



Wheelsure Holdings plc

Annual Report and Accounts 2013

REGISTERED NUMBER: 04757497
(England and Wales)

Contents

Company Information	3
Chairman's Statement	4
Report of the Directors	6
Report of the Independent Auditors	9
Consolidated Profit and Loss Account	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Cash Flow Statement	14
Notes to the Consolidated Financial Statements	15

Company Information

Directors:	G Dodl J Allen G Mulder D Vile
Secretary:	Security Change Limited
Registered Office:	8 Woburn Street Amphill Bedfordshire MK45 2HP
Registered Number:	04757497 (England and Wales)
Auditors:	Rothmans LLP Chartered Accountants and Statutory Auditors Avebury House St Peter Street Winchester Hampshire SO23 8BN
Brokers:	Peterhouse Corporate Finance Limited 31 Lombard Street London EC3V 9BQ
Registrars:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

Chairman's Statement

for the year ended 31 August 2013

The results for the year ended 31 August 2013 show a turnover of just over £209k (2012: £39k) and a loss on ordinary activities before taxation of £382k (2012: loss of £482k). Whilst an improvement over the previous year, 2013 has been a most frustrating year for all concerned as the larger orders anticipated this time last year simply have not materialised.

Having said that, a number of vitally important trials are coming to an end and your Board is more than ever convinced that the larger orders will start to materialise in the short term. I outline below the reasons for our optimism.

Tracksure

UK

The improvement in turnover for the year ended 31 August 2013 was primarily as a result of five large orders being received from London Underground during the year together with the order for the "extended rollout" project which has been discussed in previous reports. These sales relate to two principal applications and we are confident that these orders will continue. In addition, we are expecting the first order for new build crossings.

Holland

Working with our new distribution partner, Tracksure is now working on three to six month projects with two major rail contractors at the instigation of Prorail, the Dutch rail operator. The first one commenced in November 2013 and involved the installation of 432 bolts in a crossing application in the Utrecht area. Once proven, it is anticipated that the product will be approved and then used initially for the refurbishment of 70 crossings each incorporating on average 100 Tracksure bolts. The second one, which has yet to commence, is in Amsterdam and is expected to lead to a similar opportunity.

Italy

After a year's trial concluded in December 2013, it is now expected that Tracksure will formally be approved by the state rail operator in Q1 2014. This approval will be in respect of crossings and should initially lead to the product being used for new build by their in-house manufacturer who, it is believed, build approximately 2,000 crossings per annum. This would then complement the existing business with Ferrovienord, as reported previously, and the two crossing and switch manufacturers who are now installing Tracksure product into all their new product. In addition, such approval will enable our agent to commence actively selling the product into other markets.

Germany

Following previous trials with the Deutsche Bahn, which has proven the product and where type approval has now been granted, a further project is now to take place on a brake retarder system in May 2014. This project is expected to last for three months only, after which time it is anticipated that overall approval will be given in respect of this application and that Tracksure will be specified for all new retarder systems thereafter.

Australia

Following attendance at a recent exhibition in Australia, a number of opportunities have presented themselves in both the state and private railroads. Trials are being arranged and agents being appointed. One such opportunity relates to the replacement of some 50,000 bolts in 300km of track.

Chairman's Statement – continued

United States

Our distributor, LB Foster Company, has received its first three firm orders from a major railroad operator (one of four) for installation in diamond crossings. A further three orders are pending awaiting bill of materials completion and trial orders are being implemented for other applications. It is believed that this operator replaces over 10,000 bolts in any one year for the diamond crossing application and authorisation from the purchasing department is expected for up to 25% of this maintenance requirement. It is anticipated that once these orders are placed more will follow from other railroad operators. Our distributor is investing a significant amount of time and effort to promote the product throughout the industry. In addition, we are anticipating approval from the Chicago Transit Authority very shortly who would then specify the use of Tracksure throughout its track. Significantly, bolt supplies from our associates in China have now been approved for the USA market and the current orders.

Wheelsure

Wheelsure continues to receive small orders in the bus and coach sectors but all efforts are currently being concentrated in the rail industry where it is envisaged the volume orders are to be found.

Fundraising

During the year under review the Company successfully completed placings and an open offer for a total of 22,904,506 new ordinary shares raising, in aggregate, gross proceeds of £327k for working capital purposes. However, as a result of continuing losses, shareholder funds have decreased to £187k as at 31 August 2013 from £239k as at 31 August 2012.

We are presently seeking to raise additional funds to ensure that the group can take advantage of the opportunities now being presented to it. This has unfortunately taken longer than we had first envisaged and hence the emphasis of matter in the auditors' report. We are however confident that we should be able to raise the necessary funds that we need.

Finally I would repeat that the board remains optimistic that its efforts will begin to bear fruit by way of increased revenue streams in the foreseeable future. Thank you to all those shareholders who have supported us throughout the year.

G J Mulder

Chairman

28 January 2014

Report of the Directors

for the year ended 31 August 2013

The directors present their report with the financial statements of the Company and the Group for the year ended 31 August 2013.

Principal Activity

Wheelsure Holdings plc ('the Company') is a holding company for a group which develops and commercialises innovative products that meet safety needs throughout the world.

The Company currently operates through its wholly owned subsidiaries.

Review of Business

The results for the year and financial position of the Company and the Group are as shown in the annexed financial statements.

The Group's financial key performance indicators are turnover and loss before tax.

	2013 £	2012 £
Turnover	209,066	39,215
Loss before tax	382,217	481,746

Non-financial key performance indicators include the number of new customers.

Dividends

No dividends will be distributed for the year ended 31 August 2013.

Research and Development

The Group continues to develop its range of safety devices for the transport and other industries.

Future Developments

A review of future developments can be found in the Chairman's Statement on page 4.

Post Balance Sheet Event

Since the year end the Company has completed an equity placing. Further details can be found in note 13.

Directors

The directors during the year under review were:

G Dodl
J Allen
G Mulder
D Vile

The beneficial interests of the directors holding office on 31 August 2013 in the issued share capital of the Company were as follows:

	31.8.13	1.9.12
Ordinary 1p shares		
G Dodl	1,484,191	814,746
J Allen	2,381,480	1,192,252
G Mulder	120,000	120,000
D Vile	740,000	622,525

All directors benefitted from qualifying third party indemnity provisions (as defined in section 234(2) of the Companies Act 2006) in place during the financial year and at the date of this report.

Group's Policy on Payment Of Creditors

It is the Group's policy to negotiate payment terms with its suppliers in all sectors and to ensure they know the terms at which payment will take place when the business was agreed.

Report of the Directors – continued

Political and Charitable Contributions

The Group made no political and charitable contributions during the current or previous years.

Share Options

Details of share options for each director are as follows:

1. Enterprise Management Incentive Option Scheme				
Name	At 1 September 2012	At 31 August 2013	Option period	Exercise price per share
G Dodl	1,500,000	1,500,000	28.01.2013 – 27.01.2017	7.75p
D Vile	500,000	500,000	28.01.2013 – 27.01.2017	7.75p
	200,000	200,000	26.01.2015 – 25.01.2019	3.25p
On 28 November 2013 the following share options were granted under the Enterprise Management Incentive Option Scheme:				
Name	Number of options		Option period	Exercise price per share
G Dodl	6,000,000		28.11.2016 – 27.11.2020	1.625p
D Vile	2,000,000		28.11.2016 – 27.11.2020	1.625p
2. Unapproved share option scheme				
Name	At 1 September 2012	At 31 August 2013	Option period	Exercise price per share
G Dodl	350,000	350,000	08.05.2012 – 07.05.2016	5.00p
	200,000	200,000	26.01.2014 – 25.01.2017	3.25p
J Allen	500,000	500,000	28.01.2012 – 27.01.2015	7.75p
	150,000	150,000	26.01.2014 – 25.01.2017	3.25p
	–	2,000,000	14.08.2014 – 13.08.2017	1.00p
G Mulder	500,000	500,000	28.01.2012 – 27.01.2015	7.75p
	150,000	150,000	26.01.2014 – 25.01.2017	3.25p
	–	2,000,000	14.08.2014 – 13.08.2017	1.00p

Principal Risks

The Group faces the financial risk that there may be insufficient cashflow in the future to continue to commercialise the products and generate revenue streams.

Substantial Shareholdings

At the date of this report the following substantial shareholdings representing more than three per cent of the Company's issued share capital, other than those held by directors, have been notified to the Company:

	%	Ordinary Shares
A P Stirling	10.77	10,450,000
Investec Wealth & Investment Limited	8.82	8,561,093
G V L Oury	7.11	6,900,724
Gresham House plc	5.25	5,090,000
Downing Income VCT plc	5.00	4,857,143
Buckton Homes Limited	3.79	3,680,595

Report of the Directors – continued

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Corporate Governance

The directors fully support the recommendations of the Combined Code on Corporate Governance, although due to the company's ISDX quoted status there is no requirement to provide Corporate Governance Disclosure. As the Company continues to grow, the directors will review their compliance with the code from time to time and will adopt such provisions as they consider to be appropriate to the size of the company.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

The auditors, Rothmans LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Security Change Limited – Secretary

Date: 28 January 2014

Report of the Independent Auditors to the Members of Wheelsure Holdings plc

We have audited the financial statements of Wheelsure Holdings plc for the year ended 31 August 2013 on pages eleven to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 August 2013 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group's dependence upon securing additional finance, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors – continued

Matters on which we are required to report by exception

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

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

Mr B M Lynch (Senior Statutory Auditor)
for and on behalf of Rothmans LLP
Chartered Accountants and Statutory Auditors
Avebury House, St Peter Street, Winchester, Hampshire SO23 8BN

Date: 29 January 2014

Consolidated Profit and Loss Account

for the year ended 31 August 2013

	Notes	2013 £	2012 £
Turnover		209,066	39,215
Cost of sales		116,271	23,493
Gross Profit		92,795	15,722
Administrative expenses		473,790	497,186
Operating Loss	3	(380,995)	(481,464)
Interest receivable and similar income		-	1,272
		(380,995)	(480,192)
Interest payable and similar charges	4	1,222	1,554
Loss On Ordinary Activities Before Taxation		(382,217)	(481,746)
Tax on loss on ordinary activities	5	(9,543)	(8,897)
Loss For The Financial Year For The Group		(372,674)	(472,849)

Continuing Operations

None of the group's activities were acquired or discontinued during the current year or previous year.

Total Recognised Gains And Losses

The group has no recognised gains or losses other than the losses for the current year or previous year.

Consolidated Balance Sheet

31 August 2013

	Notes	2013		2012	
		£	£	£	£
Fixed Assets					
Intangible assets	7		60,713		64,520
Tangible assets	8		5,351		5,421
Investments	9		–		–
			66,064		69,941
Current Assets					
Stocks	10		58,759		62,617
Debtors	11		42,351		50,166
Cash at bank			100,449		115,759
			201,559		228,542
Creditors					
Amounts falling due within one year	12		80,128		59,005
Net Current Assets			121,431		169,537
Total Assets Less Current Liabilities					
			187,495		239,478
Capital and Reserves					
Called up share capital	13		929,040		699,995
Share premium	14		3,439,368		3,372,145
Profit and loss account	14		(4,180,913)		(3,832,662)
Shareholders' Funds	16		187,495		239,478

The financial statements were approved by the Board of Directors on 28 January 2014 and were signed on its behalf by:

G Dodl – Director

Company Balance Sheet

31 August 2013

	Notes	2013		2012	
		£	£	£	£
Fixed Assets					
Intangible assets	7		–		–
Tangible assets	8		–		–
Investments	9		106		106
			106		106
Current Assets					
Debtors	11	160,630		145,798	
Cash at bank		62,627		111,301	
		223,257		257,099	
Creditors					
Amounts falling due within one year	12	26,137		17,201	
			197,120		239,898
Total Assets Less Current Liabilities					
			197,226		240,004
Capital and Reserves					
Called up share capital	13	929,040		699,995	
Share premium	14	3,439,368		3,372,145	
Profit and loss account	14	(4,171,182)		(3,832,136)	
			197,226		240,004
Shareholders' Funds					
	16		197,226		240,004

The financial statements were approved by the Board of Directors on 28 January 2014 and were signed on its behalf by:

G Dodl – Director

Consolidated Cash Flow Statement

for the year ended 31 August 2013

	Notes	2013 £	2012 £
Net cash outflow from operating activities	18	(312,992)	(424,276)
Returns on investments and servicing of finance	19	(1,222)	(282)
Taxation		7,501	–
Capital expenditure	19	(4,865)	(16,886)
		(311,578)	(441,444)
Financing	19	296,268	427,559
Decrease in cash in the period		(15,310)	(13,885)
Reconciliation of net cash flow to movement in net funds	20		
Decrease in cash in the period		(15,310)	(13,885)
Change in net funds resulting from cash flows		(15,310)	(13,885)
Movement in net funds in the period		(15,310)	(13,885)
Net funds at 1 September		115,759	129,644
Net funds at 31 August		100,449	115,759

Notes to the Consolidated Financial Statements

for the year ended 31 August 2013

1. Accounting Policies

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 August 2013. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to date of disposal.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost, less provisions.

Going concern

The Group made a loss in the year to 31 August 2013 of £372,674 and its net assets at that date were £187,495.

The Group has prepared forecasts for the period to 31 January 2015 which indicate that the Group will need to raise an additional net £250,000 of working capital and to achieve its increased sales targets to continue to trade for that period.

Having spoken to agents and potential investors the directors of the parent company are confident that the additional net £250,000 can be raised by way of an equity placing. However no binding commitments have yet been made and there can be no certainty in this matter.

The directors are also confident that the increased sales targets can be met.

The financial statements have been prepared on a going concern basis on the assumption that the additional working capital of net £250,000 will be raised and sales targets achieved to allow the Group to continue its operational activities until at least 31 January 2015. However the directors are aware that until the additional net £250,000 of working capital has been raised and sales targets achieved there is a material uncertainty about the future of the Group as a going concern.

Taking into account all the information that could be reasonably expected to be available the directors consider it appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover is the amount derived from ordinary activities and is recognised when goods are dispatched, and represents net invoiced sales of goods and services, excluding value added tax.

Goodwill

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separate net liabilities acquired) is capitalised on acquisition and amortised to nil in equal instalments over its estimated life of 20 years.

Intangible fixed assets

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Patents and trademarks – 5% and 10% on cost

Notes to the Consolidated Financial Statements – continued

1. Accounting Policies (continued)

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery – 25% on cost

Fixtures and fittings – 25% on cost

Stocks

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

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Research and development

Expenditure on research is written off in the year in which it is incurred.

Development expenditure meeting the criteria for capitalisation contained in SSAP13 “Accounting for Research and Development” is capitalised and treated as an intangible fixed asset. Expenditure is deferred only to the extent that its recovery can reasonably be regarded as assured. All amounts deferred are stated at cost and amortised over the years benefiting from the sale of the products or processes beginning in the year in which commercial production begins.

Foreign currencies

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

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group’s pension scheme are charged to the profit and loss account in the period to which they relate.

2. Staff Costs

	2013 £	2012 £
Wages and salaries	137,223	146,223
Social security costs	15,600	15,722
Other pension costs	9,488	9,488
Share based payment transactions	18,637	54,795
	180,948	226,228

The average monthly number of employees during the year was as follows:

	2013	2012
Directors	4	5

Notes to the Consolidated Financial Statements – continued

3. Operating Loss

The operating loss is stated after charging:

	2013 £	2012 £
Depreciation – owned assets	3,852	5,895
Patents & trademarks amortisation	4,890	4,849
Research and development	9,899	11,515
Fees payable to the group's auditor for the audit of the group's annual accounts	3,500	3,500
Fees payable to the group's auditor for the audit of its subsidiaries	6,000	6,000
Directors' remuneration	140,218	149,370
Directors' pension contributions to money purchase schemes	9,488	9,488

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2
------------------------	---	---

Directors' remuneration includes consultancy fees of £12,000 (2012: £12,000) paid to Mr G Mulder.

4. Interest Payable and Similar Charges

	2013 £	2012 £
Loan interest	1,222	1,554

5. Taxation

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	2013 £	2012 £
Current tax:		
Under provision of research and development tax credit	(352)	(527)
Research and development tax credit	(9,191)	(8,370)
Tax on loss on ordinary activities	(9,543)	(8,897)

Notes to the Consolidated Financial Statements – continued

5. Taxation (continued)

Factors affecting the tax credit

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(382,217)	(481,746)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2012 – 20%)	(76,443)	(96,349)
Effects of:		
Expenses not deductible for tax purposes	2,427	12,610
Depreciation in excess of capital allowances	283	626
R&D tax credit	(9,543)	(8,897)
Tax losses not utilised	73,733	83,113
Current tax credit	(9,543)	(8,897)

Factors that may affect future tax charges

The Group has unutilised tax losses of approximately £3,773,000 (2012: £3,437,000) available against future corporation tax liabilities.

6. Loss of Parent Company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £363,469 (2012: £689,207), primarily as a result of provisions made against intercompany debt of £369,500 (2012: £649,000).

7. Intangible Fixed Assets

Group	Goodwill £	Patents & trademarks £	Totals £
Cost			
At 1 September 2012	117,613	233,989	351,602
Additions	–	1,083	1,083
At 31 August 2013	117,613	235,072	352,685
Amortisation			
At 1 September 2012	117,613	169,469	287,082
Amortisation for year	–	4,890	4,890
At 31 August 2013	117,613	174,359	291,972
Net Book Value			
At 31 August 2013	–	60,713	60,713
At 31 August 2012	–	64,520	64,520

Notes to the Consolidated Financial Statements – continued

8. Tangible Fixed Assets

Group	Plant and machinery £	Fixtures and fittings £	Totals £
Cost			
At 1 September 2012	55,058	8,870	63,928
Additions	3,379	403	3,782
At 31 August 2013	58,437	9,273	67,710
Depreciation			
At 1 September 2012	49,637	8,870	58,507
Charge for year	3,801	51	3,852
At 31 August 2013	53,438	8,921	62,359
Net Book Value			
At 31 August 2013	4,999	352	5,351
At 31 August 2012	5,421	–	5,421

All assets relate to subsidiary companies.

9. Fixed Asset Investments

Company	Shares in group undertakings £
Cost	
At 1 September 2012 and 31 August 2013	20,106
Provisions	
At 1 September 2012 and 31 August 2013	20,000
Net Book Value	
At 31 August 2013	106
At 31 August 2012	106

The Company holds 100% of the ordinary share capital in the following companies registered in England and Wales:

Tracksure Limited

Nature of business: Commercialisation of rail safety device

Wheelsure Limited

Nature of business: Commercialisation of wheel nut locking device

Wheelsure Technologies Limited

Nature of business: Holder of intellectual property

Notes to the Consolidated Financial Statements – continued

9. Fixed Asset Investments (continued)

Surefoot Limited

Nature of business: Commercialisation of ladder safety device

Full provision has been made against the Company's investment in Wheelsure Limited to reflect the uncertainty over the timing of future profits in Wheelsure Limited.

10. Stocks

Group	2013 £	2012 £
Stocks	58,759	62,617

11. Debtors: Amounts falling due within one year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	10,729	3,636	–	–
Amounts owed by Group undertakings	–	–	129,016	118,286
Other debtors	–	1,000	–	–
Tax	17,913	15,871	17,913	15,871
VAT	–	6,502	3,892	1,996
Prepayments	13,709	23,157	9,809	9,645
	42,351	50,166	160,630	145,798

12. Creditors: Amounts falling due within one year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade creditors	48,248	27,273	5,065	2,686
Social security and other taxes	4,496	4,600	4,496	4,600
VAT	1,318	–	–	–
Other creditors	–	2,250	–	–
Accrued expenses	26,066	24,882	16,576	9,915
	80,128	59,005	26,137	17,201

13. Called Up Share Capital

Allotted, issued and fully paid:			2013	2012
Number:	Class:	Nominal value:	£	£
92,904,020 (2012 – 69,999,514)	Ordinary	1p	929,040	699,995

During the year the Company issued 13,034,506 ordinary shares at 1.75p per share for cash, and a further 9,870,000 ordinary shares at 1.0p, also for cash.

Notes to the Consolidated Financial Statements – continued

13. Called Up Share Capital (continued)

In September 2013 the Company issued a further 4,130,000 ordinary shares at 1.0p for cash.

At the date of this report the following share options remained outstanding under an Enterprise Management Incentive Option Scheme:

Number of options	Option price	Date of grant	Exercise period
2,000,000	7.75p	27.01.2010	28.01.2013 – 27.01.2017
200,000	3.25p	26.01.2012	26.01.2015 – 25.01.2019
8,000,000	1.625p	28.11.2013	28.11.2016 – 27.11.2020

At the date of this report the following options remained outstanding under the Company's Unapproved Share Option Schemes:

Number of options	Option price	Date of grant	Exercise period
1,750,000	7.75p	27.01.2010	28.01.2012 – 27.01.2015
350,000	5.00p	07.05.2010	08.05.2012 – 07.05.2016
700,000	3.50p	21.12.2011	21.12.2013 – 20.12.2016
500,000	3.25p	26.01.2012	26.01.2014 – 25.01.2017
4,000,000	1.00p	14.08.2013	14.08.2014 – 13.08.2017

14. Reserves

Group	Profit and loss account £	Share premium £	Totals £
At 1 September 2012	(3,832,662)	3,372,145	(460,517)
Deficit for the year	(372,674)	–	(372,674)
Cash share issue	–	67,223	67,223
Share based payment transactions	24,423	–	24,423
At 31 August 2013	(4,180,913)	3,439,368	(741,545)

Company	Profit and loss account £	Share premium £	Totals £
At 1 September 2012	(3,832,136)	3,372,145	(459,991)
Deficit for the year	(363,469)	–	(363,469)
Cash share issue	–	67,223	67,223
Share based payment transactions	24,423	–	24,423
At 31 August 2013	(4,171,182)	3,439,368	(731,814)

Notes to the Consolidated Financial Statements – continued

15. Related Party Disclosures

The Company has taken advantage of the exemptions contained in FRS 8 which applies to wholly owned group undertakings, and has not disclosed details of transactions with group companies.

During the year, the Group paid to Security Change Limited £14,500 (2012: £14,000) for accountancy, professional and company secretarial services. At the year end the group owed Security Change Limited £1,264 (2012: £1,491). Security Change Limited is a wholly owned subsidiary of Gresham House plc a major shareholder.

During the year, Consultancy fees totalling £12,000 (2012: £12,000) were paid to Mr G Mulder.

Consultancy fees to Friars Management Services Limited totalling £9,375 (2012: £1,875) were accrued for during the year. Mr A P Stirling, a major shareholder, has an interest in Friars Management Services Limited.

16. Reconciliation of movements in Shareholders' Funds

Group	2013 £	2012 £
Loss for the financial year	(372,674)	(472,849)
Issue of shares	296,268	427,559
Share based payment transactions	24,423	60,874
Net (reduction)/addition to shareholders' funds	(51,983)	15,584
Opening shareholders' funds	239,478	223,894
Closing shareholders' funds	187,495	239,478

Company	2013 £	2012 £
Loss for the financial year	(363,469)	(689,207)
Issue of shares	296,268	427,559
Share based payment transactions	24,423	60,874
Net reduction of shareholders' funds	(42,778)	(200,774)
Opening shareholders' funds	240,004	440,778
Closing shareholders' funds	197,226	240,004

Notes to the Consolidated Financial Statements – continued

17. Share Based Payment Transactions

For details of share option schemes in place during the year see note 13.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013		2012	
	No	WAEP (Pence)	No	WAEP (Pence)
Outstanding at the beginning of the period	5,500,000	6.46	4,600,000	7.08
Granted during the period	-	-	1,400,000	3.38
Lapsed during the period	-	-	(500,000)	3.50
Outstanding at the end of the period	5,500,000	6.46	5,500,000	6.46
Exercisable at the end of the period	4,100,000	7.29	2,100,000	7.29

The fair values were calculated using the Black-Scholes valuation method. The inputs to the model were as follows:

	2013	2012
Expected volatility %	37%	47%
Expected life	5-7 years	5-7 years
Risk free rate (%)	4.75%	4.75%
Dividend yield (%)	0%	0%

Expected volatility was determined by calculating the historic volatility of the group's share price over the previous 12 months.

The group recognised total expenses of £24,423 (2012: £60,874) in respect of share based payment transactions.

18. Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	2013	2012
	£	£
Operating loss	(380,995)	(481,464)
Depreciation charges	8,742	10,744
Share based payment transactions	24,423	60,874
Decrease/(increase) in stocks	3,858	(20,638)
Decrease in debtors	9,857	46,508
Increase/(decrease) in creditors	21,123	(40,300)
Net cash outflow from operating activities	(312,992)	(424,276)

Notes to the Consolidated Financial Statements – continued

19. Analysis of Cash Flows for headings netted in the Cash Flow Statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	–	1,272
Interest paid	(1,222)	(1,554)
Net cash outflow for returns on investments and servicing of finance	(1,222)	(282)
Capital expenditure		
Purchase of intangible fixed assets	(1,083)	(16,436)
Purchase of tangible fixed assets	(3,782)	(450)
Net cash outflow for capital expenditure	(4,865)	(16,886)
Financing		
Share issue	296,268	427,559
Net cash inflow from financing	296,268	427,559

20. Analysis of changes in Net Funds

	At 1.9.12 £	Cash flow £	At 31.8.13 £
Net cash:			
Cash at bank	115,759	(15,310)	100,449
Total	115,759	(15,310)	100,449

Wheelsure Holdings plc

(registered in England and Wales with registered number 4757497)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 99 Bishopsgate, London EC2M 3XD on 3 March 2014 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2, 3 and 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution:

Ordinary Resolutions

1. To receive and adopt the report of the directors and the accounts for the year ended 31 August 2013 together with the report of the auditors;
2. To re-elect as a director G Mulder who retires by rotation and offers himself for re-election;
3. To appoint Rothmans LLP as auditors and to authorise the directors to fix their remuneration.
4. That, in substitution for all existing and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ("the Act") to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as "Relevant Securities") up to an aggregate nominal value of £600,000 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company)

PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

5. That, subject to and conditional upon the passing of resolution 4 and in substitution for all existing and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by resolution 4 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:
 - (a) the allotment (otherwise than pursuant to sub-paragraph (b) below) of equity securities up to an aggregate nominal amount of £500,000; and
 - (b) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory.

Wheelsure Holdings plc

(registered in England and Wales with registered number 4757497) continued

Notice of Annual General Meeting (continued)

and shall expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board
Security Change Limited
Company Secretary

Registered office:
8 Woburn Street
Amptill
Bedfordshire
MK45 2HP

28 January 2014

Notes

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.
- (2) A proxy may only be appointed using the procedures set out in these notes and the enclosed proxy form. To be valid, the proxy form must reach the Company's Registrars, Neville Registrars, at the Proxy Department, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not less than 48 hours before the time of holding of the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
- (3) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders of the Company on the register at 11.00 a.m. on 1 March 2014 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (4) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (5) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Neville Registrars (whose CREST ID is 7RA11) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

