Wheelsure Holdings plc

Annual Report and Accounts 2016

REGISTERED NUMBER: 04757497
(England and Wales)

Contents

Company Information

Directors:	G Dodl J Allen G Mulder D Vile W Welch (appointed 17 November 2016)
Secretary:	G Cresswell
Registered Office:	8 Woburn Street Ampthill Bedfordshire MK45 2HP
Registered Number:	04757497 (England and Wales)
Auditors:	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants 4th Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG
NEX Exchange Corporate Adviser and Broker:	Daniel Stewart & Company Plc 33 Creechurch Lane London EC3A 5EB
Registrars:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

Chairman's Statement and Strategic Report

for the year ended 31 August 2016

I am pleased to announce the results for the financial year ended 31 August 2016, a period in which we have continued to make progress in our main territories:

- Sales of £290,330 an increase of 21% compared with 2015 (£239,525);
- In addition to the sales above, royalty income was received of £18,328 (2015: £22,168);
- During the year further sales and orders were received in all our main strategic territories. Particular highlights include:
    - First order in Italy for the supply of specialist track equipment incorporating Tracksure technology, where Tracksure will subcontract the total manufacture;
    - First orders from Austrian railways, ÖBB-Infrastruktur AG; and
    - Growing business in Holland.
- Fund raising, in Autumn 2015 of £240,500 from existing and new investors, and a further £106,000 during October 2016.

A brief outline of the progress being made is as follows:

UK

Whilst orders continue to be received from London Underground (LUL), the previously reported budgetary constraints following the Mayoral election have severely restricted order flow during the year. However, in the post reporting period, we have received three orders from existing customers within LUL and this is very positive.

This is an excellent indication that where Tracksure is used it continues to perform positively and we remain confident that further orders from a broader network of customers will continue to flow.

Keolis Amey Docklands (maintenance provider of Docklands Light Railway (DLR)) has placed orders for two track applications during the year. In both cases Tracksure has been incorporated into the design specification. The Board believe that this, along with progress on a third track application, is a positive indication for the future.

In the post-reporting period, Tracksure has received its first orders for three track applications on High Speed infrastructure. These orders, totalling just over £30,000, follow a design and product assessment phase and are a very positive development in the UK. They are also indicative of the progress that Tracksure is making with major infrastructure managers and maintenance contractors on a widening range of infrastructure.

Additionally, Tracksure has submitted products for fatigue testing for the first time with Network Rail who are responsible for the majority of the UK's track assets. The products have so far tested successfully and we will seek to build upon this initiative.

Italy

Progress continues to be made in Italy with increased orders from both the state rail operator, Rete Ferroviaria Italiana (RFI) and Ferrovienord. In the case of RFI, a significant number of crossings have been built incorporating Tracksure and are now fitted in five separate locations in Italy. In addition, a successful tender was won from Ferrovienord for insulated glued joints (incorporating the Tracksure product) whereby we will manage the subcontracted manufacture. Ferrovienord are also incorporating Tracksure into their specification for crossings and the Board is confident that this business will continue to develop.

In the recent fundraising completed on 18 November 2016, the agent that holds the exclusive agency for Italy, also subscribed for in excess of 4.5m shares in lieu of future commissions of which 562,400 shares have been issued.

Chairman's Statement and Strategic Report

– continued

Germany & Austria
We have received orders from both countries, which flow from the previously reported DB Netz AG (DB) approval. We continue to work with Siemens AG to gain business from the broader portfolio of their brake retarder business and this is evidenced by their export of a Tracksure-fitted retarder to the USA for the first time.

A successful trial with Thyssen Krupp Steel Europe AG, on a private rail network in Germany, was undertaken this year and the Board is confident that this will lead to a first order.

In addition, Tracksure supplier status to DB (HQ1) has been renewed.

Holland & Belgium
Previously we have reported upon our developing commercial relationship with Strukton Rail Nederland B.V., one of Europe's largest rail infrastructure manufacturers. A formal agreement is still being finalised but we have already seen orders fulfilled for managed industrial sites and associated track during the period. The first order from Voestalpine Railpro BV in Holland, which we are confident will demonstrate the efficacy of Tracksure on a new group of products, has also been delivered and fitted. Voestalpine AG are one of the world's largest manufacturers of specialist rail equipment.

USA
Royalty income of £18,328 was received during the period. Progress in the USA has been slower than anticipated and we are addressing this with our partner. Despite this we are pleased that our supply of diamond crossing parts to the Norfolk Southern Railroad is now extending to the other main railroads and that our North American supply chain, essential to satisfy "Buy America" policy, has been established.

The Board remain confident that our strategy will see business develop further in the specific targeted markets as evidenced above. A considerable amount of work has also taken place with advisers to identify opportunities in other sectors and, as resources permit, these will be pursued.

Key Performance Indicators
The directors consider the Group's financial key performance indicators to be turnover and loss before tax.

	2016 **£**	2015 £
Turnover	**290,330**	239,525
Loss before tax	**262,145**	228,029

Non-financial key performance indicators include the number of new customers. For the year ended 31 August 2016 these amounted to 3 (2015: 2).

Principal Risks and Uncertainties
There are a number of risks and uncertainties that face the Group. The Board have established a structured approach to identify, assess and manage these risks.

The following list highlights the principal risks:

- Financial risk – the Group faces the financial risk that there may be insufficient cashflow as working capital in the future to continue to commercialise the products and generate revenue streams;

Chairman's Statement and Strategic Report
– continued

- Currency risk – during the normal course of business, certain transactions are carried out in currencies other than Sterling which exposes the Group to a certain level of currency risk. To mitigate this risk, transactions are carried out in Sterling wherever possible, and minimal cash balances are held in currencies other than Sterling; and
- Liquidity risk – liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due. The directors have prepared forecasts which indicate that the Group will be able to meet its liabilities as they fall due for at least the next twelve months.

The Group also considers the wider political and economic environment, in particular Brexit in Europe and the election of Donald Trump in the USA, which could have an impact on future business.

The Board would like to thank all our shareholders for their continued support.

G J Mulder
Chairman

25 January 2017

Report of the Directors

for the year ended 31 August 2016

The directors present their report with the financial statements of the Company and the Group for the year ended 31 August 2016.

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.

Dividends
No dividends will be distributed for the year ended 31 August 2016.

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

Events Since the End of the Year
In October and November 2016 the Company has issued a further 11,662,400 ordinary shares at 1.0p.

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 2016 in the issued share capital of the Company were as follows:

Ordinary 1p shares	31.8.16	1.9.15
G Dodl	**2,650,000**	2,400,000
J Allen	**5,022,088**	3,022,088
G Mulder	**156,000**	156,000
D Vile	**740,000**	740,000

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.

Political And Charitable Contributions
The Group made no political and charitable contributions during the current or previous years.

Report of the Directors – *continued*

Share Options

Details of share options for each director are as follows:

1. Enterprise Management Incentive Option Scheme

Name	At 1 September 2015	At 31 August 2016	Option period	Exercise price per share
G Dodl	1,500,000	1,500,000	28.01.2013 – 27.01.2017	7.75p
	6,000,000	6,000,000	28.11.2016 – 27.11.2020	1.625p
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
	2,000,000	2,000,000	28.11.2016 – 27.11.2020	1.625p

2. Unapproved share option scheme

Name	At 1 September 2015	At 31 August 2016	Option period	Exercise price per share
G Dodl	350,000	–	08.05.2012 – 07.05.2016	5.00p
	200,000	200,000	26.01.2014 – 25.01.2017	3.25p
J Allen	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	150,000	150,000	26.01.2014 – 25.01.2017	3.25p
	2,000,000	2,000,000	14.08.2014 – 13.08.2017	1.00p

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
Miton Group plc	10.12	17,800,000
WB Nominees Limited	9.18	16,140,157
J M Finn Nominees Limited	8.45	14,863,065
The estate of A P Stirling	5.94	10,450,000
G V L Oury	3.85	6,768,581

Directors' Responsibilities Statement

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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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;

Report of the Directors – continued

- 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.

Corporate Governance
The directors fully support the recommendations of the Combined Code on Corporate Governance, although due to the Company's NEX Exchange 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
During the year, Nexia Smith & Williamson were appointed as auditors and will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G Cresswell – Secretary
25 January 2017

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 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes 1 to 22. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Directors' Responsibilities Statement set out on pages 8 and 9, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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. As explained in note 1 to the financial statements there exists a material uncertainty regarding the value and timing of future sales as well as the ability to raise additional capital which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group 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 Group Strategic Report and the Directors' Report 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.

Andrew Edmonds (Senior Statutory Auditor)
for and on behalf of Nexia Smith & Williamson
Statutory Auditor & Chartered Accountants
4th Floor Cumberland House, 15-17 Cumberland Place,
Southampton, Hampshire SO15 2BG

Date: 25 January 2017

Consolidated Statement of Comprehensive Income

for the year ended 31 August 2016

	Notes	2016 £	2015 £
Turnover	2	**290,330**	239,525
Cost of sales		**(153,003)**	(123,360)
Gross Profit		**137,327**	116,165
Administrative expenses		**(405,109)**	(354,872)
		(267,782)	(238,707)
Other operating income	2	**18,328**	22,168
Operating Loss	4	**(249,454)**	(216,539)
Interest receivable and similar income		**22**	2
Interest payable and similar charges	5	**(12,713)**	(11,492)
Loss on Ordinary Activities Before Taxation		**(262,145)**	(228,029)
Tax on loss on ordinary activities	6	**15,146**	10,640
Loss for the Financial Year		**(246,999)**	(217,389)
Other Comprehensive Income		**–**	–
Total Comprehensive Loss for the Year		**(246,999)**	(217,389)
Basic and Diluted Loss Per Share	7	**0.16p**	0.16p

Consolidated Balance Sheet

31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed Assets					
Intangible assets	9		**88,282**		87,862
Tangible assets	10		**3,198**		5,923
			91,480		93,785
Current Assets					
Stocks	12	**52,620**		34,639	
Debtors	13	**140,767**		84,455	
Cash at bank		**24,752**		41,827	
		218,139		160,921	
Creditors					
Amounts falling due within one year	14	**(230,129)**		(186,195)	
Net Current Liabilities			**(11,990)**		(25,274)
Total Assets Less Current Liabilities			**79,490**		68,511
Capital And Reserves					
Called up share capital	17		**1,641,942**		1,381,442
Share premium	18		**3,443,250**		3,443,250
Retained earnings	18		**(5,005,702)**		(4,756,181)
Shareholders' Funds			**79,490**		68,511

The financial statements were approved by the Board of Directors on 25 January 2017 and were signed on its behalf by:

G Dodl – Director

Registered Number: 04757497 (England & Wales)

Company Balance Sheet

31 August 2016

	Notes	**2016** £	**2016** £	2015 £	2015 £
Fixed Assets					
Investments	11		**209,366**		186,968
Current Assets					
Debtors	13	**36,296**		29,867	
Cash at bank		**69**		2,709	
		36,365		32,576	
Creditors					
Amounts falling due within one year	14	**(130,628)**		(143,365)	
Net Current Liabilities			**(94,263)**		(110,789)
Total Assets Less Current Liabilities			**115,103**		76,179
Capital And Reserves					
Called up share capital	17		**1,641,942**		1,381,442
Share premium	18		**3,443,250**		3,443,250
Retained earnings	18		**(4,970,089)**		(4,748,513)
Shareholders' Funds			**115,103**		76,179

The financial statements were approved by the Board of Directors on 25 January 2017 and were signed on its behalf by:

G Dodl – Director

Registered Number: 04757497 (England & Wales)

Consolidated Statement of Changes in Equity

for the year ended 31 August 2016

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 September 2014	1,261,442	3,414,750	(4,555,269)	120,923
Changes in equity				
Total comprehensive loss	–	–	(217,389)	(217,389)
Issue of share capital	120,000	28,500	–	148,500
Credit relating to equity settled share based payments	–	–	16,477	16,477
Balance at 31 August 2015	1,381,442	3,443,250	(4,756,181)	68,511
Changes in equity				
Total comprehensive loss	–	–	(246,999)	(246,999)
Issue of share capital (less issue costs)	260,500	–	(13,025)	247,475
Credit relating to equity settled share based payments	–	–	10,503	10,503
Balance at 31 August 2016	**1,641,942**	**3,443,250**	**(5,005,702)**	**79,490**

Company Statement of Changes in Equity

for the year ended 31 August 2016

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 September 2014	1,261,442	3,414,750	(4,553,835)	122,357
Changes in equity				
Total comprehensive loss	–	–	(211,115)	(211,115)
Issue of share capital	120,000	28,500	–	148,500
Credit relating to equity settled share based payments	–	–	16,477	16,477
Balance at 31 August 2015	1,381,442	3,443,250	(4,748,513)	76,179
Changes in equity				
Total comprehensive loss	–	–	(219,054)	(219,054)
Issue of share capital (less issue costs)	260,500	–	(13,025)	247,475
Credit relating to equity settled share based payments	–	–	10,503	10,503
Balance at 31 August 2016	**1,641,942**	**3,443,250**	**(4,970,089)**	**115,103**

Consolidated Cash Flow Statement

for the year ended 31 August 2016

	Notes	**2016** £	2015 £
Cash flows from operating activities			
Cash generated from operations	22	**(262,238)**	(210,943)
Tax received		**9,947**	9,216
Net cash used in operating activities		**(252,291)**	(201,727)
Cash flows from investing activities			
Purchase of intangible fixed assets		**(11,113)**	(7,485)
Purchase of tangible fixed assets		**–**	(675)
Interest received		**22**	2
Net cash used in investing activities		**(11,091)**	(8,158)
Cash flows from financing activities			
Share issue		**260,500**	150,000
Share issue costs		**(13,025)**	(1,500)
Interest paid		**(1,168)**	(1,246)
Net cash from financing activities		**246,307**	147,254
Decrease in cash and cash equivalents		**(17,075)**	(62,631)
Cash at bank and in hand at beginning of year		**41,827**	104,458
Cash at bank and in hand at end of year		**24,752**	41,827

Company Cash Flow Statement

for the year ended 31 August 2016

	Notes	**2016** **£**	2015 £
Cash flows from operating activities			
Cash generated from operations	22	**(258,916)**	(172,033)
Tax received		**9,947**	9,216
Net cash used in operating activities		**(248,969)**	(162,817)
Cash flows from investing activities			
Interest received		**22**	2
Net cash from investing activities		**22**	2
Cash flows from financing activities			
Share issue		**260,500**	150,000
Share issue costs		**(13,025)**	(1,500)
Interest paid		**(1,168)**	(1,246)
Net cash from financing activities		**246,307**	147,254
Decrease in cash and cash equivalents		**(2,640)**	(15,561)
Cash at bank and in hand at beginning of year		**2,709**	18,270
Cash at bank and in hand at end of year		**69**	2,709

Notes to the Consolidated Financial Statements

for the year ended 31 August 2016

1. Accounting Policies

Basis of preparing the financial statements

Wheelsure Holdings plc is a public limited company incorporated in England and Wales. The address of the registered office is 8 Woburn Street, Ampthill, Bedfordshire, MK45 2HP.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. 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 31 August 2016. 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 Directors have approved budgets and cash flows for the Group for the period to 31 January 2018. These budgets and cash flows forecast that the Group will generate sufficient cash from its trading operations to remain as a going concern until at least 31 January 2018.

The Directors are confident that, even if there was a slippage in the value or timing of the forecast sales, the Group would still generate sufficient cash flow to remain as a going concern until at least 31 January 2018. The Directors are confident that by a combination of either reducing the Group's expenditure and/or raising additional capital they would achieve the required cash flow. The Group has already successfully raised additional funds of £106,000 since the year ended 31 August 2016.

However, given the significant level of the increase in the forecast sales and the unpredictability of sales forecasting there exists a material uncertainty regarding the value and timing of these future forecast sales and the effect of any shortfall on the Company's ability to continue as a going concern.

The Directors have concluded that, after considering the above and the financial position of the Group, they have reasonable expectations that the Group will have adequate cash resources to continue in operational existence until at least 31 January 2018 and for this reason they continue to adopt the going concern basis in preparing the financial statements of the Group.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that potentially have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group are outlined below:

- Obsolete Stock Provision – At each reporting date, the Group's stock holding is analysed to identify items which may be obsolete and a provision is made against these items. The carrying amount of stock at the year end was £52,620 (2015: £34,639).

- Bad Debt Provision – At each reporting date and throughout the year, the Group's debtor balances are reviewed to identify any impairment required, and specific provisions are made against these balances. The carrying amount of debtors at the year end was £91,800 (2015: £51,759). There were no bad debts in either the current or previous years.

Notes to the Consolidated Financial Statements – *continued*

1. Accounting Policies (continued)

Changes in accounting policies
In the current year the Group has adopted FRS 102. The first date at which FRS 102 was applied was 1 September 2014. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. Consequently, the principal accounting policies are unchanged from the prior year.

The Group has taken the transitional relief permitted under FRS 102 from restating business combinations.

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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 stated at the lower of cost and estimated selling price less costs to sell. Cost includes the price including taxes, duties and transport bringing the inventory to its present location and condition.

Notes to the Consolidated Financial Statements – *continued*

1. Accounting Policies (continued)

Current and deferred tax
The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rated and laws that have been enacted or subsequently enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, where deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using the rates and laws that have been enacted or subsequently enacted by the balance sheet date.

Research and development
Research and development is written off in the year in which it occurred.

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 profit or loss in the period to which they relate.

Financial instruments
Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at the initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short term bank deposits with original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Notes to the Consolidated Financial Statements – *continued*

1. Accounting Policies (continued)

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2. Turnover

The turnover and loss before taxation are attributable to the one principal activity of the Group.

An analysis of turnover by geographical market is given below:

	2016 **£**	2015 £
United Kingdom	**125,161**	175,385
Italy	**69,900**	9,421
Holland	**53,984**	–
Germany	**31,716**	40,831
Austria	**9,569**	–
Czech Republic	**–**	884
United States of America	**18,328**	22,168
Australasia	**–**	13,004
	308,658	261,693

The analysis of income by geographical market includes Royalty income receivable from the United States of America which is included in other operating income.

The chief operating decision maker monitors the business on the basis of a single reportable segment, being the supply of Tracksure, and accordingly the segment disclosures are the same as the Group figures. During the year 5 customers accounted for more than 10% of the Group's total revenue as follows:

	2016 **£**	2015 £
Customer A	**83,380**	167,748
Customer B	**56,097**	N/A
Customer C	**51,649**	N/A
Customer D	**40,580**	N/A
Customer E	**31,716**	40,831

Notes to the Consolidated Financial Statements – continued

3. Staff Costs

	2016	2015
	£	£
Wages and salaries	**122,640**	125,668
Social security costs	**10,960**	12,497
Other pension costs	**20,900**	17,096
Share based payment transactions	**3,340**	13,360
	157,840	168,621

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

	2016	2015
Directors	**4**	4

4. Operating Loss

The operating loss is stated after charging:

	2016	2015
	£	£
Depreciation – owned assets	**2,725**	2,768
Loss on disposal of fixed assets	**–**	14,804
Patents & trademarks amortisation	**10,693**	5,457
Research and development	**7,785**	8,239
Fees payable to the Group's auditor for the audit of the Group's annual accounts *	**4,500**	3,500
Fees payable to the Group's auditor for the audit of its subsidiaries *	**8,500**	5,500
Foreign exchange gains and losses	**766**	1,573
Cost of inventories recognised as an expense	**130,907**	120,518
Directors' remuneration	**125,433**	128,565
Directors' pension contributions to money purchase schemes	**20,900**	17,096

* Auditors' remuneration included above relates to Nexia Smith & Williamson in 2016 and the previous auditor, Rothmans Audit LLP, in 2015.

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

Money purchase schemes	**2**	2

One director exercised share options during the year (2015 – no directors).

Directors' remuneration includes consultancy fees of £8,000 (2015: £7,500) paid to Mr G Mulder.

5. Interest Payable and Similar Charges

	2016	2015
	£	£
Loan interest	**12,713**	11,492

Notes to the Consolidated Financial Statements – *continued*

6. Taxation

Analysis of the tax credit

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

	2016 £	2015 £
Current tax:		
Under provision of research and development tax credit	**(1,629)**	(751)
Research and development tax credit	**(13,517)**	(9,889)
Tax on loss on ordinary activities	**(15,146)**	(10,640)

Reconciliation of total tax credit included in profit and loss

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

	2016 £	2015 £
Loss on ordinary activities before tax	**(262,145)**	(228,029)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20%)	**(52,429)**	(45,606)
Effects of:		
Expenses not deductible for tax purposes	**82**	69
Depreciation in excess of capital allowances	**351**	183
R&D tax credit	**(17,170)**	(12,728)
Tax losses not utilised	**65,131**	62,903
Tax losses utilised in period	**(11,111)**	(10,312)
Impairment losses not taxable	**–**	(8,110)
Loss on disposal of fixed assets not allowable for tax	**–**	2,961
Total tax credit	**(15,146)**	(10,640)

Factors that may affect future tax charges

The Group has unutilised tax losses of approximately £4,732,000 (2015: £4,452,000) available against future corporation tax liabilities. The potential deferred taxation asset of £852,000 (2015: £890,000) in respect of these losses has not been recognised in these financial statements as it is not considered sufficiently probable that the Group will generate sufficient taxable profits from the same trade to recover these amounts in full.

7. Loss Per Share

The basic and diluted loss per share figure is based on the net loss for the year attributable to the equity shareholders of £246,999 (2015: £217,389) and on 158,115,947 (2015: 132,292,171) ordinary shares, being the weighted average number of ordinary shares in issue during the period. No shares were deemed to have been issued at nil consideration as a result of the share options granted.

The diluted basic loss per share is stated as the same amount as the basic as there is no dilutive effect in either year.

Since the year end, the Company has issued a further 11,662,400 ordinary shares.

Notes to the Consolidated Financial Statements – continued

8. Loss of Parent Company

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £219,054 (2015 – £211,155).

9. Intangible Fixed Assets

Group	Goodwill £	Patents & trademarks £	Totals £
Cost			
At 1 September 2015	117,613	215,897	333,510
Additions	–	11,113	11,113
At 31 August 2016	117,613	227,010	344,623
Amortisation			
At 1 September 2015	117,613	128,035	245,648
Amortisation for year	–	10,693	10,693
At 31 August 2016	117,613	138,728	256,341
Net Book Value			
At 31 August 2016	–	88,282	88,282
At 31 August 2015	–	87,862	87,862

10. Tangible Fixed Assets

Group	Plant and machinery £	Fixtures and fittings £	Totals £
Cost			
At 1 September 2015 and 31 August 2016	64,882	9,948	74,830
Depreciation			
At 1 September 2015	59,686	9,221	68,907
Charge for year	2,456	269	2,725
At 31 August 2016	62,142	9,490	71,632
Net Book Value			
At 31 August 2016	2,740	458	3,198
At 31 August 2015	5,196	727	5,923

Notes to the Consolidated Financial Statements – continued

11. Fixed Asset Investments

Company	Shares in group undertakings £
Cost	
At 1 September 2015 and 31 August 2016	4,643,191
Provisions	
At 1 September 2015	4,456,223
Reversal of impairment	(22,398)
At 31 August 2016	4,433,825
Net Book Value	
At 31 August 2016	209,366
At 31 August 2015	186,968

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

12. Stocks

Group	**2016 £**	2015 £
Stocks of raw materials	**52,620**	34,639

13. Debtors: Amounts Falling Due Within One Year

	Group		Company	
	2016 £	2015 £	**2016 £**	2015 £
Trade debtors	**91,800**	51,759	**–**	–
Amounts owed by Group undertakings	**–**	–	**208**	464
R&D tax credit	**25,035**	19,836	**25,035**	19,836
VAT	**4,388**	–	**2,488**	957
Prepayments	**19,544**	12,860	**8,565**	8,610
	140,767	84,455	**36,296**	29,867

Notes to the Consolidated Financial Statements – continued

14. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Other loans (see note 15)	**102,576**	91,031	**102,576**	91,031
Trade creditors	**85,908**	60,197	**9,462**	4,745
Amounts owed to Group undertakings	**–**	–	**–**	31,792
Social security and other taxes	**4,134**	3,156	**4,134**	3,156
VAT	**–**	3,846	**–**	–
Accrued expenses	**37,511**	27,965	**14,456**	12,641
	230,129	186,195	**130,628**	143,365

15. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Amounts falling due within one year or on demand:				
Other loans	**102,576**	91,031	**102,576**	91,031

16. Financial Instruments

The Group and Company have the following financial instruments:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	**91,800**	51,759	**–**	–
Amounts owed by Group undertakings	**–**	–	**208**	464
	91,800	51,759	**208**	464
Financial liabilities measured at amortised cost				
Other loans	**102,576**	91,031	**102,576**	91,031
Trade creditors	**85,908**	60,197	**9,462**	4,745
Accruals	**37,511**	27,965	**14,456**	12,641
Amounts owed to Group undertakings	**–**	–	**–**	31,792
	225,995	179,193	**126,494**	140,209

Notes to the Consolidated Financial Statements – continued

17. Called Up Share Capital

Allotted, issued and fully paid: Number:	Class:	Nominal value:	**2016** **£**	2015 £
164,194,226 (2015 – 138,144,226)	Ordinary	1p	**1,641,942**	1,381,442

During the year the Company issued 26,050,000 ordinary shares at 1p per share for cash.

In October and November 2016 the Company issued a further 11,662,400 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
500,000	3.25p	26.01.2012	26.01.2014 – 25.01.2017
2,000,000	1.00p	14.08.2013	14.08.2014 – 13.08.2017
2,000,000	2.25p	03.07.2014	03.07.2015 – 02.07.2018
950,000	1.00p	19.11.2015	19.11.2015 – 18.11.2020

18. Reserves

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings – includes all current and prior period retained profits and losses.

19. Related Party Disclosures

In line with the requirements of FRS 102, the company has not disclosed details of transactions with group companies.

During the year, consultancy fees totalling £8,000 (2015: £7,500) were paid to Mr G Mulder.

The directors are considered the only key management personnel and their compensation totalled £157,293 (2015: £158,158).

20. Post Balance Sheet Events

Since the year end the Company has issued a further 11,662,400 ordinary shares at 1.0p.

Notes to the Consolidated Financial Statements – *continued*

21. Share Based Payment Transactions

For details of share option schemes in place during the year see note 17.

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

	2016		2015	
	No	**WAEP (Pence)**	No	WAEP (Pence)
Outstanding at the beginning of the period	**17,750,000**	**2.45**	19,500,000	6.46
Granted during the period	**950,000**	**1.00**	–	–
Exercised during the period	**(2,000,000)**	**1.00**	–	–
Expired during the period	**(350,000)**	**5.00**	(1,750,000)	7.75
Outstanding at the end of the period	**16,350,000**	**2.49**	17,750,000	2.45
Exercisable at the end of the period	**8,350,000**	**3.31**	9,750,000	3.13

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

	2016	2015
Expected volatility %	**97%**	13%
Expected life	**2-5 years**	3-6 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 £10,503 (2015: £16,477) in respect of share based payment transactions.

Notes to the Consolidated Financial Statements – continued

22. Reconciliation of Loss for the Financial Year to Cash Used in Operations

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Loss for the financial year	**(246,999)**	(217,389)	**(219,054)**	(211,155)
Depreciation and amortisation charges	**13,418**	8,225	**–**	–
Loss on disposal of fixed assets	**–**	14,804	**–**	–
Reversal of impairment losses on investments	**–**	–	**(22,398)**	(34,197)
Reversal of impairment losses on intangible assets	**–**	(40,551)	**–**	–
Share based payment transactions	**10,503**	16,477	**10,503**	16,477
Finance costs	**12,713**	11,492	**12,713**	11,492
Finance income	**(22)**	(2)	**(22)**	(2)
Taxation credit	**(15,146)**	(10,640)	**(15,146)**	(10,640)
	(225,533)	(217,584)	**(233,404)**	(228,025)
Increase in stocks	**(17,981)**	(2,977)	**–**	–
(Increase)/decrease in trade and other debtors	**(51,113)**	(7,904)	**(1,230)**	29,738
Increase/(decrease) in trade and other creditors	**32,389**	17,522	**(24,282)**	26,254
Cash used in operations	**(262,238)**	(210,943)	**(258,916)**	(172,033)

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 the offices of Sherrards Solicitors LLP, 1-3 Pemberton Row, London EC4A 3BG on 14 March 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2, 3, 4 and 5 will be proposed as ordinary resolutions and resolution 6 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 2016 together with the report of the auditors;

2. To elect as a director W Welch who was appointed as a director since the last Annual General Meeting;

3. To re-elect as a director J Allen who retires by rotation and offers himself for re-election;

4. To appoint Nexia Smith & Williamson as auditors and to authorise the directors to fix their remuneration.

5. 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 £400,000 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

6. That, subject to and conditional upon the passing of resolution 5 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 5 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 £250,000; 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
G Cresswell
Company Secretary

Registered office:
8 Woburn Street
Ampthill
Bedfordshire
MK45 2HP

25 January 2017

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 Limited, Neville House, 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 12 March 2017 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 Limited (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.

Produced by ColourfastWorld Limited