up until the tenth anniversary of the date of grant. Vesting is also subject to the Company's share price being at 5p or above at close of business on any five consecutive trading days after the date of grant.

The Share Options have been granted to Directors of the Company as follows:

Name	Position	Type of option award	No. of Share Options awarded	Exercise Price	Date of vesting
Sir Tony Baldry	Chairman	Unapproved	1,500,000	1.95p	13 January 2025
Peter Fowler	CEO	EMI - Tax approved	3,500,000	1.95p	13 January 2025
Mark Hughes	CFO	EMI - Tax approved	1,500,000	1.95p	13 January 2025
Stuart Fowler	COO	EMI - Tax approved	1,500,000	1.95p	13 January 2025
Mawuli Ababio	Non-executive director	Unapproved	250,000	1.95p	13 January 2025
Simon Barrell	Non-executive director	Unapproved	250,000	1.95p	13 January 2025
Graham Binns	Non-executive director	Unapproved	250,000	1.95p	13 January 2025

Sir Tony Baldry, Peter Fowler, Mark Hughes, Stuart Fowler and Roger Worrall have by mutual consent with the Company waived their rights to all outstanding option awards granted in 2014 and 2018 totalling 6,781,250 options and these share options are now treated as lapsed.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR FLFIDEFILVIV