



# Wheelsure Holdings plc

**Directors' report and financial statements**

**31st August 2007**

Registered number 4757497

(England and Wales)

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# Company information

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**DIRECTORS:**

J Shuttleworth  
G Dodl  
J Allen  
D Vile  
G Mulder

**SECRETARY AND PLUS  
CORPORATE ADVISOR:**

Watlington Securities Limited

**REGISTERED OFFICE:**

36 Elder Street  
London  
E1 6BT

**REGISTERED NUMBER:**

4757497 (England and Wales)

**BROKERS:**

Keith, Bayley, Rogers & Co. Limited  
2nd Floor, Finsbury Tower  
103-105 Bunhill Row  
London  
EC1Y 8LZ

**REGISTRARS:**

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
West Midlands  
B63 3DA

**AUDITORS:**

Morley and Scott  
Chartered Accountants  
Registered auditor  
Lynton House  
7-12 Tavistick Square  
London  
WC1H 9LT

# Chairman's Report

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*for the year ended 31st August 2007*

This has been an exciting year for Wheelsure Holdings plc in both developing the business and its progression onto a stock market. I am pleased to report that your Company's application for its ordinary share capital to be traded on the PLUS Market was successful and dealings commenced on Friday 31st August 2007.

The results for the year ended 31st August 2007 show a loss of £440,039 before taxation compared with a loss of £583,508 for the previous year. These continuing losses, which were in line with expectations, are as a result of the costs being incurred in pursuing the significant global business opportunities in the Commercial Vehicle, Rail and Access Equipment sectors.

As previously reported the universal two piece model has been completed and is being actively marketed and sold, albeit in small quantities. It has however been well received in both the road and rail industries, being simple to use, fit and maintain. Vibration tests have been carried out at the Fraunhofer Institute in Germany with very successful results. They concluded that the Wheelsure device "offers technical capabilities to prevent unintentional bolt loosening effectively". Their report goes on to say that "the device indicates a clear improvement compared to unlocked bolts". This report has received considerable recognition with OEMs who are investigating the use of such devices as standard fitments in the future. As a result of numerous enquires we are in the final stages of developing a device to fit 18mm bolts which have a greater incidence of coming undone than the heavier 22mm variety. We expect this device to be available to the market by mid 2008.

Tests continue with both end users and OEMs in the Commercial Vehicles/Bus and Coach arena. One international OEM has agreed to expand their testing but only on the understanding that we could find an end user of their product who was experiencing nut loosening problems and who would be prepared to participate in such extended tests. I am pleased to report that we have found such an end user being a large provider of city public transport. We believe that this is a major breakthrough in increasing the awareness of the problem with OEMs. The trials are anticipated to commence early in 2008.

Further progress has been made in the Far East with a most important provider of public transport to one of Asia's major cities trialling our devices. It is encouraging to note that this trial has been instigated as a result of pressure from the end user on the manufacturer requiring a guarantee that nut loosening will not occur on their product.

The second Government sponsored trial into the whole question of "wheel nut loosening and wheel detachment" is underway with extensive tests having been carried out and will continue into 2008. Its report, which is due for publication sometime in mid 2008, will be of considerable importance to your Company especially as one of the items to be considered is "the mandatory fitting of wheel nut locking devices" as standard equipment.

"Tracksure", being the marketing arm for the rail business, has made significant progress this year. Amongst its successes has been the signing of its first distribution agreement with ETS.Spoor of the Netherlands for an initial period of one year for the resale of our products to the Benelux countries. Extensive trials have taken place in Holland and, as a result, interest is being generated which we are hopeful should lead to orders in the first quarter of 2008.

Heads of Agreement have now been signed with potential distributors in Italy and the United States of America which we hope will lead to full distribution agreements in the near future. Trials of our product are currently underway in both these countries and the Board believes that there is significant potential for our products in a number of applications.

The company was pleased that the excellence of the Tracksure nut locking system was acknowledged during the year with the award of the Rail Tech Innovation Award for 2007 at the Dutch Rail Exhibition.

I would report that we have recently appointed Keith, Bayley, Rogers & Co. Limited as our brokers. I would like to thank Astaire & Partners Limited for all the help and advice that they have given us over the years.

Finally I would like to thank all shareholders for their continued support and look forward to reporting on some larger orders during 2008.

J E S Shuttleworth  
Chairman  
19th December 2007

# Report of the directors

*for the year ended 31st August 2007*

The directors present their report with the financial statements of the company and the group for the year ended 31st August 2007.

## PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the commencement of marketing activities in respect of the sale of safety products predominately in the transport and service industries.

## REVIEW OF BUSINESS

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

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

	2007 £	2006 £
Turnover	<u>24,607</u>	<u>13,667</u>
Loss before tax	<u>440,039</u>	<u>583,508</u>

## DIVIDENDS

No dividends will be distributed for the year ended 31st August 2007.

## FUTURE DEVELOPMENTS

A review of future developments can be found in the Chairman's statement on pages 4 and 5.

## DIRECTORS

The directors during the year under review were:

J Shuttleworth  
G Dodl  
J Allen  
J S Lees – resigned 26.6.07  
D Vile  
G Mulder

The beneficial interests of the directors holding office on 31st August 2007 in the issued share capital of the company were as follows:

	31.8.07	1.9.06
<b>Ordinary 1p shares</b>		
J Shuttleworth	61,111	61,111
G Dodl	184,443	134,443
J Allen	330,000	270,000
D Vile	152,222	122,222
G Mulder	–	–

## Report of the directors (continued)

In addition to the above:

- (i) London International Traders Limited, a company in which J Allen is a director and substantial shareholder, holds 1,337,832 ordinary shares, and 75,012 warrants to subscribe to ordinary shares at an exercise price of 12p per share which expire on 5th January 2011;
- (ii) Messrs G Dodl and D Vile each hold £5,000 Secured Loan Stock 2010 and the associated 50,000 warrants to subscribe for ordinary shares at a price of 10p per share at any time up to 28th February 2010.

Certain directors benefitted from qualifying third party indemnity provisions (as defined in section 309B(1) of the Companies Act 1985) in place during the financial year and at the date of this report.

In accordance with the Articles of Association, D Vile will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

### GROUP'S POLICY ON PAYMENT OF CREDITORS

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

### POLITICAL AND CHARITABLE CONTRIBUTIONS

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

### SHARE OPTIONS

Details of share options for each director are as follows:

#### 1. Enterprise Management Incentive Option Scheme

Name	At 1st September 2006	At 31st August 2007	Option period	Exercise price per share
J Shuttleworth	30,000	30,000	19.12.2006 – 18.12.2010	10p
G Dodl	250,000	250,000	19.12.2006 – 18.12.2010	10p
	–	100,000	24.07.2010 – 23.07.2014	20p

#### 2. Unapproved share option scheme

Name	At 1st September 2006	At 31st August 2007	Option period	Exercise price per share
J Shuttleworth	–	10,000	24.07.2009 – 23.07.2011	20p
J Allen	10,000	10,000	16.07.2005 – 15.07.2008	10p
	–	30,000	24.07.2009 – 23.07.2011	20p
G Mulder	25,000	25,000	18.10.2007 – 17.10.2010	12p
	–	40,000	24.07.2009 – 23.07.2011	20p
D Vile	20,000	20,000	16.07.2005 – 15.07.2008	10p
	–	20,000	24.07.2009 – 23.07.2011	20p

## Report of the directors (continued)

It is the Directors intention to grant members of the Board further share options over 220,000 Ordinary Shares subject to shareholder approval being obtained at the next annual general meeting of the Company at an exercise price of not less than 30p per share.

At the date of this report, none of the above share options had been exercised.

## PRINCIPAL RISKS

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

## SUBSTANTIAL SHAREHOLDINGS

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

	%	<i>Ordinary Shares</i>
Gresham House plc	9.77	2,000,000
Transense Technologies plc	8.98	1,837,517
London International Traders Limited	6.54	1,337,832
Welsh Industrial Investment Trust plc	4.88	1,000,000
A P Stirling	4.88	1,000,000

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

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

### **CORPORATE GOVERNANCE**

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

### **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 234ZA of the Companies Act 1985) 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, Morley and Scott, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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

Watlington Securities Limited – Secretary

19th December 2007

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WHEELSURE HOLDINGS PLC**

We have audited the group and parent company financial statements (the “financial statements”) of Wheelsure Holdings plc for the year ended 31st August 2007 on pages 12 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company’s members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 an auditors’ 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 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**

The directors’ responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out on page 8.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors’ remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors and the Chairman’s Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group’s and company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 31st August 2007 and of the loss of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Morley and Scott  
Chartered Accountants  
Registered auditor  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

20th December 2007

# Consolidated profit and loss account

for the year ended 31st August 2007

	Notes	2007 £	2006 £
<b>TURNOVER</b>		<b>24,607</b>	13,667
Cost of sales		<u>20,016</u>	<u>11,023</u>
<b>GROSS PROFIT</b>		<b>4,591</b>	2,644
Administrative expenses		<u>427,138</u>	<u>582,013</u>
Other operating income		(422,547)	(579,369)
		<u>-</u>	<u>12,083</u>
<b>OPERATING LOSS</b>	3	<b>(422,547)</b>	(567,286)
Interest receivable and similar income		<u>8,747</u>	<u>1,665</u>
Interest payable and similar charges	4	(413,800)	(565,621)
		<u>26,239</u>	<u>17,887</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(440,039)</b>	(583,508)
Tax on loss on ordinary activities	5	<u>(280,530)</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b><u>(159,509)</u></b>	<b><u>(583,508)</u></b>

## CONTINUING OPERATIONS

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

## TOTAL RECOGNISED GAINS AND LOSSES

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

The notes form part of these financial statements

# Consolidated balance sheet

31st August 2007

	Notes	2007		2006	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	7		29,967		–
Tangible assets	8		2,462		2,127
Investments	9		–		–
			<u>32,429</u>		<u>2,127</u>
<b>CURRENT ASSETS</b>					
Debtors	10	306,946		27,904	
Cash at bank		<u>400,837</u>		<u>82,899</u>	
		<u>707,783</u>		110,803	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>84,122</u>		<u>213,331</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>623,661</u>		<u>(102,528)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>656,090</u>		<u>(100,401)</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		<u>317,000</u>		–
<b>NET ASSETS/(LIABILITIES)</b>			<u><u>339,090</u></u>		<u><u>(100,401)</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		204,610		161,960
Share premium	15		1,757,397		1,201,047
Profit and loss account	15		<u>(1,622,917)</u>		<u>(1,463,408)</u>
<b>SHAREHOLDERS' FUNDS</b>	17		<u><u>339,090</u></u>		<u><u>(100,401)</u></u>

The financial statements were approved by the Board of Directors on 19th December 2007 and were signed on its behalf by:

**G Dodl**  
Director

The notes form part of these financial statements

# Company balance sheet

31st August 2007

	Notes	2007		2006	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	7		–		–
Tangible assets	8		–		–
Investments	9		<u>20,106</u>		<u>20,106</u>
			<b>20,106</b>		<b>20,106</b>
<b>CURRENT ASSETS</b>					
Debtors	10	<u>1,937,506</u>		<u>1,463,508</u>	
Cash at bank		<u>368,026</u>		<u>62,697</u>	
		<b>2,305,532</b>		<b>1,526,205</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>41,104</u>		<u>188,890</u>	
<b>NET CURRENT ASSETS</b>			<u><b>2,264,428</b></u>		<u><b>1,337,315</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>2,284,534</b>		<b>1,357,421</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		<u>317,000</u>		<u>–</u>
<b>NET ASSETS</b>			<u><u><b>1,967,534</b></u></u>		<u><u><b>1,357,421</b></u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		<b>204,610</b>		161,960
Share premium	15		<b>1,757,397</b>		1,201,047
Profit and loss account	15		<u>5,527</u>		<u>(5,586)</u>
<b>SHAREHOLDERS' FUNDS</b>	17		<u><u><b>1,967,534</b></u></u>		<u><u><b>1,357,421</b></u></u>

The financial statements were approved by the Board of Directors on 19th December 2007 and were signed on its behalf by:

**G Dodl**  
Director

The notes form part of these financial statements

# Consolidated cash flow statement

31st August 2007

	Notes	2007		2006	
		£	£	£	£
Net cash outflow					
from operating activities	18	(384,166)		(271,086)	
Returns on investments and servicing of finance	19	(17,492)		(16,222)	
Capital expenditure	19	(34,404)		(42,551)	
Acquisitions and disposals	19	-		(1)	
		<u>(436,062)</u>		<u>(329,860)</u>	
Financing	19	754,000		383,351	
Increase in cash in the period		<u>317,938</u>		<u>53,491</u>	
<b>Reconciliation of net cash flow to movement in net debt</b>					
	20				
Increase in cash in the period		317,938		53,491	
Cash inflow from increase in debt		<u>(155,000)</u>		<u>-</u>	
Change in net debt resulting from cash flows		<u>162,938</u>		<u>53,491</u>	
<b>Movement in net debt in the period</b>		<b>162,938</b>		<b>53,491</b>	
<b>Net debt at 1st September</b>		<b>(79,101)</b>		<b>(132,592)</b>	
<b>Net funds/(debt) at 31st August</b>		<b><u>83,837</u></b>		<b><u>(79,101)</u></b>	

The notes form part of these financial statements

# Notes to the financial statements

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*for the year ended 31st August 2007*

## 1. ACCOUNTING POLICIES

### ***Accounting convention***

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

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

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31st August 2007. 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.

### ***Turnover***

Turnover is recognised when goods are dispatched, and represents net invoiced sales of goods, excluding value added tax.

### ***Goodwill***

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

### ***Intangible fixed assets***

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

Patents and licences – 5% on cost

### ***Tangible fixed assets***

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

Plant and machinery – 25% on cost

Fixtures and fittings – 25% on cost

### ***Deferred tax***

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

### ***Research and development***

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

Development expenditure meeting the criteria for capitalisation contained in SSAP 13 "Accounting for Research and Development" is capitalised and treated as an intangible fixed asset. Expenditure is deferred only to the extent that its recovery can reasonably be regarded as assured. All amounts deferred are stated at cost and amortised over the years benefiting from the sale of the products or processes beginning in the year in which commercial production begins.

## Notes to the financial statements (continued)

### 1. ACCOUNTING POLICIES (continued)

#### *Hire purchase and leasing commitments*

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

#### *Pensions*

The group operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

#### *Going Concern*

The financial statements have been prepared on the going concern basis, which assumes that the group will continue to trade, without significant curtailment, for the foreseeable future, notwithstanding net assets at 31st August 2007 of £339,090 (2006: net liabilities £100,401).

In the year to 31st August 2007, the group incurred a net loss before taxation of £440,039 and net cash outflows of £384,166. The directors currently anticipate significant contracts will be won, sales to improve and the group to move to profitability within the next three years. The directors have prepared cash flow projections which demonstrate that the ability of the group to continue as a going concern in the short term is dependent on achieving forecast sales. The directors believe that there are sufficient funds to meet the group's future working capital needs for a period of not less than one year from the date of approval of these financial statements.

The directors are confident that the group will be able to repay the total secured loanstock of £317,000 on 28th February 2010 with cash generated through future budgeted trading activity or convert them through future capital transactions.

Based on the above the directors therefore consider it appropriate for the financial statements to be prepared on a going concern basis.

### 2. STAFF COSTS

	2007	2006
	£	£
Wages and salaries	88,166	95,129
Social security costs	11,884	12,030
Other pension costs	3,500	3,500
	<u>103,500</u>	<u>110,659</u>

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

	2007	2006
	<u>6</u>	<u>6</u>

All of the above staff costs relate to directors.

## Notes to the financial statements (continued)

### 3. OPERATING LOSS

The operating loss is stated after charging:

	2007	2006
	£	£
Other operating leases	6,089	7,895
Depreciation – owned assets	2,525	1,810
Goodwill amortisation	–	5,881
Patents and licences amortisation	1,577	8,250
Auditors' remuneration	8,700	9,500
Research and development	2,110	3,823
Impairment losses on intangible fixed assets	–	265,206
	<u>88,166</u>	<u>95,129</u>
Directors' emoluments	88,166	95,129
Directors' pension contributions to money purchase schemes	3,500	3,500

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

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

	2007	2006
	£	£
Loan interest	<u>26,239</u>	<u>17,887</u>

### 5. TAXATION

#### *Analysis of the tax credit*

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

	2007	2006
	£	£
Deferred tax	<u>(280,530)</u>	–
Tax on loss on ordinary activities	<u>(280,530)</u>	–

UK corporation tax has been charged at 20%.

## Notes to the financial statements (continued)

### 5. TAXATION (continued)

#### Factors affecting the tax charge

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

	2007 £	2006 £
Loss on ordinary activities before tax	<u>(440,039)</u>	<u>(583,508)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2006 – 19%)	<b>(88,008)</b>	(110,867)
Effects of:		
Expenses not deductible for tax purposes	<b>374</b>	437
Depreciation in excess of capital allowances	<b>(1,000)</b>	1,440
R&D tax credit	<b>(3,728)</b>	–
Tax losses not utilised	<b>92,362</b>	92,045
Impairment losses not deductible for tax purposes	–	16,945
Current tax charge	<u>–</u>	<u>–</u>

### 6. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £11,113 (2006 – £25,783).

### 7. INTANGIBLE FIXED ASSETS

#### Group

	Goodwill £	Patents and Development licences £	costs £	Totals £
<b>COST</b>				
At 1st September 2006	117,613	164,999	32,283	314,895
Additions	–	31,544	–	31,544
At 31st August 2007	<u>117,613</u>	<u>196,543</u>	<u>32,283</u>	<u>346,544</u>
<b>AMORTISATION</b>				
At 1st September 2006	117,613	164,999	32,283	314,895
Amortisation for year	–	1,577	–	1,577
At 31st August 2007	<u>117,613</u>	<u>166,576</u>	<u>32,283</u>	<u>316,472</u>
<b>NET BOOK VALUE</b>				
At 31st August 2007	<u>–</u>	<u>29,967</u>	<u>–</u>	<u>29,967</u>
At 31st August 2006	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Notes to the financial statements (*continued*)

**8. TANGIBLE FIXED ASSETS**

*Group*

	<i>Plant and machinery £</i>	<i>Fixtures and fittings £</i>	<i>Totals £</i>
<b><i>COST</i></b>			
At 1st September 2006	–	7,240	7,240
Additions	2,860	–	2,860
At 31st August 2007	<u>2,860</u>	<u>7,240</u>	<u>10,100</u>
<b><i>DEPRECIATION</i></b>			
At 1st September 2006	–	5,113	5,113
Charge for year	715	1,810	2,525
At 31st August 2007	<u>715</u>	<u>6,923</u>	<u>7,638</u>
<b><i>NET BOOK VALUE</i></b>			
At 31st August 2007	<u>2,145</u>	<u>317</u>	<u>2,462</u>
At 31st August 2006	<u>–</u>	<u>2,127</u>	<u>2,127</u>

## Notes to the financial statements (continued)

### 9. FIXED ASSET INVESTMENTS

#### Company

	<i>Shares in group undertakings £</i>
<b>COST</b>	
At 1st September 2006 and 31st August 2007	20,106
<b>NET BOOK VALUE</b>	
At 31st August 2007	20,106
At 31st August 2006	20,106

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

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

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

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade debtors	1,575	8,873	–	–
Amounts owed by group undertakings	–	–	1,925,223	1,455,488
Other debtors	1,000	–	–	–
VAT	12,584	8,364	4,042	1,253
Deferred tax asset	280,530	–	884	–
Prepayments	11,257	10,667	7,357	6,767
	<u>306,946</u>	<u>27,904</u>	<u>1,937,506</u>	<u>1,463,508</u>
Deferred tax asset				
	<i>Group</i>	<i>2006</i>	<i>Company</i>	<i>2006</i>
	<i>2007</i>	<i>£</i>	<i>2007</i>	<i>£</i>
	<i>£</i>		<i>£</i>	
Deferred tax	<u>280,530</u>	<u>–</u>	<u>884</u>	<u>–</u>

## Notes to the financial statements (continued)

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

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Loanstock 9% 2010 (see note 13)	–	162,000	–	162,000
Trade creditors	<b>39,238</b>	19,294	<b>7,551</b>	–
Amounts owed to group undertakings	–	–	–	1
Social security and other taxes	<b>3,616</b>	3,630	<b>3,616</b>	3,630
Other creditors	<b>4,813</b>	9,674	–	9,674
Accrued expenses	<b>36,455</b>	18,733	<b>29,937</b>	13,585
	<b>84,122</b>	213,331	<b>41,104</b>	188,890

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

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Loanstock 9% 2010 (see note 13)	<b>317,000</b>	–	<b>317,000</b>	–

### 13. LOANS

An analysis of the maturity of loans is given below:

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amounts falling due within one year or on demand:				
Loanstock 9% 2007	–	162,000	–	162,000
Amounts falling due between two and five years:				
Loanstock 9% 2010	<b>317,000</b>	–	<b>317,000</b>	–

### 14. CALLED UP SHARE CAPITAL

<i>Authorised:</i>		<i>Nominal</i>	<b>2007</b>	<i>2006</i>
<i>Number:</i>	<i>Class:</i>	<i>value:</i>	<i>£</i>	<i>£</i>
30,000,000 (2006 – 20,000,000)	Ordinary	1p	<b>300,000</b>	200,000
<i>Authorised:</i>		<i>Nominal</i>	<b>2007</b>	<i>2006</i>
<i>Number:</i>	<i>Class:</i>	<i>value:</i>	<i>£</i>	<i>£</i>
20,460,955 (2006 – 16,195,955)	Ordinary	1p	<b>204,610</b>	161,960

4,265,000 Ordinary shares of 1p each were allotted as fully paid at a premium of 14p per share during the year.

## Notes to the financial statements (continued)

### 14. CALLED UP SHARE CAPITAL (continued)

At 31st August, 2007 the following share options remained outstanding under an Enterprise Management Incentive Option Scheme:

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

During the year one new option was granted over 100,000 shares at 20p per share and none exercised.

At 31st August, 2007 the following options remained outstanding under the Company's Unapproved Share Option Schemes:

<i>Number of options</i>	<i>Option price</i>	<i>Date of grant</i>	<i>Exercise period</i>
55,000	10p	16.07.2003	16.07.2006 – 15.07.2008
40,000	10p	16.07.2003	16.07.2005 – 15.07.2008
25,000	12p	18.10.2005	18.10.2007 – 17.10.2010
25,000	12p	05.04.2006	01.03.2008 – 01.03.2011
185,000	20p	24.07.2007	24.07.2009 – 23.07.2011

During the year eight new options were granted over a total of 185,000 shares at 20p per share and none exercised.

In addition to the above, as at 31st August, 2007, the following warrants to subscribe for ordinary shares were outstanding:

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

### 15. RESERVES

#### *Group*

	<i>Profit and loss account £</i>	<i>Share premium £</i>	<i>Totals £</i>
At 1st September 2006	(1,463,408)	1,201,047	(262,361)
Deficit for the year	(159,509)		(159,509)
Cash share issue	–	556,350	556,350
At 31st August 2007	<u>(1,622,917)</u>	<u>1,757,397</u>	<u>134,480</u>

## Notes to the financial statements (continued)

### 15. RESERVES (continued)

#### Company

	<i>Profit and loss account</i>	<i>Share premium</i>	<i>Totals</i>
	£	£	£
At 1st September 2006	(5,586)	1,201,047	1,195,461
Profit for the year	11,113	11,113	
Cash share issue	–	556,350	556,350
At 31st August 2007	<u>5,527</u>	<u>1,757,397</u>	<u>1,762,924</u>

### 16. RELATED PARTY DISCLOSURES

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

An amount of £2,562 (2006: £2,562) is owed to Transense Technologies plc, a major shareholder as detailed in the directors' report.

During the year, the group paid to Watlington Securities Limited £38,781 (2006: £13,410) for accountancy, professional and company secretarial services. A P Stirling, B J Hallett and R Lane are directors of Gresham House plc, a major shareholder as detailed in the directors' report and are also directors of Watlington Securities Limited.

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

#### Group

	<i>2007</i>	<i>2006</i>
	£	£
Loss for the financial year	<b>(159,509)</b>	(583,508)
Issue of shares	<b>599,000</b>	383,351
<b>Net addition/(reduction) to shareholders' funds</b>	<b>439,491</b>	(200,157)
Opening shareholders' funds	<b>(100,401)</b>	99,756
<b>Closing shareholders' funds</b>	<b><u>339,090</u></b>	<b><u>(100,401)</u></b>

#### Company

	<i>2007</i>	<i>2006</i>
	£	£
Profit for the financial year	<b>11,113</b>	25,783
Issue of shares	<b>599,000</b>	383,351
<b>Net addition to shareholders' funds</b>	<b>610,113</b>	409,134
Opening shareholders' funds	<b>1,357,421</b>	948,287
<b>Closing shareholders' funds</b>	<b><u>1,967,534</u></b>	<b><u>1,357,421</u></b>

Notes to the financial statements (continued)

**18. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2007 £	2006 £
Operating loss	(422,547)	(567,286)
Depreciation charges	4,104	15,941
Impairment losses on intangible assets	–	265,206
Decrease/(Increase) in debtors	1,488	(2,763)
Increase in creditors	32,789	17,816
<b>Net cash outflow from operating activities</b>	<b>(384,166)</b>	<b>(271,086)</b>

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2007 £	2006 £
<b>Returns on investments and servicing of finance</b>		
Interest received	8,747	1,665
Interest paid	(26,239)	(17,887)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(17,492)</b>	<b>(16,222)</b>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(31,544)	(42,551)
Purchase of tangible fixed assets	(2,860)	–
<b>Net cash outflow for capital expenditure</b>	<b>(34,404)</b>	<b>(42,551)</b>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings	–	(1)
<b>Net cash outflow for acquisitions and disposals</b>	<b>–</b>	<b>(1)</b>
<b>Financing</b>		
New loans in year	155,000	–
Share issue	599,000	383,351
<b>Net cash inflow from financing</b>	<b>754,000</b>	<b>383,351</b>

Notes to the financial statements (continued)

20. ANALYSIS OF CHANGES IN NET DEBT

	<i>At 1.9.06</i>	<i>Cash flow</i>	<i>At</i>
	<i>£</i>	<i>£</i>	<i>31.8.07</i>
			<i>£</i>
Net cash:			
Cash at bank	82,899	317,938	<b>400,837</b>
	<u>82,899</u>	<u>317,938</u>	<u><b>400,837</b></u>
Debt:			
Debts falling due within one year	(162,000)	162,000	–
Debts falling due after one year	–	(317,000)	<b>(317,000)</b>
	<u>(162,000)</u>	<u>(155,000)</u>	<u><b>(317,000)</b></u>
Total	<u>(79,101)</u>	<u>162,938</u>	<u><b>83,837</b></u>

## WHEELSURE HOLDINGS PLC

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual General Meeting of Wheelsure Holdings plc will be held at the offices of Keith, Bayley, Rogers & Co. Limited, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ on 5th February 2008 at 11.30 am for the following purposes:

#### ORDINARY RESOLUTION

1. To receive and adopt the report of the directors and the financial statements for the year ended 31st August, 2007.
2. To re-elect as a director Mr D G Vile who retires by rotation and offers himself for re-election.
3. To re-appoint Morley and Scott as auditors and to authorise the directors to fix their remuneration

#### SPECIAL RESOLUTION

4. In substitution for all existing and unexercised authorities the directors be and they are hereby generally authorised and empowered pursuant to Section 95 of the Act to allot relevant securities (as defined in Section 80(2) of the Act), pursuant to the authority conferred by shareholders on 19th March, 2007, as if Section 89(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution, unless previously revoked or varied by special resolution of the Company in general meeting shall be limited to:
  - (a) the allotment of equity securities in connection with a rights issue or other issue in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held or deemed to be held by them, subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or by virtue of shares being represented by the depositary receipts, the requirements of any regulatory body or stock exchange, or any other matter whatsoever;
  - (b) to the allotment of equity securities up to an aggregate nominal amount equal to £2,200 for the purpose of granting share capital to directors and 220,000 ordinary shares at an exercise price of not less than 30p per share; and
  - (c) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate nominal value of £10,230 (representing five per cent of the Company's issued ordinary share capital)

and shall expire on the date 15 months after the date of approval of this Resolution or the conclusion of the next General Meeting of the Company, whichever first occurs, save that the directors may before the expiry of the authority conferred by this Resolution make offers or enter into agreements which would or might require relevant securities of the Company to be allotted after the expiry of such period and the directors may allot relevant securities in pursuance of any such offers or agreements as if the relevant authority hereby conferred had not expired.

By Order of the Board

Watlington Securities Limited  
Company Secretaries

19th December, 2007

Registered Office: 36 Elder Street, London E1 6BT

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company.
2. Completion and return of a form of proxy does not preclude a member from attending and voting at the meeting in person should he or she so wish.
3. A form of proxy is enclosed and to be valid must be completed and returned so as to reach the Registrars of the Company (together with a letter or power of attorney or other written authority, if any, under which it is signed or a notarially certified or office copy of such power or written authority) not less than forty eight hours before the time fixed for holding the meeting or any adjournment thereof.
4. Copies of the directors' service contracts and a statement of the directors' share interests and those of their families will be available for inspection at the Registered Office of the Company during normal business hours on each business day from the date of this notice until the conclusion of the General Meeting.







