Wheelsure Holdings plc

Annual Report and Accounts 2018

REGISTERED NUMBER: 04757497
(England and Wales)

Contents

Company Information

Directors:	G Dodl J Allen G Mulder D Vile W Welch
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 Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG
Registrars:	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD

Chairman's Statement and Strategic Report

for the year ended 31 August 2018

Whilst our customer base and contacts in strategic countries remains strong and will facilitate further business, order intake in the year was not at the expected level. With sales of £104,536 (2017: £248,908), including royalty income of £8,066 (2017: £23,162). This led to a loss before tax of £336,004 against £329,557 the previous year.

In spite of this, I was pleased to announce in November that a sum of £125,000 (before expenses) was raised by the issue of 12.5m ordinary shares at 1p per share. Furthermore, a working capital facility of up to £125,000 has now been agreed and is available for drawdown when needed. This will boost working capital and help towards our strategic collaboration with AIM listed Haydale Graphene Industries plc (Haydale).

Under terms of the agreement the parties have agreed to commence a project to produce a "smart" graphene pressure sensor that will offer benefits for all fastener applications across all business sectors. The project will be to be carried out in a partnership with the Graphene Engineering Innovation Centre (GEIC) which is part of the University of Manchester. Commercial terms on the project funding are still being finalised.

Additionally, Wheelsure has entered into a sales arrangement with Haydale whereby they will introduce our existing product solution to several identified customers, with infrastructure projects in USA and China.

UK
We continued to receive orders from both London Underground (LUL) and Keolis Amey Docklands (DLR), although not at the anticipated levels in this period. The recently granted extended product approval received from LUL means that we have an even stronger platform with that organisation and orders have continued since the year end.

Holland, Germany & Austria
Sales in Holland, from voestalpine Railpro B.V and Strukton Rail Nederland B.V (Strukton), were received during the year but were below expectations. However, orders from the former were to conclusively prove the efficacy of Tracksure and the Board is optimistic that, in addition to Strukton, Volker Rail B.V will start to specify the use of Tracksure for new developments.

We received further orders from thyssenkrupp Steel Europe AG and Siemens AG. The latter ordering to meet demand from DB Netz, the German state rail operator. We expect further orders in the coming year. I am also pleased to report that Tracksure has, now, also been formerly approved by ÖBB-Infrastruktur AG in Austria for brake retarders. In trying to build on this development, we are now working with an Austrian partner. Any future business in Austria will continue to enhance our relationship with Siemens AG, the OEM through whom the retarders are ordered.

Italy
The long-anticipated full technical approval has now been confirmed by Rete Ferroviaria Italiana (RFI). This technical approval has taken 8 years and means that Tracksure products are now approved for all rail applications. This will give our agent the opportunity to seek approved business throughout Italy with all parts of RFI, the state rail operator.

USA
Royalty income from our arrangements with LB Foster continues to be received. In addition, the Chicago Transit Authority, has issued a new specification for 2019 that is based on Tracksure proprietary technology and LB Foster will now seek to realise Tracksure's potential in the USA Metro sector.

Chairman's Statement and Strategic Report

– continued

Key Performance Indicators

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

	2018	2017
	£	£
Turnover	**96,470**	225,746
Loss before tax	**336,004**	329,557

Non-financial key performance indicators include the number of new customers. For the year ended 31 August 2018 these amounted to 1 (2017: 5). The lack of new customers has been a factor in the reduction in turnover.

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 and liquidity 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. Cashflow is monitored carefully and fundraising needs are periodically evaluated. 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.
- 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
- There is a risk that a failure to gain product approval in new territories will impact on the ability to gain new customers.

Further detail on all our activities, including those detailed in this report, can be found in the latest newsletter published on our new website (www.wsglobal.com).

Finally, the Board is cognisant of the current uncertainties pertaining to Brexit and, from both the sales and supply perspective, will continue to act appropriately to minimise risk and maintain business opportunity.

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

G Mulder
Chairman

8 May 2019

Directors' Report

for the year ended 31 August 2018

The directors present their report with the financial statements of the Company and the Group for the year ended 31 August 2018.

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 2018 (2017: £nil).

Research and Development

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

Events Since The Year End

Events since the year end are disclosed in note 22.

Directors

The directors during the year under review were:

G Dodl
J Allen
G Mulder
D Vile
W Welch

The beneficial interests of the directors holding office on 31 August 2018 in the issued share capital of the Company were as follows:

Ordinary 1p shares	**31.8.18**	1.9.17
G Dodl	**4,215,000**	4,215,000
J Allen	**5,022,088**	5,022,088
G Mulder	**606,000**	606,000
D Vile	**740,000**	740,000
W Welch	**–**	–

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.

Directors' Report – continued

Share Options

Details of share options for each director are as follows:

1. Enterprise Management Incentive Option Scheme				
Name	At 1 September 2017	At 31 August 2018	Option period	Exercise price per share
G Dodl	6,000,000	6,000,000	28.11.2016 – 27.11.2020	1.625p
D Vile	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

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 Asset Management Limited	17.38	42,800,000
Hargreave Hale Nominees Limited	17.38	41,744,727
WB Nominees Limited	11.76	28,240,157
J M Finn Nominees Limited	6.19	14,863,065

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' 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;
- 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.

Directors' Report – *continued*

Website Publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Corporate Governance

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

Statement as to Disclosure of Information to Auditors

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

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G Cresswell – Secretary
8 May 2019

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

Opinion
We have audited the financial statements of Wheelsure Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2018 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 Cashflow Statements and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 31 August 2018 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.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern
We draw attention to note 1 in the financial statements, which indicates that the Group will have sufficient cash resources to remain as a going concern until at least 31 May 2020, based on the budgets and cash flow forecasts produced, however the increase and timing of forecast sales are unpredictable as is the ability to raise additional capital.

As stated in note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters
Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team and in forming our opinion thereon.

The prior year audit report disclosed the valuation of share options as the sole key audit matter for the Group. There have been no changes in the nature of the business and as the share options are now fully vested we have concluded there are no key audit matters to report upon, except for the matter described in the material uncertainty related to going concern section above.

Our application of materiality
The materiality for the financial statements of the Group as a whole was set at £10,650. This has been determined with reference to the benchmark of the Group's gross expenditure. Materiality represents 2.5% of gross expenditure.

Report of the Independent Auditors *– continued*

The materiality for the financial statements of the Parent Company was set at £5,200 which is 2.1% of the Company's total assets.

An overview of the scope of our audit
Of the Group's four reporting components (excluding dormant components), we subjected all four components to audits for Group Reporting Purposes.

Other information
The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Report of the Independent Auditors – *continued*

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 8 May 2019

Consolidated Statement of Comprehensive Income

for the year ended 31 August 2018

	Notes	2018 £	2017 £
Turnover	2	**96,470**	225,746
Cost of sales		**(52,302)**	(108,905)
Gross Profit		**44,168**	116,841
Administrative expenses		**(373,757)**	(453,179)
		(329,589)	(336,338)
Other operating income	2	**8,066**	23,162
Operating Loss	4	**(321,523)**	(313,176)
Interest payable and similar expenses	5	**(14,481)**	(16,381)
Loss Before Taxation		**(336,004)**	(329,557)
Tax on loss	6	**29,435**	13,715
Loss for the Financial Year		**(306,569)**	(315,842)
Other Comprehensive Income		**–**	–
Total Comprehensive Loss for the Year		**(306,569)**	(315,842)
Basic and Diluted Loss per Share	8	**0.13p**	0.17p

Consolidated Balance Sheet

31 August 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed Assets					
Intangible assets	9		**76,904**		78,610
Tangible assets	10		**84**		1,103
Investments	11		**–**		–
			76,988		79,713
Current Assets					
Stocks	12	**36,735**		53,136	
Debtors	13	**70,799**		130,485	
Cash at bank		**26,966**		303,649	
		134,500		487,270	
Creditors					
Amounts falling due within one year	14	**(173,652)**		(222,578)	
Net Current (Liabilities)/Assets			**(39,152)**		264,692
Total Assets Less Current Liabilities			**37,836**		344,405
Capital and Reserves					
Called up share capital	17		**2,277,057**		2,277,057
Share premium	18		**3,443,250**		3,443,250
Retained earnings	18		**(5,682,471)**		(5,375,902)
Shareholders' Funds			**37,836**		344,405

The financial statements were approved by the Board of Directors on 8 May 2019 and were signed on its behalf by:

G Dodl – Director

Registered Number: 04757497 (England & Wales)

Company Balance Sheet

31 August 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed Assets					
Investments	11		**190,472**		236,388
			190,472		236,388
Current Assets					
Debtors	13	**55,803**		47,318	
Cash at bank		**4,653**		272,210	
		60,456		319,528	
Creditors					
Amounts falling due within one year	14	**(202,060)**		(202,459)	
Net Current (Liabilities)/Assets			**(141,604)**		117,069
Total Assets Less Current Liabilities			**48,868**		353,457
Capital And Reserves					
Called up share capital	17		**2,277,057**		2,277,057
Share premium	18		**3,443,250**		3,443,250
Retained earnings	18		**(5,671,439)**		(5,366,850)
Shareholders' Funds			**48,868**		353,457
Company's loss for the financial year			**(304,589)**		(342,403)

The financial statements were approved by the Board of Directors on 8 May 2019 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 2018

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 September 2016	1,641,942	3,443,250	(5,005,702)	79,490
Changes in equity				
Total comprehensive loss	–	–	(315,842)	(315,842)
Issue of share capital	635,115	–	(63,607)	571,508
Credit relating to equity settled share based payments	–	–	9,249	9,249
Balance at 31 August 2017	2,277,057	3,443,250	(5,375,902)	344,405
Changes in equity				
Total comprehensive loss	–	–	(306,569)	(306,569)
Balance at 31 August 2018	2,277,057	3,443,250	(5,682,471)	37,836

Company Statement of Changes in Equity

for the year ended 31 August 2018

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 September 2016	1,641,942	3,443,250	(4,970,089)	115,103
Changes in equity				
Total comprehensive loss	–	–	(342,403)	(342,403)
Issue of share capital	635,115	–	(63,607)	571,508
Credit relating to equity settled share based payments	–	–	9,249	9,249
Balance at 31 August 2017	2,277,057	3,443,250	(5,366,850)	353,457
Changes in equity				
Total comprehensive loss	–	–	(304,589)	(304,589)
Balance at 31 August 2018	2,277,057	3,443,250	(5,671,439)	48,868

Consolidated Cash Flow Statement

for the year ended 31 August 2018

	Notes	**2018** **£**	2017 £
Cash flows from operating activities			
Cash used in operations	21	**(212,123)**	(338,498)
Tax received		**13,636**	11,518
Net cash from operating activities		**(198,487)**	(326,980)
Cash flows from investing activities			
Purchase of intangible fixed assets		**(11,619)**	(9,259)
Net cash from investing activities		**(11,619)**	(9,259)
Cash flows from financing activities			
New loans in year		**–**	50,000
Loan repayments in year		**(43,608)**	–
Share issue proceeds		**5,000**	630,115
Share issue costs		**–**	(63,607)
Interest paid		**(27,969)**	(1,372)
Net cash from financing activities		**(66,577)**	615,136
(Decrease)/increase in cash and cash equivalents		**(276,683)**	278,897
Cash and cash equivalents at beginning of year		**303,649**	24,752
Cash and cash equivalents at end of year		**26,966**	303,649

Company Cash Flow Statement

for the year ended 31 August 2018

	Notes	**2018** £	2017 £
Cash flows from operating activities			
Cash used in operations	21	**(214,616)**	(354,513)
Tax received		**13,636**	11,518
Net cash from operating activities		**(200,980)**	(342,995)
Cash flows from financing activities			
New loans in year		–	50,000
Loan repayments in year		**(43,608)**	–
Share issue proceeds		**5,000**	630,115
Share issue costs		**–**	(63,607)
Interest paid		**(27,969)**	(1,372)
Net cash from financing activities		**(66,577)**	615,136
(Decrease)/increase in cash and cash equivalents		**(267,557)**	272,141
Cash and cash equivalents at beginning of year		**272,210**	69
Cash and cash equivalents at end of year		**4,653**	272,210

Notes to the Consolidated Financial Statements

for the year ended 31 August 2018

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 2018. 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 statement of comprehensive income 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

As disclosed in the Chairman's Statement, the Group have raised additional capital post year end. The share placing of £125,000 before expenses was half of the planned fundraising and the Group has since secured a working capital facility of £125,000. On this basis, the directors have approved budgets and cash flows for the Group for the period to 31 May 2020. These budgets and cash flows forecast that the Group will have sufficient cash resources to remain as a going concern until at least 31 May 2020.

The directors are confident that by achieving the forecast level of sales and raising further capital they would achieve the required cash flow.

However given the significant level of the increase in the forecast sales and the unpredictability of sales forecasting there exists a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern regarding the value and timing of these future forecast sales. There also exists a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern over the ability to raise additional capital. If the Group was not a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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, by meeting revenue forecasts and raising additional capital, to continue in operational existence until at least 31 May 2020 and for this reason they continue to adopt the going concern basis in preparing the financial statements of the Group.

The financial statements do not include the adjustments that would result if the Group or Parent Company was unable to continue as a going concern.

Notes to the Consolidated Financial Statements – *continued*

1. Accounting Policies (continued)

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 that potentially have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group are as follows:

- Obsolete Stock Provision – At each reporting date, the Group's stock holding is analysed on a line by line basis 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 £36,735 (2017: £53,136).

Management exercise judgement in respect of the following areas of the financial statements:

- Impairment of intangible assets – The intangible asset of £76,904 (2017: £78,610) is assessed by management for impairment at each year end based on the knowledge of market conditions and other impairment indicators. In the current year, based on the judgement of Management, no impairment is recognised.

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 on a straight line basis 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 on a straight line basis over its estimated useful life.

Plant and machinery – 25% on cost

Fixtures and fittings – 25% on cost

Notes to the Consolidated Financial Statements – *continued*

1. Accounting Policies (continued)

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 of bringing the inventory to its present location and condition.

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 rates 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.

Notes to the Consolidated Financial Statements – *continued*

1. Accounting Policies (continued)

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.

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 income by geographical market is given below:

	2018 **£**	2017 £
United Kingdom	**48,544**	99,859
Italy	**15,372**	9,680
Holland	**3,988**	46,746
Germany	**27,258**	51,950
Austria	**255**	1,300
United States of America	**9,119**	23,162
Spain	**–**	16,211
	104,536	248,908

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 3 customers accounted for more than 10% of the Group's total revenue as follows:

	2018 **£**	2017 £
Customer A	**39,012**	47,831
Customer B	**N/A**	46,746
Customer C	**N/A**	29,550
Customer D	**17,251**	25,749
Customer E	**15,372**	N/A

Notes to the Consolidated Financial Statements – continued

3. Staff Costs

	2018	2017
	£	£
Wages and salaries	**130,620**	156,580
Social security costs	**11,089**	12,421
Other pension costs	**4,100**	9,700
Benefits in kind	**3,780**	3,160
Share based payment transactions	**–**	3,340
	149,589	185,201

With the exception of £15,620 in wages and salaries all staff costs relate to the Parent Company.

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

	2018	2017
Directors	**5**	5

4. Operating Loss

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation – owned assets	**1,019**	2,095
Loss on disposal of fixed assets	**2,413**	8,400
Patents & trademarks amortisation	**10,912**	10,531
Research and development	**4,875**	8,418
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**4,800**	4,500
Fees payable to the Group's auditor for the audit of its subsidiaries	**8,500**	8,500
Foreign exchange gains and losses	**3,889**	5,170
Cost of inventories recognised as an expense	**45,227**	106,473
Directors' remuneration	**134,400**	163,080
Directors' pension contributions to money purchase schemes	**4,100**	9,700

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

Money purchase schemes	**1**	2

No directors exercised share options during the year (2017 – one director).

Directors' remuneration includes consultancy fees of £2,500 (2017: £10,000) paid to Mr G Mulder, and £13,120 (2017: £21,700) paid to Lumenlinks Limited, a company controlled by Mr W Welch.

Notes to the Consolidated Financial Statements – continued

5. Interest Payable and Similar Expenses

	2018 **£**	2017 £
Loan interest	**14,481**	16,381

6. Taxation

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	2018 **£**	2017 £
Current tax:		
Under provision of research and development tax credit	**(10,437)**	(119)
Research and development tax credit	**(18,998)**	(13,596)
Tax on loss on ordinary activites	**(29,435)**	(13,715)

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:

	2018 **£**	2017 £
Loss before tax	**(336,004)**	(329,557)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19.58%)	**(63,841)**	(64,527)
Effects of:		
Expenses not deductible for tax purposes	**120**	41
R&D tax credit	**(30,639)**	(17,438)
Tax losses not recognised	**64,925**	73,672
Tax losses not previously recognised utilised in period	**–**	(5,463)
Total tax credit	**(29,435)**	(13,715)

Factors that may affect future tax charges
The Group has unutilised tax losses of approximately £5,288,000 (2017: £5,079,000) available against future corporation tax liabilities. The potential deferred taxation asset of £899,000 (2017: £914,000) in respect of these losses has not been recognised in these financial statements as it is not considered sufficiently probably that the Group will generate sufficient taxable profits from the same trade to recover these amounts in full.

7. 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.

Notes to the Consolidated Financial Statements – *continued*

8. 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 £306,569 (2017: £315,842) and on 227,705,726 (2017: 186,390,256) 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 loss per share is stated as the same amount as the basic loss per share as there is no dilutive effect in either year.

9. Intangible Fixed Assets

Group	Goodwill £	Patents & trademarks £	Totals £
Cost			
At 1 September 2017	117,613	221,502	339,115
Additions	–	11,619	11,619
Disposals	–	(54,806)	(54,806)
At 31 August 2018	117,613	178,315	295,928
Amortisation			
At 1 September 2017	117,613	142,892	260,505
Amortisation for year	–	10,912	10,912
Eliminated on disposal	–	(52,393)	(52,393)
At 31 August 2018	117,613	101,411	219,024
Net Book Value			
At 31 August 2018	–	76,904	76,904
At 31 August 2017	–	78,610	78,610

10. Tangible Fixed Assets

Group	Plant and machinery £	Fixtures and fittings £	Totals £
Cost			
At 1 September 2017 and 31 August 2018	64,882	9,948	74,830
Depreciation			
At 1 September 2017	64,018	9,709	73,727
Charge for year	864	155	1,019
At 31 August 2018	64,882	9,864	74,746
Net Book Value			
At 31 August 2018	–	84	84
At 31 August 2017	864	239	1,103

Notes to the Consolidated Financial Statements – *continued*

11. Fixed Asset Investments

Company	Shares in group undertakings £
Cost	
At 1 September 2017	
and 31 August 2018	4,643,191
Provisions	
At 1 September 2017	4,406,803
Impairments	45,916
At 31 August 2018	4,452,719
Net Book Value	
At 31 August 2018	190,472
At 31 August 2017	236,388

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

INut Group Limited
Nature of business: Dormant company

INut UK Limited
Nature of business: Dormant company

The registered office of the above companies is 8 Woburn Street, Ampthill, Bedfordshire, MK45 2HP.

12. Stocks

Group	**2018 £**	2017 £
Stocks of raw materials	**36,735**	53,136

Notes to the Consolidated Financial Statements – *continued*

13. Debtors: Amounts Falling Due Within One Year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Trade debtors	**9,803**	62,884	**–**	–
Amounts owed by Group undertakings	**–**	–	**957**	463
Other debtors	**–**	5,000	**–**	5,000
R&D tax credit	**43,031**	27,232	**43,031**	27,232
VAT	**3,453**	14,552	**1,803**	5,262
Prepayments	**14,512**	20,817	**10,012**	9,361
	70,799	130,485	**55,803**	47,318

14. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Other loans (see note 15)	**104,489**	165,585	**104,489**	165,585
Trade creditors	**32,233**	32,130	**12,526**	3,931
Amounts owed to Group undertakings	**–**	–	**54,311**	11,315
Social security and other taxes	**3,902**	4,968	**3,902**	4,968
Other creditors	**6,252**	–	**6,252**	–
Accrued expenses	**26,776**	19,895	**20,580**	16,660
	173,652	222,578	**202,060**	202,459

15. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Amounts falling due within one year or on demand:				
Other loans	**104,489**	165,585	**104,489**	165,585

Other loans are repayable on demand and attract interest of between 8% and 10% per annum.

Notes to the Consolidated Financial Statements – *continued*

16. Financial Instruments

The Group and Company have the following financial instruments:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	**9,803**	62,884	**–**	–
Amounts owed by Group undertakings	**–**	–	**957**	463
Other debtors	**–**	5,000	**–**	5,000
	9,803	67,884	**957**	5,463
Financial liabilities measured at amortised cost				
Other loans	**104,489**	165,585	**104,489**	165,585
Trade creditors	**32,233**	32,130	**12,526**	3,931
Accruals	**26,776**	19,895	**20,580**	16,660
Other creditors	**6,252**	–	**6,252**	–
Amounts owed to Group undertakings	**–**	–	**54,311**	11,315
	169,750	217,610	**198,158**	197,491

17. Called Up Share Capital

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	**2018** **£**	2017 £
227,705,726	Ordinary	1p	**2,277,057**	2,277,057

In November 2018 the Company issued 12,500,000 ordinary shares at 1.0p for cash.

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

Number of options	Option price	Date of grant	Exercise period
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
950,000	1.00p	19.11.2015	19.11.2015 – 18.11.2020
3,517,133	1.00p	15.11.2016	15.11.2016 – 14.11.2021

Notes to the Consolidated Financial Statements – continued

18. Reserves

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

Retained earnings – includes all current and prior period retained profits and losses, including transaction costs associated with the issuing of shares at par.

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 £2,500 (2017: £10,000) were paid to Mr G Mulder, and £13,120 (2017: £21,700) paid to Lumenlinks Limited, a company controlled by Mr W Welch. There were no balance outstanding at either year end.

The directors are considered the only key management personnel and their compensation totalled £149,589 (2017: £185,201).

20. 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:

	2018		2017	
	No	**WAEP (Pence)**	No	WAEP (Pence)
Outstanding at the beginning of the period	**14,667,133**	**1.54**	16,350,000	2.49
Granted during the period	**–**	**–**	3,517,133	1.00
Exercised during the period	**–**	**–**	(450,000)	1.00
Lapsed during the period	**(2,000,000)**	**2.25**	(4,750,000)	4.45
Outstanding at the end of the period	**12,667,133**	**1.43**	14,667,133	1.54
Exercisable at the end of the period	**12,667,133**	**1.43**	14,667,133	1.54

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

	2018	2017
Expected volatility %	**60%**	60%
Expected life	**1-5 years**	1-5 years
Risk free rate (%)	**0.25%**	0.25%
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 £nil (2017: £9,249) in respect of share based payment transactions.

Notes to the Consolidated Financial Statements – continued

21. Reconciliation Of Loss For The Financial Year To Cash Generated From Operations

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Loss for the financial year	**(306,569)**	(315,842)	**(304,589)**	(342,403)
Depreciation and amortisation charges	**11,931**	12,626	**–**	–
Loss on disposal of fixed assets	**2,413**	8,400	**–**	–
Impairment/(reversal of) losses on investments	**–**	–	**45,916**	(27,022)
Share based payment transactions	**–**	9,249	**–**	9,249
Finance costs	**14,481**	16,381	**14,481**	16,381
Taxation credit	**(29,435)**	(13,715)	**(29,435)**	(13,715)
	(307,179)	(282,901)	**(273,627)**	(357,510)
Decrease/(increase) in stocks	**16,401**	(516)	**–**	–
Decrease/(increase) in trade and other debtors	**70,485**	17,479	**2,314**	(3,825)
Increase/(decrease) in trade and other creditors	**8,170**	(72,560)	**56,697**	6,822
Cash used in operations	**(212,123)**	(338,498)	**(214,616)**	(354,513)

22. Subsequent Events

As disclosed in note 17, the Group raised £125,000 of equity funding, before expenses, in November 2018. In April 2019, a further £125,000 loan facility was agreed to provide additional working capital.

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 Smith & Williamson, 25 Moorgate, London, EC2R 6AY on 17 June 2019 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2, 3, and 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. To receive and adopt the report of the directors and the accounts for the year ended 31 August 2018 together with the report of the auditors;
2. To re-elect as a director G Dodl who retires by rotation and offers himself for re-election;
3. To appoint Nexia Smith & Williamson as auditors and to authorise the directors to fix their remuneration.
4. That, in substitution for all existing and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ("the Act") to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as "Relevant Securities") up to an aggregate nominal value of £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

5. That, subject to and conditional upon the passing of resolution 4 and in substitution for all existing and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by resolution 4 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

   (a) the allotment (otherwise than pursuant to sub-paragraph (b) below) of equity securities up to an aggregate nominal amount of £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

8 May 2019

Notes

(1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.

(2) A proxy may only be appointed using the procedures set out in these notes and the enclosed proxy form. To be valid, the proxy form must reach the Company's Registrars, Neville Registrars, at the Proxy Department, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD not less than 48 hours (excluding non-working days) 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 13 June 2019 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

(4) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(5) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Neville Registrars (whose CREST ID is 7RA11) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

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

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