



# Wheelsure Holdings plc

## **Report of the Directors and Consolidated Financial Statements for the year ended 31st August 2009**

Registered number 4757497

(England and Wales)

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# Company Information

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**DIRECTORS:**

J Shuttleworth  
G Dodl  
J Allen  
D Vile  
G Mulder

**SECRETARY:**

Watlington Securities Limited

**REGISTERED OFFICE:**

3 Spital Yard  
Spital Square  
London  
E1 6AQ

**REGISTERED NUMBER:**

4757497 (England and Wales)

**AUDITORS:**

Menzies LLP  
Chartered Accountants  
Registered Auditor  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

**BROKERS:**

Seymour Pierce Limited  
20 Old Bailey  
London  
EC4M 7EN

# Chairman's Statement

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*for the year ended 31st August 2009*

I am pleased to report that the results for the year ending 31st August 2009 show a significant improvement over the results for the previous year. As a result of the success of our efforts in the Road and Rail industries turnover has increased nearly fivefold to £126k from £26k in the previous year. Similarly gross profit has risen from £7k to £64k and tight control of our overheads has seen these fall by £36k. Consequently the loss before taxation for the year was £323k compared to the previous year's loss of £406k. Whilst the Group is still in a loss making position your Board is encouraged with this result when taking into account the general trading conditions experienced by industry as a whole. Excellent opportunities continue to exist within our main markets, the Road and Rail industries, and all our efforts will be on exploiting as many of these as possible.

## **Wheelsure**

The fitting of our locking wheel nut device to the UK aggregate fleet of CEMEX UK Operations Limited ("CEMEX") has now been completed and CEMEX is now considering extending the retrofit to other vehicle types within their group. To show their commitment and belief in our product it was included in their submission to the Minerals Products Association under the Health & Safety Best Practice Award category where it received a Highly Commended certificate. CEMEX not only commented on the safety aspect of the device but acknowledged the cost saving benefits they are experiencing through its usage on their fleet. As a result of this exposure another major company in the same industry has expressed interest in our device. In addition interest continues to be shown by bus and coach industry operators with a number of requests for trials being considered.

On a less positive note, as I reported in my Interim Statement, we still await the long overdue report from the Department of Transport on wheel loss and nut loosening which is now not due for release until Spring 2010. Your Board remains hopeful that the findings will lead to a change of policy on the fitting of wheel nut locking devices especially by vehicle manufacturers.

## **Tracksure**

There are many different possible applications for Tracksure technology on both the underground and the railways.

Following an extended period of trialling on the London Underground we received our first commercial orders for track applications on the Metronet element of the network earlier in the year and have, since then, installed on an extended trial basis on other applications within the Underground system. Dialogue has now commenced with senior managers with a view to obtaining formal product approval.

In addition we continue to pursue technical approval with Network Rail in the UK and I am pleased to report that Network Rail has agreed to conduct a trial in their Scottish region, albeit at a date to be confirmed. Your Board has no doubt that this trial will be a success and will go a long way towards gaining product acceptance in that organisation.

Our activities abroad in Holland, Italy and the USA are still ongoing and beginning to gain momentum with Tracksure securing its first commercial order outside the UK totalling €51,370 in August 2009. At the same time an agency agreement was entered into with an Italian rail specialist which your Directors believe is essential to secure orders in Italy.

## **Chairman's Statement** *(continued)*

Discussions continue with both the rail infrastructure organisations and specialist rail agents/potential partners in each of these territories and we are confident that the formalising of these relationships will positively enhance our business prospects.

As reported in my Interim Statement dated 22nd May 2009 further capital would be needed in order for us to continue with our strategy of introducing and selling in volume to both the road and rail industries. I am delighted to advise that the Company has raised a total of £637,250 through a combination of an open offer and two placings, a sum which met the requirements of the Secured Loan Stock holders who have now converted their Loan Stock into 5,280,000 ordinary shares. As a result the group has currently no external borrowings other than normal trade creditors. It is also very pleasing that the open offer element of the fundraising was so well supported by existing shareholders and, through the placing element, we gained some new institutional investors onto the share register.

Finally I would like to take this opportunity to thank all shareholders for their continued support, particularly those shareholders who subscribed in the recent fundraising, and look forward to being able to report in the year ahead further progress and success with our endeavours.

J E S Shuttleworth  
Chairman  
4th December 2009

# Report of the Directors

*for the year ended 31st August 2009*

The directors present their report with the financial statements of the company and the group for the year ended 31st August 2009.

## 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 key performance indicators are turnover and loss before tax.

	2009 £	2008 £
Turnover	<u>126,246</u>	<u>25,616</u>
Loss before tax	<u>322,777</u>	<u>406,300</u>

## DIVIDENDS

No dividends will be distributed for the year ended 31st August 2009.

## FUTURE DEVELOPMENTS

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

## DIRECTORS

The directors during the year under review were:

J Shuttleworth  
G Dodl  
J Allen  
D Vile  
G Mulder

The beneficial interests of the directors holding office on 31st August 2009 in the issued share capital of the company were as follows:

	31.8.09	1.9.08
<b>Ordinary 1p shares</b>		
J Shuttleworth	121,111	61,111
G Dodl	314,746	214,746
J Allen	346,111	346,111
D Vile	242,525	202,525
G Mulder	60,000	–

## Report of the Directors (continued)

In addition to the above, as at 31st August 2009:

- (i) London International Traders Limited, a company in which J Allen is a director and substantial shareholder, holds 1,346,721 ordinary shares, and 75,012 warrants to subscribe to ordinary shares at an exercise price of 12p per share which expire on 5 January 2011;
- (ii) Messrs G Dodl and D Vile each hold 50,000 warrants to subscribe for ordinary shares at a price of 10p per share at any time up to 28th February 2010.

Since the year end the beneficial interests of the directors have increased as a result of their subscriptions under a placing in October 2009 as follows:

J Shuttleworth	60,000
G Dodl	100,000
J Allen	100,000
D Vile	100,000
G Mulder	60,000

Certain 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.

### 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 1st September 2008	At 31st August 2009	Option period	Exercise price per share
J Shuttleworth	30,000	30,000	19.12.2006 – 18.12.2010	10p
G Dodl	250,000	250,000	19.12.2006 – 18.12.2010	10p
	100,000	100,000	24.07.2010 – 23.07.2014	20p

#### 2. Unapproved share option scheme

Name	At 1st September 2008	At 31st August 2009	Option period	Exercise price per share
J Shuttleworth	10,000	10,000	24.07.2009 – 23.07.2011	20p
J Allen	30,000	30,000	24.07.2009 – 23.07.2011	20p
G Mulder	25,000	25,000	18.10.2007 – 17.10.2010	12p
	40,000	40,000	24.07.2009 – 23.07.2011	20p
D Vile	20,000	20,000	24.07.2009 – 23.07.2011	20p

## Report of the Directors (*continued*)

### 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:

	%	<i>Ordinary Shares</i>
Welsh Industrial Investment Trust plc	9.09	4,000,000
Gresham House plc	8.04	3,540,000
A P Stirling	4.64	2,042,146
Transense Technologies plc	4.18	1,837,517
London International Traders Limited	3.06	1,346,721

### 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;
- 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.

### CORPORATE GOVERNANCE

The directors fully support the recommendations of the Combined Code on Corporate Governance, although due to the company's PLUS Market 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.



## **Report of the Directors (*continued*)**

### **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**

Morley and Scott merged its audit practice with that of Menzies LLP with effect from 18th November 2009 with the successor firm being Menzies LLP. Morley and Scott resigned as auditors on 19th November 2009 creating a casual vacancy, which the directors filled by appointing Menzies LLP on 19th November 2009. Accordingly, a resolution to appoint Menzies LLP as auditors for the ensuing year in accordance with section 485 of the Companies Act 2006 will be made.

### **ON BEHALF OF THE BOARD:**

Watlington Securities Limited – Secretary

4th December 2009

## **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 31st August 2009 on pages twelve to twenty six. 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 Sections 495 and 496 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- 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 31st August 2009 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.

## **Report of the Independent Auditors (*continued*)**

### **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.

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 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.

Philip King (Senior Statutory Auditor)  
for and on behalf of Menzies LLP  
Chartered Accountants  
Registered Auditor  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

4th December 2009

# Consolidated Profit and Loss Account

for the year ended 31st August 2009

	Notes	2009 £	2008 £
<b>TURNOVER</b>		<b>126,246</b>	25,616
Cost of sales		<b>62,644</b>	18,392
<b>GROSS PROFIT</b>		<b>63,602</b>	7,224
Administrative expenses		<b>359,014</b>	394,865
<b>OPERATING LOSS</b>	3	<b>(295,412)</b>	(387,641)
Interest receivable and similar income		<b>643</b>	10,720
		<b>(294,769)</b>	(376,921)
Interest payable and similar charges	4	<b>28,008</b>	29,379
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(322,777)</b>	(406,300)
Tax on loss on ordinary activities	5	<b>(67,570)</b>	(102,374)
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>(255,207)</b>	(303,926)

## CONTINUING OPERATIONS

None of the group's activities were discontinued during the current and previous years.

## TOTAL RECOGNISED GAINS AND LOSSES

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

The notes form part of these financial statements

# Consolidated Balance Sheet

31st August 2009

	Notes	2009		2008	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	7		51,975		37,110
Tangible assets	8		23,857		24,117
Investments	9		–		–
			<u>75,832</u>		<u>61,227</u>
<b>CURRENT ASSETS</b>					
Stocks	10	16,474		3,000	
Debtors	11	21,697		46,173	
Deferred tax	12	450,474		382,904	
Cash at bank		14,413		64,127	
		<u>503,058</u>		<u>496,204</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	13	396,935		60,161	
<b>NET CURRENT ASSETS</b>			<u>106,123</u>		<u>436,043</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>181,955</u>		<u>497,270</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		–		279,000
<b>NET ASSETS</b>			<u>181,955</u>		<u>218,270</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		259,816		217,273
Share premium	17		2,104,189		1,927,840
Profit and loss account	17		(2,182,050)		(1,926,843)
<b>SHAREHOLDERS' FUNDS</b>	19		<u>181,955</u>		<u>218,270</u>

The financial statements were approved by the Board of Directors on 4th December 2009 and were signed on its behalf by:

**G Dodl**  
Director

The notes form part of these financial statements

# Company Balance Sheet

31st August 2009

	Notes	2009		2008	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	7		–		–
Tangible assets	8		–		–
Investments	9		<b>20,106</b>		<b>20,106</b>
			<b>20,106</b>		<b>20,106</b>
<b>CURRENT ASSETS</b>					
Debtors	11	<b>529,386</b>		991,849	
Deferred tax	12	–		1,776	
Cash at bank		<b>1,669</b>		<b>49,299</b>	
		<b>531,055</b>		<b>1,042,924</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<b>348,161</b>		<b>21,860</b>	
<b>NET CURRENT ASSETS</b>			<b>182,894</b>		<b>1,021,064</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>203,000</b>		<b>1,041,170</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		–		<b>279,000</b>
<b>NET ASSETS</b>			<b>203,000</b>		<b>762,170</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		<b>259,816</b>		217,273
Share premium	17		<b>2,104,189</b>		1,927,840
Profit and loss account	17		<b>(2,161,005)</b>		(1,382,943)
<b>SHAREHOLDERS' FUNDS</b>	19		<b>203,000</b>		<b>762,170</b>

The financial statements were approved by the Board of Directors on 4th December 2009 and were signed on its behalf by:

**G Dodl**  
Director

The notes form part of these financial statements

# Consolidated Cash Flow Statement

for the Year Ended 31st August 2009

	Notes	2009		2008	
		£	£	£	£
Net cash outflow					
from operating activities	20	(197,759)		(423,727)	
Returns on investments and					
servicing of finance	21	(27,365)		(18,659)	
Capital expenditure	21	(28,482)		(39,430)	
		<u>(253,606)</u>		<u>(481,816)</u>	
Financing	21	203,892		145,106	
Decrease in cash in the period		<u>(49,714)</u>		<u>(336,710)</u>	
<b>Reconciliation of net cash flow</b>					
<b>to movement in net debt</b>	22				
Decrease in cash in the period		(49,714)		(336,710)	
Cash outflow from decrease in debt		<u>15,000</u>		<u>38,000</u>	
Change in net debt resulting					
from cash flows		<u>(34,714)</u>		<u>(298,710)</u>	
<b>Movement in net funds in the</b>					
<b>period</b>		<u>(34,714)</u>		<u>(298,710)</u>	
<b>Net (debt)/funds at 1st September</b>		<u>(214,873)</u>		<u>83,837</u>	
<b>Net debt at 31st August</b>		<u>(249,587)</u>		<u>(214,873)</u>	

The notes form part of these financial statements

# Notes to the Financial Statements

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*for the year ended 31st August 2009*

## 1. ACCOUNTING POLICIES

### ***Accounting convention***

The financial statements have been prepared under the historical cost convention.

### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31st August 2009. 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.

### ***Going concern***

The financial statements have been prepared on a going concern basis which assumes that the group will continue to trade, without significant curtailment, for the foreseeable future.

Whilst at the balance sheet date the group had net assets of £181,955 (2008: £218,270), £450,474 related to a deferred tax asset and the group continues to incur losses up to the date of this report. However, since the year end, the company has, based on current projection, raised sufficient monies by way of an equity placing and open offer, to provide the necessary working capital for the group to continue to trade for at least the next twelve months. In addition the company has reached an agreement with the loan stock holders to convert their secured loans totalling £264,000 into equity at the same price as the new shares issued under the placing and open offer.

The directors have therefore concluded that, after considering the financial position of the company, they have reasonable expectations that it will have adequate resources to continue in operational existence and for this reason, they continue to adopt the going concern basis in preparing the financial statements.

### ***Turnover***

Turnover is recognised when goods are dispatched, and represents net invoiced sales of goods, 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.



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

### 1. ACCOUNTING POLICIES (*continued*)

#### ***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 licences – 5% on cost

#### ***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 SSAP 13 "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.

#### ***Hire purchase and leasing commitments***

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### ***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.

## Notes to the Financial Statements (continued)

### 2. STAFF COSTS

	2009 £	2008 £
Wages and salaries	111,000	94,000
Social security costs	11,656	11,580
Other pension costs	3,570	3,523
	<u>126,226</u>	<u>109,103</u>

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

	2009	2008
Directors	<u>5</u>	<u>5</u>

All of the above staff costs relate to directors.

### 3. OPERATING LOSS

The operating loss is stated after charging:

	2009 £	2008 £
Other operating leases	–	2,978
Depreciation – owned assets	10,951	8,594
Patents and licences amortisation	2,926	2,036
Research and development	–	12,999
Fees payable to the group's auditor for the audit of the group's annual accounts	3,500	3,600
Fees payable to the group's auditor for the audit of its subsidiaries	5,600	5,900
	<u>119,854</u>	<u>102,072</u>
Directors' remuneration	119,854	102,072
Directors' pension contributions to money purchase schemes	3,570	3,523

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

Money purchase schemes	<u>1</u>	<u>1</u>
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### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Loan interest	<u>28,008</u>	<u>29,379</u>

## Notes to the Financial Statements (continued)

### 5. TAXATION

#### *Analysis of the tax credit*

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

	2009 £	2008 £
Deferred tax	<u>(67,570)</u>	<u>(102,374)</u>
Tax on loss on ordinary activities	<u>(67,570)</u>	<u>(102,374)</u>

UK corporation tax was charged at 20% in 2007.

#### *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:

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(322,777)</u>	<u>(406,300)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2008 – 21%)	(67,783)	(85,323)
Effects of:		
Expenses not deductible for tax purposes	107	236
Depreciation in excess of capital allowances	795	(1,363)
R&D tax credit	(6,134)	(5,263)
Tax losses not utilised	73,015	91,713
Current tax credit	<u>-</u>	<u>-</u>

### 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 £778,062 (2008 – £1,388,470).

## Notes to the Financial Statements (continued)

### 7. INTANGIBLE FIXED ASSETS

Group

	<i>Goodwill</i> £	<i>Patents and licences</i> £	<i>Development costs</i> £	<i>Totals</i> £
<b>COST</b>				
At 1st September 2008	117,613	205,723	32,283	355,619
Additions	–	17,791	–	17,791
At 31st August 2009	<u>117,613</u>	<u>223,514</u>	<u>32,283</u>	<u>373,410</u>
<b>AMORTISATION</b>				
At 1st September 2008	117,613	168,613	32,283	318,509
Amortisation for year	–	2,926	–	2,926
At 31st August 2009	<u>117,613</u>	<u>171,539</u>	<u>32,283</u>	<u>321,435</u>
<b>NET BOOK VALUE</b>				
At 31st August 2009	<u>–</u>	<u>51,975</u>	<u>–</u>	<u>51,975</u>
At 31st August 2008	<u>–</u>	<u>37,110</u>	<u>–</u>	<u>37,110</u>

### 8. TANGIBLE FIXED ASSETS

Group

	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Totals</i> £
<b>COST</b>			
At 1st September 2008	31,480	8,870	40,350
Additions	10,691	–	10,691
At 31st August 2009	<u>42,171</u>	<u>8,870</u>	<u>51,041</u>
<b>DEPRECIATION</b>			
At 1st September 2008	8,585	7,648	16,233
Charge for year	10,543	408	10,951
At 31st August 2009	<u>19,128</u>	<u>8,056</u>	<u>27,184</u>
<b>NET BOOK VALUE</b>			
At 31st August 2009	<u>23,043</u>	<u>814</u>	<u>23,857</u>
At 31st August 2008	<u>22,895</u>	<u>1,222</u>	<u>24,117</u>

## Notes to the Financial Statements (continued)

### 9. FIXED ASSET INVESTMENTS

#### Company

	<i>Shares in group undertakings £</i>
<b>COST</b>	
At 1st September 2008 and 31st August 2009	20,106
<b>NET BOOK VALUE</b>	
At 31st August 2009	20,106
At 31st August 2008	20,106

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

	<i>Country of incorporation</i>	<i>Nature of business</i>	<i>Class and Percentage of Company Shares</i>
<b>Subsidiaries</b>			
Wheelsure Limited	England and Wales	Commercialisation of wheel nut locking device	100.00% Ordinary shares
Surefoot Limited	England and Wales	Commercialisation of ladder safety device	100.00% Ordinary shares
Wheelsure Technologies Limited	England and Wales	Holder of intellectual property	100.00% Ordinary shares
Tracksure Limited	England and Wales	Commercialisation of rail safety device	100.00% Ordinary shares

### 10. STOCKS

	<i>Group 2009 £</i>	<i>2008 £</i>
Stocks of goods for resale	16,474	3,000

### 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i>		<i>Company</i>	
	<i>2009 £</i>	<i>2008 £</i>	<i>2009 £</i>	<i>2008 £</i>
Trade debtors	5,332	24,250	–	–
Amounts owed by group undertakings	–	–	516,823	983,409
Other debtors	1,000	1,000	–	–
VAT	–	8,993	1,098	1,916
Prepayments	15,365	11,930	11,465	6,524
	<b>21,697</b>	<b>46,173</b>	<b>529,386</b>	<b>991,849</b>

## Notes to the Financial Statements (continued)

### 12. DEFERRED TAX

#### Group

	£	
Balance at 1st September 2008		382,904
Profit and loss account		67,570
<b>Balance at 31st August 2009</b>		<b>450,474</b>
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Decelerated/(accelerated) capital allowances	<b>1,008</b>	(1,374)
Tax losses available	<b>449,466</b>	384,278
	<b>450,474</b>	<b>382,904</b>

#### Company

	£	
Balance at 1st September 2008		1,776
Profit and loss account		(1,776)
<b>Balance at 31st August 2009</b>		<b>-</b>
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Tax losses available	<b>-</b>	<b>1,776</b>

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i>		<i>Company</i>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Loanstock 9% 2010 (see note 15)	<b>264,000</b>	-	<b>264,000</b>	-
Trade creditors	<b>60,335</b>	31,974	<b>30,414</b>	4,386
Social security and other taxes	<b>3,589</b>	3,496	<b>3,589</b>	3,496
VAT	<b>1,990</b>	-	-	-
Other creditors	<b>30,413</b>	4,813	<b>25,600</b>	-
Accrued expenses	<b>36,608</b>	19,878	<b>24,558</b>	13,978
	<b>396,935</b>	<b>60,161</b>	<b>348,161</b>	<b>21,860</b>

### 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>Group</i>		<i>Company</i>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Loanstock 9% 2010 (see note 15)	<b>-</b>	<b>279,000</b>	<b>-</b>	<b>279,000</b>

## Notes to the Financial Statements (continued)

### 15. LOANS

An analysis of the maturity of loans is given below:

	<i>Group</i>		<i>Company</i>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	£	£	£	£
Amounts falling due within one year or on demand:				
Loanstock 9% 2010	<b>264,000</b>	–	<b>264,000</b>	–
Amounts falling due between one and two years:				
Loanstock 9% 2010	–	279,000	–	279,000

The Loanstock was converted into ordinary shares on 30th October 2009.

### 16. CALLED UP SHARE CAPITAL

<i>Allotted, issued and fully paid:</i>		<i>Nominal</i>	<b>2008</b>	<b>2007</b>
<i>Number:</i>	<i>Class:</i>	<i>value:</i>	£	£
25,981,575 (2008 – 21,727,251)	Ordinary	1p	<b>259,816</b>	<b>217,273</b>

During the year the company issued 4,077,854 ordinary shares of 1p each at 5p per share. Additionally, under the terms of the Loan Stock Agreement detailed in note 13, Loan Stock totalling £15,000 was converted into ordinary shares of 1p each resulting in the issue of 176,470 shares at 8.5p per share.

Since the year end the company has issued 12,745,000 ordinary shares at 5p per share for cash and a further 5,280,000 shares 5p per share in respect of the conversion of £264,000 secured Loan Stock.

At 31st August 2009 the following share options remained outstanding under an Enterprise Management Incentive Option Scheme:

<i>Number of options</i>	<i>Option price</i>	<i>Date of grant</i>	<i>Exercise period</i>
280,000	10p	19.12.2003	19.12.2006 – 18.12.2010
100,000	20p	24.07.2007	24.07.2010 – 23.07.2014

At 31st August 2009 the following options remained outstanding under the Company's Unapproved Share Option Schemes:

<i>Number of options</i>	<i>Option price</i>	<i>Date of grant</i>	<i>Exercise period</i>
25,000	12p	18.10.2005	18.10.2007 – 17.10.2010
25,000	12p	05.04.2006	01.03.2008 – 01.03.2011
185,000	20p	24.07.2007	24.07.2009 – 23.07.2011

In addition to the above, as at 31st August 2009, the following warrants to subscribe for ordinary shares were outstanding:

<i>Number of warrants</i>	<i>Price</i>	<i>Date of warrant</i>	<i>Exercise period</i>
1,620,000	10p	28.02.2005	Any time up to 28.02.2010
596,493	12p	05.01.2006	Any time up to 05.01.2011
1,550,000	12p	01.12.2006	Any time up to 28.02.2010

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

### 17. RESERVES

#### *Group*

	<i>Profit and loss account</i>	<i>Share premium</i>	<i>Totals</i>
	£	£	£
At 1st September 2008	(1,926,843)	1,927,840	997
Deficit for the year	(255,207)	–	(255,207)
Cash share issue	–	176,349	176,349
At 31st August 2009	<u>(2,182,050)</u>	<u>2,104,189</u>	<u>(77,861)</u>

#### *Company*

	<i>Profit and loss account</i>	<i>Share premium</i>	<i>Totals</i>
	£	£	£
At 1st September 2008	(1,382,943)	1,927,840	544,897
Deficit for the year	(778,062)	–	(778,062)
Cash share issue	–	176,349	176,349
At 31st August 2009	<u>(2,161,005)</u>	<u>2,104,189</u>	<u>(56,816)</u>

### 18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions contained in FRS 8 and has not disclosed details of transactions with group companies.

An amount of £2,562 (2008: £2,562) is owed to Transense Technologies plc, a major shareholder as detailed in the directors' report.

During the year, the group paid to Watlington Securities Limited £15,273 (2008: £37,705) for accountancy, professional and company secretarial services.

The directors of Watlington Securities Limited are A P Stirling, A G Ebel and B J Hallett. Mr Stirling is a major Shareholder and Messrs Ebel and Hallett are directors of Gresham House plc, also a major shareholder.



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

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

#### *Group*

	2009 £	2008 £
Loss for the financial year	(255,207)	(303,926)
Issue of shares	218,892	183,106
<b>Net reduction of shareholders' funds</b>	<b>(36,315)</b>	<b>(120,820)</b>
Opening shareholders' funds	218,270	339,090
<b>Closing shareholders' funds</b>	<b>181,955</b>	<b>218,270</b>

#### *Company*

	2009 £	2008 £
Loss for the financial year	(778,062)	(1,388,470)
Issue of shares	218,892	183,106
<b>Net reduction of shareholders' funds</b>	<b>(559,170)</b>	<b>(1,205,364)</b>
Opening shareholders' funds	762,170	1,967,534
<b>Closing shareholders' funds</b>	<b>203,000</b>	<b>762,170</b>

### 20. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating loss	(295,412)	(387,641)
Depreciation charges	13,877	10,630
Increase in stocks	(13,474)	(3,000)
Decrease/(Increase) in debtors	24,476	(19,757)
Increase/(Decrease) in creditors	72,774	(23,959)
<b>Net cash outflow from operating activities</b>	<b>(197,759)</b>	<b>(423,727)</b>

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

### 21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2009 £	2008 £
<b>Returns on investments and servicing of finance</b>		
Interest received	643	10,720
Interest paid	<u>(28,008)</u>	<u>(29,379)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u><u>(27,365)</u></u>	<u><u>(18,659)</u></u>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(17,791)	(9,180)
Purchase of tangible fixed assets	<u>(10,691)</u>	<u>(30,250)</u>
<b>Net cash outflow for capital expenditure</b>	<u><u>(28,482)</u></u>	<u><u>(39,430)</u></u>
<b>Financing</b>		
Loan repayments in year	(15,000)	(38,000)
Share issue	<u>218,892</u>	<u>183,106</u>
<b>Net cash inflow from financing</b>	<u><u>203,892</u></u>	<u><u>145,106</u></u>

### 22. ANALYSIS OF CHANGES IN NET DEBT

	<i>At 1.9.08</i> £	<i>Cash flow</i> £	<i>At 31.8.09</i> £
<b>Net cash:</b>			
Cash at bank	64,127	(49,714)	<u>14,413</u>
	<u>64,127</u>	<u>(49,714)</u>	<u>14,413</u>
<b>Debt:</b>			
Debts falling due within one year	–	(264,000)	<b>(264,000)</b>
Debts falling due after one year	(279,000)	279,000	–
	<u>(279,000)</u>	<u>15,000</u>	<u><b>(264,000)</b></u>
<b>Total</b>	<u><u>(214,873)</u></u>	<u><u>(34,714)</u></u>	<u><u><b>(249,587)</b></u></u>

## WHEELSURE HOLDINGS PLC

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Heyford Park House, Heyford Park, Upper Heyford, Bicester, Oxon. OX25 5HD on 27th January 2010 at 11.00 am for the following purposes:

#### ORDINARY RESOLUTION

1. To receive and adopt the report of the directors and the accounts for the year ended 31st August 2009 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 Menzies LLP as auditors and to authorise the directors to fix their remuneration.

#### SPECIAL RESOLUTION

4. To give the Directors the power pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in Section 94 of the Act), entirely paid for in cash pursuant to the authority conferred by shareholders on 19th March 2007 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - (i) in connection with an offer of an unlimited amount of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
  - (ii) otherwise than pursuant to sub-paragraph (i) above up to an aggregate nominal amount of up to £44,006 (representing 10% of the issued share capital as at the date of this Notice);
  - (iii) In connection with the powers, set out in this resolution (resolution 4):
    - (a) such powers shall expire at the conclusion of the Company's next AGM or, if earlier, on 31st January 2011 and is in substitution for all previous such powers, which shall cease to have effect from the date of this Resolution without affecting the validity of any allotment of securities already made or to be made under them;
    - (b) during the period mentioned in (a) of this sub-paragraph the Directors can make offers and enter into agreements which would, or might, require equity securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and
    - (c) in working out the maximum amount of equity securities for the purposes of section (ii), the nominal value of rights to subscribe for shares or to convert any securities into shares will be taken as the nominal value of the shares which would be allotted if the subscription or conversion takes place.

By Order of the Board

Watlington Securities Limited  
Company Secretaries

4th December 2009

Registered Office: 3 Spital Yard, London E1 6AQ

Notes:

**Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 6.00 pm on 25th January 2010, or if this Meeting is adjourned, at 11.00 am on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

**Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A member may appoint more than one proxy to attend the meeting but must specify the number of shares in respect of which each proxy is appointed.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

**Appointment of proxy using hard copy proxy form**

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR; and
  - received by Neville Registrars no later than 11.00 am on 25th January 2010

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or duly certified copy of such power or authority) must be included with the proxy form.

**Appointment of proxies through CREST**

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof 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.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ID (7RA11) by 11.00 am on 25th January 2010. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s)), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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

**Changing Proxy Instructions**

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy form and would like to change the instructions using another hard-copy proxy-form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR. Telephone 0121 585 1131 or from overseas +44121 585 1131.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

**Termination of proxy appointments**

8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Neville Registrars no later than 11.00 am on 25th January 2010.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

**Issued shares and total voting rights**

9. As at 5.00 pm on 4th December 2009, the Company's issued share capital comprised 44,006,575 ordinary shares of 1p each. Each ordinary share carries the right to one vote at the general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11.00 am on 25th January 2010 is 44,006,575.

**Communication**

10. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

Calling our shareholder helpline on 0121 585 1131 or from overseas +44121 585 1131.

You may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

