

Registration Number  
03870101 (England and Wales)

**totally**   
plc

## Financial statements

For the year ended 31 December 2014

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COMPANIES HOUSE



## **Totally Plc is listed on London's Alternative Investment Market (ticker "TLY").**

Totally focuses on promoting specialist innovative solutions across the spectrum of healthcare through the subsidiary



Totally Health Ltd is a wholly owned subsidiary of Totally plc, established in 2011 to provide innovative solutions to the healthcare sector

Totally Health Ltd is made up of a highly experienced team, offering bespoke healthcare solutions, focusing on the provision of Clinical Health Coaching which promotes self care and long term behaviour changes to enable people to live longer and more independently

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## PERFORMANCE OVERVIEW

- Revenues from continuing operations £0.61m (2013: £0.88m)
- Gross profit from continuing operations £0.43m (2013: £0.18m)
- Total EBITDA from continuing operations £(0.43)m (2013: £(0.69)m)
- Loss from continuing operations before tax £(0.44)m (2013: £(0.73)m)
- Cash utilised by operating activities £(0.36)m (2013: £(0.91)m)
- Basic loss per share (0.10)p (2013: (0.4)p per share)

## FOREWORD – SETTING THE SCENE

### Extract from Department of Health Publication – Government Response to the House of Commons Health Select Committee Report Into Long Term Conditions

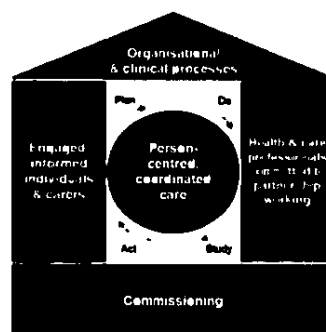
#### (Second Report of session 2014-15)

The Government welcomes the Health Select Committee's investigation into the management of long-term conditions (LTCs) in the NHS. We are in agreement with many of the Committee's recommendations and have welcomed the scrutiny they have brought to the role of Government, the NHS and wider health and social care organisations as we work collectively to change the way LTCs are managed and to enhance the quality of life for everyone with an LTC, their carers and their families.

We have been open and transparent about the challenges this country faces in meeting the needs of growing numbers of people living with an LTC, amongst whom multimorbidity is fast becoming the norm. In addition to this, the growing pressures on our Accident and Emergency (A&E) Departments, some of which we know is brought about by patients whose care has not been managed as well as it could have been in the community, needs to be tackled.

More needs to be done to ensure everyone with an LTC is supported and empowered to live healthily, independently and in control of their care. Through the Mandate, we have asked NHS England to work to achieve this, and in response, it is striving to implement a whole system framework for LTCs, implementing the House of Care Model across the NHS.

The model is designed to support the delivery of person-centred, coordinated care, which enables individuals to make informed decisions which are right for them, and empower them to self-care in partnership with health and care professionals.



We have also asked NHS England to do more to ensure better integration of health and care services, and there are currently a range of initiatives underway designed to achieve this. NHS England and the Department of Health are the key partners on the National Collaboration for Integrated Care and Support (NCICS), which has set out the first system-wide shared commitment to support local areas in delivering integrated care. The NCICS has led the establishment of 14 integration pioneers to address barriers to delivering integrated care and support locally, and to highlight barriers that exist nationally that integration partners can work to address.

In addition to this, the £3.8 billion Better Care Fund will provide the largest ever financial incentive for the NHS and local government to work together. The fund will help shift resources from the acute sector by tackling expensive pressure points in the system like A&E, providing greater investment in improving prevention services, reducing unplanned hospital admissions and by helping people to stay in their homes and live independently. The fund mandates local areas, through their Health and Wellbeing Boards, to agree the joint use of £3.8 billion for this purpose in 2015-16.

## JOINT STATEMENT FROM CHAIRMAN & CHIEF EXECUTIVE



**Dr Michael Stoddart**  
Non Executive Chairman

**Wendy Lawrence**  
Chief Executive Officer

**Totally is passionate about empowering people to make informed, better decisions about their own health and the healthcare services available to help them lead better, healthier, longer lives.**

**Totally Health offers tailored one-to-one health coaching for people with long term conditions including COPD, diabetes, coronary heart disease, chronic heart failure and asthma. It currently works with the NHS and other healthcare organisations in the UK.**

**During 2014 Totally Health has continued to develop services to better support people to self manage their conditions, as well as adding a range of services that we can provide to other healthcare organisations to prevent re-admissions to hospitals and reduce the pressures on A&E Departments.**

**Our services and programmes of support focus on improving people's lives and reducing reliance upon unscheduled care interventions across the healthcare sector.**

### **Long term conditions management**

**Totally Health's Long Term Condition Management Programme puts the patient right in the centre, at the heart of all discussions and decisions about how they live their lives to the maximum**

How do we do this? By building strong trusted relationships, based upon sound clinical knowledge and expertise that fit into local healthcare systems. This ensures the best available knowledge, information and care is provided to individuals, which empowers them to make better decisions for themselves, while avoiding reliance on emergency services and unscheduled care.

Our Clinical Health Coaches are highly trained, experienced health care professionals who have the time to ensure each person is treated as an

individual. We work with the person as a whole, not just the condition that they live with. We have transformed the lives of many individuals who are diagnosed with a Long Term Condition. We empower them to find a way to live with that condition and not let it determine what they can and cannot do.

By taking control and self managing their conditions, lives have been transformed without the need to spend hours in A&E or be admitted to hospital unnecessarily. The patients we work with have a much better understanding of their condition(s), their treatments and care plans. Most importantly they know when they need urgent care and what to do in those circumstances.

We are working with Clinical Commissioning Groups and GP Practices across England to support people diagnosed with a Long Term Condition.

## JOINT STATEMENT FROM CHAIRMAN & CHIEF EXECUTIVE

CONTINUED

During 2014 more CCGs commissioned services from Totally Health and we continued to deliver bespoke programmes of care to their patients. We continued supporting people diagnosed with Chronic Obstructive Pulmonary Disease and added programmes for people diagnosed with Diabetes and Congestive Heart Disease. Our pioneering work with Leicester City CCG as part of the Leicester City TotalCare Programme was awarded two National Awards during November 2014.

**Winner of the PMEA 2014 award for Excellence in Healthcare Collaboration and Partnership followed by**

**Winner of the General Practice Award 2014 – Clinical Team of the Year – Respiratory**

We began working with Leicester City CCG in December 2012 and have just been awarded a further contract to continue supporting their COPD patients with our bespoke Clinical Health Coaching programme through to 31 March 2016. Over the period of the programme Totally will continue discussions with Leicester CCG regarding ways to work together beyond 31 March 2016.

**“DoH estimate that £7 out of every £10 spent in England on health and social care is supporting people diagnosed with a Long Term Condition.”**

Source: Department of Health  
“Long Term Conditions Compendium of Information” Third Edition 30 May 2012

### Gerald's Story

Gerald is a 74 year old man who lives at home with his wife who also has COPD. Gerald has a past history of smoking for thirty years and quit smoking following a hospital admission for respiratory failure. He was admitted to critical care for a few days and remained in hospital for a number of weeks.

Following discharge from hospital he suffered from general anxiety and panic attacks. He was experiencing ten to fifteen panic attacks a day preventing him from leaving the house to attend both GP and hospital appointments. He was reliant on opiates to control the panic attacks and frequently called the emergency services when experiencing a panic attack. He lacked awareness about self-management of his condition and was low in confidence to initiate rescue medications when experiencing an exacerbation. He became reliant upon others to carry out simple everyday tasks such as cooking, dressing and making his bed.

His main goal was to self-manage the panic attacks to enable him to leave the house and continue his life as he had prior to the hospital admission.

The Coaching calls included all of our normal clinical support and advice as well as discussing relaxation techniques and confronting his fear. He was encouraged to “work through” the panic attacks and to talk through the panic attack on the calls rather than terminate the call as he had done previously.

He was supported to increase activity at home starting with simple household tasks. He set a goal to leave the house starting with walking up and down the garden each day, with the aim of walking to the end of the road and gradually increasing the distance each week.

He made steady progress with his goals over a number of weeks and reported a reduction in the frequency and severity of the panic attacks. He was able to manage the attacks at home without additional support from the emergency services, resulting in no calls to 999. He gradually increased trips outside and was able to attend a hospital appointment without suffering a panic attack. He gradually reduced his dependency on opiates and diazepam. The panic attacks reduced to 1-2 per day.

### Current status

Gerald is now on a reduced clinical health coaching programme and requires no additional support from the NHS. He feels confident in self-management and although he reports the occasional panic attack, he is able to manage these himself using techniques developed with his health coach. He has not required assistance from the emergency services or had a hospital admission since he started the programme.

### 2014 overview

During 2014 we continued to ensure that the work of Totally Health fitted exactly within UK Government policy and current thinking for how it lends support to people with Long Term Conditions, promotes self care and relieves the growing demand and burden on A&E departments.

At the end of 2013 Wendy Lawrence was invited to meet with policy advisors to the Government to discuss its strategy for Long Term Condition Management. The Foreword to our 2014 Annual Report includes an extract from the publication by the Department of Health from its Health Select Committee Report into Long Term Conditions.

We began working with many new CCGs across the country including London and the North of England. We also added Diabetes and Congestive Heart Failure to our portfolio of services from which patients are already benefitting from improved self care and reducing their reliance on unplanned NHS Services. We continue to work with NHS England, supporting

# JOINT STATEMENT FROM CHAIRMAN & CHIEF EXECUTIVE

CONTINUED

their Shared Decision Making work and build out alliances with national charities such as the British Lung Foundation (BLF). We will be implementing our first bespoke project with the BLF and Somerset CCG during the summer of 2015.

We have also been encouraged by the feedback directly from patients that have worked with our health coaches and achieved some truly amazing changes to their lives by learning how to proactively manage their health conditions. Many have been saddened when removed from the programme by the NHS, to allow other patients to benefit from Totally Health's services, and have asked if they could continue working with their health coach into the future.

This led us to undertake independent market research with a leading healthcare market research company during the latter parts of 2014. The research focused on how we could work directly with the public and if this would be a viable proposition for Totally Health.

Following on from this very positive independent market research, Totally Health plans to launch a Direct to Consumer model across the UK during 2015, which will support people with a range of Long Term Conditions so that they may benefit now from services we know make a real difference to health and wellbeing.

During 2014 we continued to control our costs to ensure we remained competitive and able to respond to increased demand for our services. Through diligent financial management and use of our resources, Totally broke even across the Group on a monthly basis in the last two months of 2014. This prudent approach to financial management has continued with a modest profit being shown in the first quarter of 2015. The improved financial performance and profitability on a monthly basis has been achieved while retaining our excellent team of clinicians and experienced managers.

And most of all we have delivered successful, innovative programmes with our clients which have already saved the NHS £000s and supported patients to live better, longer lives and avoid having to spend unnecessary time in hospital and A&E departments.

## Update on Current Contracts

We attach below a summary of the status of our existing contracts with clinical commissioning groups. It is important to note that all of the programmes are bespoke and as such we work closely with all CCGs to

ensure we reflect local care pathways, treatment choices and local services. Once we reach agreement to work with any new client, our reimplementation planning commences, the length of which varies in order to ensure that all parties are ready for the programme to begin. The table below provides a list of Totally Health's current clients and the status of each programme as at the date of this document. This is of course subject to change as discussions continue with clients.

| Client                                 | Forecast programme end               | Current status of contract | Type                                                  |
|----------------------------------------|--------------------------------------|----------------------------|-------------------------------------------------------|
| Leicester City CCG                     | 31 3 16                              | Live                       | LTC                                                   |
| High Weald Lewes Havens CCG            | 31 3 15                              | Evaluation                 | Decision Support                                      |
| Kingston CCG                           | 5 5 15                               | Evaluation                 | LTC                                                   |
| Sutton CCG                             | 30 6 15                              | Live                       | LTC                                                   |
| Bedfordshire CCG                       | 30 6 15                              | Live                       | LTC                                                   |
| Rochdale CCG                           | 10 4 15                              | Evaluation                 | LTC                                                   |
| Guildford and Waverley CCG             | 31 7 15                              | Live                       | LTC                                                   |
| NHS England                            | 31 12 15                             | Live                       | Support, Hosting and updates - Shared Decision Making |
| Stockton & Hartlepool CCG              | 30 11 15                             | Live                       | LTC                                                   |
| Merton CCG                             | 30 9 15                              | Live                       | LTC                                                   |
| Newham CCG                             | 31 1 15                              | Ended                      | LTC                                                   |
| Waltham Forest CCG                     | 20 4 15                              | Evaluation                 | LTC                                                   |
| British Lung Foundation & Somerset CCG | Awaiting confirmation of launch date | Pre Implementation         | LTC partnership/ Readmission avoidance                |

Dr. Michael Sinclair  
Chairman

Wendy Lawrence  
Chief Executive

4 June 2015

## STRATEGIC REPORT

**The Strategic Report should be read in conjunction with the Joint Statement from Chairman and Chief Executive which includes information about the Group's business performance during the year and is an indication of the Group's future prospects. A review of the Group's financial position is included in the Directors' report.**

### **Totally Health**

The company's principal activity is the provision of innovative solutions to the healthcare sector. Totally Health started business in 2012.

During 2014 Totally Health continued its focus on developing contracts with CCGs to provide Clinical Health Coaching for Long Term Conditions. This resulted in 11 new contracts wins and 5 contract extensions. Although Totally Health recognises CCGs and the NHS as an important route to market, 2014 was spent developing other key routes to market.

One such route was through strategic partnerships with Third sector organisations. This work resulted in a contract in Q1 of 2015 with The British Lung Foundation. This was the result of several months' work and is a relationship both parties see as being pivotal in helping CCGs and patients manage COPD and improve the wellbeing of patients.

In addition to Clinical Health Coaching via the NHS, Totally Health is in discussions with international health bodies and organisations to take its suite of products to overseas markets.

Totally Health continues to host and maintain the SDM Programme for NHS England and develop this important relationship while NHS England finalises its strategic direction for its SDM Programme. Totally Health continues to work with NHS England on this exciting programme and supporting the systems and PDAs used by patients across the country. Furthermore the Group is in discussions to develop complementary technologies that can further reduce the financial burden on the NHS from long term conditions.

Totally is confident that, as the new CCGs and other NHS bodies are effectively rolled out, the award of contracts will accelerate in 2015. This has been evidenced by the new contract wins in the first quarter of 2015.

Totally Health also continued to grow and develop our team of experts. During the year we added to our team of clinicians and business development specialists and are confident that 2015 will bring many growth opportunities for the business.

### **Principal risks and uncertainties**

The main risks arising from the Group's activities are credit risk, liquidity risk, cash flow risk and market risk. The Board reviews and agrees policies for

managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year.

#### **Credit risk**

The Group's credit risk primarily relates to trade and other receivables and accrued income. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit management. Credit limits are established for all customers and are based inter alia on credit checks. Outstanding customer receivables are regularly monitored.

#### **Liquidity risk and cash flow risk**

Cash balances and the working capital cycle are managed so as to maximise interest earned and minimise interest paid, while maintaining the liquidity requirement of the business. When seeking borrowings, the Directors consider the commercial terms available and, in consultation with their advisors, consider whether such terms should be fixed or variable and are appropriate to the business.

The Group would normally expect that sufficient cash is generated in the operating cycle to meet contractual cash flows through effective cash management. However the reorganisation in the NHS has impacted on the Group's working capital cycle. The Directors continually monitor the situation through the careful management of creditors and working capital.

#### **Market risk**

To diversify the exposure to the NHS, the Board is actively looking at different routes to market. The Board is also looking at various technologies and products to address the Long-Term Conditions market.



**Donald Baladasan**  
Director

4 June 2015

## DIRECTORS' REPORT

**The Directors present their report and the financial statements for the year to 31 December 2014.**

### Principal activities

The Group's principal activities are the provision of innovative solutions to the healthcare sector through Totally Health

Totally Health Limited provides bespoke healthcare solutions for the management of long term conditions. Solutions offered include clinical health coaching, innovative software solutions and supporting shared decision making. During 2014 Totally Health continued its business development based on its core suite of products of patient decision aids (Web, Mobile & Print), SDM programme and Clinical Health Coaching. Patient decision aids are evidence-based, clinically relevant resources to supplement clinical consultations, supported by Health Coaching they help patients make informed decisions about their treatment options. Totally Health has a clinical health coaching team which has a pivotal role in managing long term conditions. Our health coaches educate and encourage patients to take an active role in their own health, building confidence and skills to become better informed about their condition.

During 2014 Totally Health continued developing different routes to market for its core products. These routes are the NHS, Private Medical Insurance, Third Sector including charities, Pharma companies and Direct to Consumer. In addition to these routes The Group is looking at strategic alliances and acquisitions which will complement current offerings within the Group.

### Business review and future developments

The review of the year's operations, trading outlook and future developments is contained in the Joint Statement from Chairman & Chief Executive and the Strategic Report on pages 3 to 6 respectively.

### Results and dividends

The results for the year are set out on page 14. No interim dividend has been paid and the Directors do not recommend a final dividend.

### Share capital

Details of the changes in the share capital are set out in note 16 to the financial statements.

### Financial summary

Group turnover from continuing operations in the year to 31 December 2014 was £0.61 million (2013: £0.88 million).

Group EBITDA from continuing operations for the period was £(0.43) million (2013: £(0.69) million).

Group operating loss from continuing operations for the period was £0.44 million (2013: loss of £0.73 million).

### Cash flow and net debt

The Group cash flow statement is set out on page 18. Highlights include cash improvement in the Group's net funds position at 31 December 2014 to £190,000 in hand from £173,000 at 31 December 2013.

### Liquidity and funding

At 31 December 2014 the Group had net current liabilities of £145,000 down from £235,000 in the prior year. The Group maintains liquidity through the careful management of the working capital cycle generated through normal business activities.

### Financial position

Overall the net liabilities position of the Group has decreased by £80,000 during the year to a position of £139,000 at 31 December 2014.

## DIRECTORS' REPORT

CONTINUED

### Employee matters

#### Quality and integrity of personnel

The Group has a core of key employees with strong market and product knowledge. It has always sought to position itself as not reliant on individuals by ensuring that the knowledge and responsibilities are shared. Our business still depends however on the quality of our staff and this involves risks of retention and of being able to recruit at our current high standards. We mitigate this risk by seeking to provide the environment and assistance that will aid the development of our employees and improve the retention prospects, which we also seek to do through employee benefits, incentive schemes, share plans and career opportunities where possible.

#### Disabled persons

The Group is committed to equal opportunity of employment and all employment decisions are based on merit, qualifications and abilities. The Group is committed to providing a working environment that is free from all forms of discrimination and harassment. The Group will employ disabled persons where they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. The number of disabled persons employed by the Group was Nil (2013: Nil).

#### Health and safety

It is the objective of the Group to ensure the health and safety of its employees and of any other persons who could be affected by its operations. It is the Group's policy to provide working environments which are safe and without risk to health and to provide information, instruction, training and supervision to ensure the health and safety of its employees.

### Directors and their interests

The interests of the Directors who held office at the year end in the share capital of the Company were as follows:

|                                               | Warrants to subscribe<br>for Ordinary shares<br>of 0.1p each held<br>31 December 2014 | Ordinary shares<br>of 0.1p each held<br>31 December 2014 | Warrants to subscribe<br>for Ordinary shares<br>of 1p each held<br>31 December 2013 | Ordinary shares<br>of 1p each held<br>31 December 2013 |
|-----------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------|
| Dr Michael Sinclair (non-executive Chairman)* | 833,334                                                                               | 19,731,792                                               | 833,334                                                                             | 19,731,792                                             |
| Andrew Margolis                               | 833,334                                                                               | 4,908,212                                                | 833,334                                                                             | 4,438,770                                              |
| Donald Baladasan                              | -                                                                                     | 6,778,000                                                | -                                                                                   | 5,000,000                                              |
| Wendy Lawrence                                | 833,334                                                                               | 1,666,668                                                | 833,334                                                                             | 1,666,668                                              |
| Jack Clipsham                                 | -                                                                                     | 1,400,000                                                | -                                                                                   | -                                                      |

\* Dr Sinclair's interests are held by him personally (both directly and through various pension arrangements) and by Sinclair Montrose Trust Limited. Sinclair Montrose Trust Limited is a company in which Dr Sinclair and his immediate family have a controlling interest.

|                 | Number of options |                           |                | Exercise price<br>Pence | Date from which<br>Exercisable |
|-----------------|-------------------|---------------------------|----------------|-------------------------|--------------------------------|
|                 | At start of year  | Granted/<br>(surrendered) | At end of year |                         |                                |
| Andrew Margolis | 5,125,000         | -                         | 5,125,000      | 10                      | 08/10/2009                     |

As a minimum, all Group companies are required to comply with all applicable local legislation in employment matters.

### Environmental matters

The Group is committed to supporting best practice and complying with all relevant legislation in relation to the production of its products and to environmental issues. The Group is in regular dialogue with suppliers in relation to new products and processes, and environmental issues are considered in the decision-making process.

### Directors

Dr Michael Sinclair (Non-executive Chairman)

Andrew Margolis (Executive Director)

Donald Baladasan (Finance Director)

Wendy Lawrence (Chief Executive)

George Rolis (Non-executive director, resigned 25 February 2014)

Jack Clipsham (Non-executive director, appointed 12 November 2014)

Dr Steven Laitner (Non-executive director, appointed 8 January 2015)

## DIRECTORS' REPORT

CONTINUED

In February and May 2015, 403,266 and 525,210 new shares were issued in satisfaction of fees payable to Jack Clipsham for the six months ended 12 May 2015. Following these transactions, Mr Clipsham holds 2,328,436 ordinary shares of 0.1p each.

According to the Register of Directors' interests, no rights to subscribe for shares in or debentures of the Company or any other Group company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year.

### Substantial Interests

The Company has been notified, as at 30 March 2015, of the following interests in 3 per cent or more of the 397,617,450 ordinary shares in issue:

|                                               | Ordinary shares | Percentage |
|-----------------------------------------------|-----------------|------------|
| JIM Nominees Limited                          | 145,176,421     | 36.51      |
| SVS Securities (Nominees) Limited             | 37,138,027      | 9.34       |
| Hargreaves Lansdown (Nominees) Limited        | 28,759,706      | 7.23       |
| TD Direct Investing Nominees (Europe) Limited | 20,230,425      | 5.09       |

### Creditor payment policy

It is the Company's policy to abide by terms of payment agreed with suppliers. In many cases the terms of payment are as stated in the supplier's own literature. In other cases the terms of payment are determined by specific written or oral agreement. The number of supplier days represented by trade creditors at 31 December 2014 was 62 days (2013: 77 days).

### Financial Instruments

As at 31 December 2014 the Group has no bank borrowing.

### Principal risks and uncertainties

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and cash flow risk. The Board reviews and agrees the policies for managing each of these risks. These are detailed in the Strategic Report on page 6.

### Research and development

As at 31 December 2014 the Group was not engaged in research and development.

### Events after the reporting period

(a) In January 2015 the Company granted 30,000,000 new share options of 0.1 pence each to certain directors and senior management.

16,000,000 options have been granted under the Company's existing EMI scheme and 14,000,000 options have been granted as unapproved share options.

(b) In March 2015 Totally Health was appointed by The British Lung Foundation to undertake a clinical health coaching programme focused on reducing readmission to hospitals for people diagnosed with COPD.

During the course of the programme, Totally Health will work with 20 patients, diagnosed with COPD, over a twelve month period, to help avoid readmission to hospital and to assist patients with better managing their own conditions. The expected revenues from this contract are £65,000 (excluding VAT).

(c) In April 2015 Leicester City CCG has extended its contract to work solely with Totally Health on the Leicester City TotalCare Project until 31 March 2016.

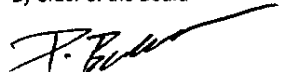
### Political and charitable contributions

The Company made neither political contributions, nor donations to charities, during the year.

### Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



Donald Baladasan  
Director

# BOARD REPORT ON CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2013

As an AIM listed company, Totally PLC is not required to comply with the Corporate Governance Code of June 2010 (the Code) or the updated 2012 Code, however we are committed to implementing and upholding the highest standards of corporate governance. The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance considered by the Board to be appropriate to a group of this size have been applied.

## The workings of the Board and its committees

During the year the Board comprised Dr Michael Sinclair (Non-executive Chairman), Mrs Wendy Lawrence, Mr Andrew Margolis, Mr Donald Baladasan, Mr George Rolls (resigned 25 February 2014) and Mr Jack Clipsham (Non-executive director, appointed 12 November 2014). The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the accounts is set out on page 12.

The Board has a formal schedule of matters specifically reserved to it for decision. It meets at least ten times a year, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining acquisition opportunities, overseeing the system of risk management and reporting to shareholders. The non-executive Chairman has a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered and also ensures that the directors take independent professional advice as required. The majority of directors attended all of the Board meetings.

The Remuneration Committee and the Audit Committee who meet once a year are comprised exclusively of the non-executive Chairman and the non-executive director. During the period they were as follows:

Dr Michael Sinclair (Chairman)  
George Rolls (Resigned 25 February 2014)  
Jack Clipsham (Non-executive director, appointed 12 November 2014)

## Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance-related bonus schemes, grant of share options, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive directors and Company Secretary.

## Audit Committee

The Audit Committee provides a forum for reporting by the Group's external auditors. The Committee is responsible for reviewing a wide range of matters, including half year and annual results before their submission to the Board and for monitoring the internal controls that are in force to safeguard shareholders' investment and the Group's assets.

The Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and reviews the nature, scope, results and cost effectiveness of the audit and the independence and objectivity of the external auditors.

## Nominations Committee

There is no formal Nominations Committee but the Board controls and approves all senior appointments based on standard recruitment practices and recommendations from the non-executive directors.

## Internal control and risk management

The Board is responsible for establishing and maintaining the Group's financial and non-financial controls. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

Each executive director has responsibility for specific aspects of the Group's affairs. The executive directors constitute the management committee which meets regularly to discuss day-to-day operational matters.

The key procedures which the Directors have established with a view to providing effective internal control are set out below.

## Corporate accounting and procedures

Responsibility levels are communicated throughout the Group, setting out the ethos of the Group, delegation of authority and authorisation levels, segregation of duties and other control procedures together with accounting policies and procedures.

## Quality and integrity of personnel

The competence and integrity of personnel are ensured through high recruitment standards and subsequent training. High quality of personnel is seen as an essential part of the control environment.

## BOARD REPORT ON CORPORATE GOVERNANCE

CONTINUED

### Identification of business risks

The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks

### Budgetary process

Each year the Board approves the annual budget and key risk areas are identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the Board of variances from budget, updated forecasts for the year and information on the key risk areas

### Investment appraisal

Capital expenditure is regulated by the budgetary process and authorisation levels

### Going concern

The Directors have prepared the financial statements on a going concern basis, as explained in Note 3 to the financial statements

### Directors' remuneration

The Board is responsible for an overall remuneration package for executive directors and other senior executives capable of achieving the Group's objectives and approved by the remuneration committee. The remuneration package is designed to attract, retain and motivate directors of the right calibre

### Fees

The fees for non-executive directors are determined by the Board within the limits stipulated in the Articles of Association. The non-executive directors are not involved in any discussions or decisions about their own remuneration. Details of amounts received by the Directors during the year ended 31 December 2014 are set out in note 7 to the financial statements

### Contracts of service

The current executive directors, Andrew Margolis, Wendy Lawrence and Donald Baladasan, have service contracts with the Company which can be terminated with a notice period of six months by either party. The Board considers that this is appropriate

### Share options

Details regarding share options are set out in notes 16 and 17 to the financial statements

### Communications with shareholders

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, Strategic report, 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 group and company and of the profit or loss of the group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 the group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements,
- state whether the company financial statements have been prepared in accordance with applicable UK accounting standards, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company'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 requirements of 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.

### 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 Company'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 ongoing integrity of the financial statements contained therein.



Wendy Lawrence  
Director

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOTALLY PLC

We have audited the financial statements of Totally PLC for the year ended 31 December 2014, which comprise the Consolidated income statement, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (UK GAAP).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and our engagement letter. 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with UK GAAP, and
- the financial statements have been prepared in accordance with the provisions of the Companies Act 2006.

## Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the ability of the group and the company to continue as a going concern.

The group incurred a net loss of £396,000 on continuing operations during the year ended 31 December 2014 and at that date its liabilities exceeded its total assets by £139,000 and it had net current liabilities of £145,000.

The directors are confident that if conversion of the pipeline of contract prospects continues at the rate the Group has achieved in Quarter 1 of 2015 the Group should be able to continue as a going concern without raising further funding. However if the conversion of the pipeline were to fall below expectation, the Group may need to seek further funding. This indicates the existence of a material uncertainty which may cast doubt about the ability of the Group and Company to continue as a going concern.

The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' and strategic reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company's 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 of the information and explanations we require for our audit.

*RPG Crouch Chapman LLP*

**Martin Chatten** (Senior Statutory Auditor)

for and on behalf of RPG Crouch Chapman LLP  
Chartered Accountants  
Statutory Auditor  
62 Wilson Street, London EC2A 2BU  
4 June 2015

# **CONSOLIDATED INCOME STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2014

| <b>Continuing operations</b>                                                    | <b>Note</b> | <b>2014<br/>£000</b> | <b>2013<br/>£000</b> |
|---------------------------------------------------------------------------------|-------------|----------------------|----------------------|
| Revenue                                                                         | 5           | 609                  | 878                  |
| Cost of sales                                                                   |             | (180)                | (698)                |
| Gross profit                                                                    |             | 429                  | 180                  |
| Administrative expenses                                                         |             | (855)                | (871)                |
| Loss before interest, tax and depreciation                                      |             | (426)                | (691)                |
| Depreciation                                                                    | 10          | (11)                 | (9)                  |
| Operating loss                                                                  | 6           | (437)                | (700)                |
| Share issue costs                                                               | -           | -                    | (29)                 |
| Finance costs                                                                   | 9           | (1)                  | (2)                  |
| Loss before taxation                                                            |             | (438)                | (731)                |
| Income tax                                                                      | 8           | -                    | -                    |
| Loss for the year from continuing operations                                    |             | (438)                | (731)                |
| Profit/(loss) for the year from discontinued operations                         | 21          | 96                   | (200)                |
| Loss for the year attributable to the equity shareholders of the parent company |             | (342)                | (931)                |

| <b>Earnings per share</b> | <b>Note</b> | <b>2014<br/>Pence</b> | <b>2013<br/>Pence</b> |
|---------------------------|-------------|-----------------------|-----------------------|
| Basic and diluted         |             |                       |                       |
| Continuing operations     | 16          | (0 13)                | (0 32)                |
| Discontinued operations   | 16          | 0 03                  | (0 08)                |
| Total                     |             | (0 10)                | (0 40)                |

The accompanying notes on pages 19 to 36 form part of the financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

|                                       | Share capital<br>£000 | Share premium<br>account<br>£000 | Profit and loss<br>account<br>£000 | Equity<br>shareholders'<br>deficit<br>£000 |
|---------------------------------------|-----------------------|----------------------------------|------------------------------------|--------------------------------------------|
| At 1 January 2013                     | 1,693                 | 3,353                            | (5,508)                            | (462)                                      |
| Total comprehensive loss for the year | -                     | -                                | (902)                              | (902)                                      |
| Issue of share capital                | 680                   | 494                              | (29)                               | 1,145                                      |
| Credit on issue of warrants           | -                     | -                                | -                                  | -                                          |
| At 1 January 2014                     | 2,373                 | 3,847                            | (6,439)                            | (219)                                      |
| Total comprehensive loss for the year | -                     | -                                | (342)                              | (342)                                      |
| Issue of share capital                | 80                    | 300                              | -                                  | 380                                        |
| Credit on issue of warrants           | -                     | -                                | 42                                 | 42                                         |
| <b>At 31 December 2014</b>            | <b>2,453</b>          | <b>4,147</b>                     | <b>(6,739)</b>                     | <b>(139)</b>                               |

The balance on the share premium account may not legally be distributed under section 831 of the Companies Act 2006

The Company statement of changes in equity can be found in note 18

The accompanying notes on pages 19 to 36 form part of the financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

|                               |      | 2014    | 2013    |
|-------------------------------|------|---------|---------|
|                               | Note | £000    | £000    |
| Non current assets            |      |         |         |
| Intangible fixed assets       |      | -       | -       |
| Property, plant and equipment | 10   | 6       | 16      |
|                               |      | 6       | 16      |
| Current assets                |      |         |         |
| Trade and other receivables   | 12   | 152     | 64      |
| Cash and cash equivalents     |      | 190     | 173     |
|                               |      | 342     | 237     |
|                               |      | 348     | 253     |
| Current liabilities           |      |         |         |
| Trade and other payables      | 13   | (487)   | (472)   |
| Financial liabilities         | 14   | -       | -       |
|                               |      | (487)   | (472)   |
| Net current liabilities       |      | (145)   | (235)   |
| Net liabilities               |      | (139)   | (219)   |
| Shareholders' equity          |      |         |         |
| Called up share capital       | 16   | 2,453   | 2,373   |
| Share premium account         | 16   | 4,147   | 3,847   |
| Retained earnings             | 16   | (6,739) | (6,439) |
| Equity shareholders' deficit  |      | (139)   | (219)   |

These financial statements were approved by the Board of Directors on 4 June 2015 and were signed on its behalf by:

*Wendy Lawrence*

Wendy Lawrence  
Director

Donald Baladasan  
Director

Totally PLC  
Company registration No 3870101 (England and Wales)

The accompanying notes on pages 19 to 35 form part of the financial statements

# COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

|                               | Note | 2014 |         | 2013 |         |
|-------------------------------|------|------|---------|------|---------|
|                               |      | £000 | £000    | £000 | £000    |
| Non current assets            |      |      |         |      |         |
| Investments                   | 11   | -    | -       | -    | -       |
| Property, plant and equipment |      | -    | -       | -    | -       |
| Current assets                |      |      |         |      |         |
| Trade and other receivables   | 12   | 691  |         | 623  |         |
| Cash and cash equivalents     |      | 158  |         | 144  |         |
|                               |      |      | 849     |      | 767     |
| Current liabilities           |      |      |         |      |         |
| Trade and other payables      | 13   |      | (155)   |      | (235)   |
| Short term borrowings         | 14   |      | -       |      | -       |
| Total current liabilities     |      |      | (155)   |      | (235)   |
| Net assets/(liabilities)      |      |      | 694     |      | 532     |
| Shareholders' equity          |      |      |         |      |         |
| Called up share capital       | 18   |      | 2,453   |      | 2,373   |
| Share premium account         | 18   |      | 4,147   |      | 3,847   |
| Retained earnings             | 18   |      | (5,906) |      | (5,688) |
| Equity shareholders' deficit  | 18   |      | 694     |      | 532     |

These financial statements were approved by the Board of Directors on 4 June 2015 and were signed on its behalf by

*Wendy Lawrence*

Wendy Lawrence  
Director

Donald Baladasan  
Director

Totally PLC

Company registration No 3870101 (England and Wales)

The accompanying notes on pages 19 to 35 form part of the financial statements

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

|                                                        | Note  | 2014<br>£000 | 2013<br>£000 |
|--------------------------------------------------------|-------|--------------|--------------|
| Cash flows from operating activities                   |       |              |              |
| Loss for the year                                      |       | (342)        | (902)        |
| Adjustments for                                        |       |              |              |
| - Options and warrants charge                          | 17(b) | 42           | -            |
| - Amortisation and depreciation                        | 10/11 | 11           | 21           |
| - Profit on disposal of subsidiary                     |       | -            | (87)         |
| Movements in working capital                           |       |              |              |
| - Movement in amounts recoverable on contracts         |       | -            | 154          |
| - Movement in trade and other receivables              |       | (88)         | 112          |
| - Movement in trade and other payables                 |       | 15           | (209)        |
| Net cash flows from operating activities               |       | (362)        | (911)        |
| Cash flow from investing activities                    |       |              |              |
| Purchase of property, plant and equipment              | 10    | (1)          | (15)         |
| Cash repaid to the purchaser of subsidiary             |       | -            | (57)         |
| Cash received from disposal of subsidiary net of costs |       | -            | 33           |
| Net cash flows from investing activities               |       | (1)          | (39)         |
| Cash (outflow)/inflow before financing                 |       | (363)        | (950)        |
| Cash flow from financing activities                    |       |              |              |
| Issue of share capital, net                            |       | 380          | 1,073        |
| Net cash flows from financing activities               |       | 380          | 1,073        |
| Net increase in cash and cash equivalents              |       | 17           | 123          |
| Cash and cash equivalents at beginning of year         |       | 173          | 50           |
| Cash and cash equivalents at end of year               | 14    | 190          | 173          |

The accompanying notes on pages 19 to 36 form part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

## 1. General Information

Totally PLC is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 3870101). The Company is domiciled in the United Kingdom and its registered address is Unit 1 Lighterman House, 26-36 Wharfedale Road, London N1 9RY. The Company's Ordinary Shares are traded on the AIM Market of the London Stock Exchange ("AIM").

The Group's principal activities have been the provision of innovative solutions to the healthcare sector, provided by the subsidiary Totally Health. The Group had activities of providing digital marketing services, until the subsidiary Totally Communications was sold at December 2013 and activities of niche community media activities until the Jewish News was sold in May 2012. The Company's principal activity is to act as a holding company for its subsidiary.

## 2. Authorisation of financial statements and statement of compliance with IFRS

The Group's financial statements for the period ended 31 December 2014 were authorised for issue by the Board of Directors and the Statements of financial position were signed on the Board's behalf by Wendy Lawrence and Don Baladasan on 4 June 2015.

The Group's financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union, and bearing in mind those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company's financial statements have been prepared under UK GAAP and the Companies Act 2006. As permitted by Section 408 of the Companies Act 2006, no income statement or cash flow statement is presented for the Company. The Company made a loss of £260,000 for the year ended 31 December 2014 (2013: loss £167,000).

## 3. Basis of preparation

The financial year represents the 365 days to 31 December 2014, and the prior financial year, 365 days to 31 December 2013. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounting policies set out in note 4 have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

Totally Health continues to work with CCGs to develop their Long Term Conditions strategy. This work has crystallised into contracts in 2014 building on the contract wins in 2013. Many of these contracts are envisaged to be extended throughout 2015. The Group is actively developing projects with organisations other than the NHS to further broaden the market for its digital solutions. Furthermore, the Group is in discussions to develop complementary technologies that can further reduce the financial burden on the NHS from long term conditions. The data, feedback from patients and analysis from current programs has given Totally confidence in its suite of products. On the basis of this research and the demand shown, Totally is looking at developing a B2C model to supplement the offering available through the NHS.

The Directors are confident that current contracts will extend and new contracts won in 2015. This has been evidenced by new contract wins in 2014 and the extension of the Leicester contract in 2015.

The Directors believe that the trading forecasts are realistic and that revenues from future contracts will be achieved, and accordingly, the financial statements have been prepared on a going concern basis. However, due to the need to successfully convert the strong pipeline into contracts, there is an uncertainty which may cast doubt about the ability of the Group and the Company to continue as a going concern.

## 4. Summary of significant accounting policies

### Basis of consolidation

The Group's financial statements include the results of the Company and its subsidiary, all of which are prepared up to the same date as the parent company. Uniform accounting policies are adopted by all companies in the Group.

### Subsidiaries

Subsidiaries are all entities over which the Group has the ability to exercise control and are accounted for as subsidiaries. The results of subsidiaries are included in the Group income statement from the date of acquisition until the date that such control ceases. Intercompany transactions and balances between Group companies are eliminated upon consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 4. Summary of significant accounting policies continued

### Revenue recognition – innovative solutions for healthcare

Turnover is generated by providing clinical health coaching, supporting shared decision making services and software solutions to the healthcare sector. The revenue is generated through services that are provided on short term and long term contracts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the income statement turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

### Finance costs

Finance costs comprise interest payable on bank overdrafts and are recognised on an accruals basis.

### Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid to acquire assets and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated to write down the cost of the assets to their residual values by equal instalments over the estimated useful economic lives as follows:

|                          |   |               |
|--------------------------|---|---------------|
| Computer equipment       | - | 2 and 5 years |
| Fixtures and fittings    | - | 2 and 3 years |
| Short leasehold property | - | lease term    |

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate on an annual basis. An asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period that the asset is derecognised.

### Impairment of non current assets

At each balance sheet date, the Company reviews amounts of its intangible fixed assets and property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the

company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. For non current assets excluding goodwill, the CGU is deemed to be cash generating asset or the trading company whichever is the smaller CGU. For goodwill, the CGU is deemed to be the business acquired.

An impairment charge is recognised in the income statement in the period in which it occurs. Where an impairment loss subsequently reverses due to a change in its original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods.

### Amounts recoverable on contracts

Amounts recoverable on contracts represent the costs of Totally Health contracts in progress at the balance sheet date, less progress billings to date.

### Trade and other receivables

Trade receivables, which are generally received by the end of month following terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when it is likely that the balance will not be recovered in full. Balances are written off when the probability of recovery is considered remote.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement.

### Trade and other payables

Trade and other payables are recognised at original cost.

### Foreign currencies transactions

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

### Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

## NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

### 4. Summary of significant accounting policies continued

The Company has a short lease on its premises. This is accounted for as an 'operating lease' and the rental charges are charged to the income statement on a straight line basis over the life of the lease. Other operating leases are treated in the same manner.

#### Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's technology development is recognised only if all of the following conditions are met:

- An asset is created that can be identified,
- It is probable that the asset created will generate future economic benefits, and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

#### Share-based payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or options granted, excluding the impact of any non-market vesting conditions. All share options are valued using an option-pricing model (Black-Scholes). This fair value is charged to the income statement over the vesting period of the share-based payment scheme, with the corresponding increase in equity.

The value of the charge is adjusted in the income statement over the remainder of the vesting period to reflect expected and actual levels of options vesting, with the corresponding adjustment made in equity.

#### Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the year end date. Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred income tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled and the asset is realised, based on tax rates and laws enacted or substantively enacted at the year end date.

Deferred income tax liabilities are recognised for all temporary differences, except for an asset or liability in a transaction that is not a business combination and at the time of the transaction, effects neither the accounting profit nor taxable profit or loss.

Deferred income tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity. Deferred income tax assets and liabilities are offset against each other only when the Company has a legally enforceable right to do so.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

#### Use of assumptions and estimates

The Company makes judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision effects both current and future periods.

## NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

### 4. Summary of significant accounting policies continued

The estimates and assumptions that have a significant effect on the amounts recognised in the financial statements are those related to establishing depreciation and amortisation periods and the estimates in relation to future cash flows and discount rates utilised in the impairment testing of intangible and tangible fixed assets

#### Change in accounting policies

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st January 2014

(a) New and amended standards adopted by the group

- IFRS 9 – Financial Instruments was amended in November 2013. The standard currently has no effective date but early application is permitted
- Amendment to IAS 32 (Dec 2011) – Offsetting Financial Liabilities
- IFRS 10, IFRS 12 and IAS 27 (amended) – Investment Entities
- Amendment to IAS 36 – Impairment of Assets
- Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

None of these standards has had a significant impact on the financial statements of the Group

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January 2014 and not early adopted and which may be relevant to the group

- IFRS 9 – Financial Instruments. Effective for annual periods beginning on or after January 2018, with earlier application permitted
- IFRS 15 – Revenue from Contracts with Customers. Effective for annual periods beginning on or after January 2017, with earlier application permitted
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation. Effective for annual periods beginning on or after January 2016, with earlier application permitted
- Amendments to IFRSs – Annual Improvements to IFRSs 2010-2012 Cycle. Effective for annual periods beginning on or after July 2014, with limited exceptions. Earlier application is permitted
- Amendments to IFRSs – Annual Improvements to IFRSs 2011-2013 Cycle. Effective for annual periods beginning on or after July 2014, with earlier application permitted

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 5. Segmental analysis – operating segments

The chief operating decision maker ("CODM") for the purpose of IFRS 8 is the executive management team. The Group operates in a number of different markets and considers that the presentation of financial results on a goods and services basis is the most appropriate way to demonstrate the performance of the Group. For the purpose of resource allocation and assessment of performance, the CODM regularly reviews information based on the goods and services at a revenue and EBITDA level.

The Digital marketing operation was discontinued in 2013 and as a result the Group considers innovative solutions to the healthcare sector and the head office costs to be the only two reportable operating segments.

Innovative solutions to the healthcare sector represents Totally Health's activities.

Head office costs – these are central costs that are offset by internal cost recoveries from the Group's operating business.

No operating segments have been aggregated to form the above reportable segments. The Group's management reporting and controlling systems use the accounting policies that are the same as those referred to in Note 4.

### Segmental analysis – segment measures

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as EBITDA. This measure is reported to the CODM for the purposes of resource allocation and assessment of performance.

Interest income, interest expense and income tax expense are not included in the EBITDA profit measure which is reviewed by the CODM. Tax and treasury balances are managed centrally.

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected, as provided under IFRS 8 "Operating Segments" (amended 2009) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

Inter-segment revenue is recorded at values that represent estimated third-party selling prices.

With respect to geographical regions, revenue is generally allocated to countries based on the location where the goods and services are provided. Non-current assets are disclosed according to the location of the businesses to which the assets relate. In 2014 and 2013, all segments operated solely in the UK, and as a result no secondary format is provided in the financial statements.

### Segmental analysis – major customers

During the year there were 2 customers (2013: 2) who separately comprised 10% or more of revenue.

|                  | 2014<br>£'000 | 2013<br>£'000 |
|------------------|---------------|---------------|
| Major customer 1 | 106           | 676           |
| Major customer 2 | 84            | 104           |
|                  | 190           | 780           |

### Primary reporting format – business segments

The table on page 24 sets out information for the Group's business segments for the years ended 31 December 2014 and 2013. Segment revenue represents revenue from external customers arising from the sale of goods and services.

The type of products sold by each segment is detailed in the Strategic Report. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## NOTES TO THE FINANCIAL STATEMENTS

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### 5. Segmental analysis – operating segments continued

#### Analysis by business segment 2014

|                                     | Innovative<br>solutions for<br>healthcare<br>£000 | Head<br>Office<br>£000 | Total<br>continuing<br>operations<br>£000 | Discontinued<br>operations<br>£000 | Total<br>£000 |
|-------------------------------------|---------------------------------------------------|------------------------|-------------------------------------------|------------------------------------|---------------|
| Revenue                             | 609                                               | -                      | 609                                       | -                                  | 609           |
| Other income                        | 4                                                 | 5                      | 9                                         | -                                  | 9             |
| EBITDA                              | (79)                                              | (347)                  | (426)                                     | -                                  | (426)         |
| Depreciation                        | (11)                                              | -                      | (11)                                      | -                                  | (11)          |
| Operating (loss)/profit             | (90)                                              | (347)                  | (437)                                     | -                                  | (437)         |
| Profit from discontinued operations | -                                                 | -                      | -                                         | 96                                 | 96            |
| Share issues costs                  | -                                                 | -                      | -                                         | -                                  | -             |
| Finance costs                       | -                                                 | (1)                    | (1)                                       | -                                  | (1)           |
| (Loss)/profit before tax            | (90)                                              | (348)                  | (438)                                     | 96                                 | (342)         |
| Income tax                          | -                                                 | -                      | -                                         | -                                  | -             |
| (Loss)/profit after tax             | (90)                                              | (348)                  | (438)                                     | 96                                 | (342)         |
| Segment assets                      | 178                                               | 170                    | 348                                       | -                                  | 348           |
| Segment liabilities                 | (323)                                             | (184)                  | (487)                                     | -                                  | (487)         |

#### Analysis by business segment 2013

|                                     | Digital<br>solutions for<br>healthcare<br>£000 | Head<br>Office<br>£000 | Total<br>continuing<br>operations<br>£000 | Discontinued<br>operations<br>£000 | Total<br>£000 |
|-------------------------------------|------------------------------------------------|------------------------|-------------------------------------------|------------------------------------|---------------|
| Revenue                             | 878                                            | -                      | 878                                       | 828                                | 1,706         |
| EBITDA                              | (468)                                          | (223)                  | (691)                                     | (259)                              | (950)         |
| Depreciation                        | (9)                                            | -                      | (9)                                       | (12)                               | (21)          |
| Operating (loss)/profit             | (477)                                          | (223)                  | (700)                                     | (271)                              | (971)         |
| Profit on disposal of UK publishing | -                                              | -                      | -                                         | 87                                 | 87            |
| Share issues costs                  | -                                              | (29)                   | (29)                                      | (16)                               | (45)          |
| Finance costs                       | -                                              | (2)                    | (2)                                       | -                                  | (2)           |
| (Loss)/profit before tax            | (477)                                          | (254)                  | (731)                                     | (200)                              | (931)         |
| Income tax                          | -                                              | -                      | -                                         | -                                  | -             |
| (Loss)/profit after tax             | (477)                                          | (254)                  | (731)                                     | (200)                              | (931)         |
| Segment assets                      | 84                                             | 169                    | 253                                       | -                                  | 253           |
| Segment liabilities                 | (230)                                          | (242)                  | (472)                                     | -                                  | (472)         |

## NOTES TO THE FINANCIAL STATEMENTS

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### 6. Loss on operating activities before taxation

|                                                                                       | 2014<br>£000 | 2013<br>£000 |
|---------------------------------------------------------------------------------------|--------------|--------------|
| Loss on ordinary activities before and after taxation is stated after charging:       |              |              |
| Auditors' remuneration for audit services                                             | 22           | 21           |
| Auditors' remuneration for non-audit services - tax services                          | 2            | 6            |
| Share-based payments (See note 17(b))                                                 | 42           | -            |
| Impairment charge for provisions in relation to irrecoverability of trade receivables | -            | -            |
| Operating lease charges - land and buildings                                          | 25           | 82           |
| Depreciation                                                                          | 11           | 21           |
| Amortisation                                                                          | -            | -            |

Auditors' remuneration includes fees of £2,000 (2013 £6,000) for the Company

### 7. Employee information

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows

|                                     | Number of employees |      |
|-------------------------------------|---------------------|------|
|                                     | 2014                | 2013 |
| Management and finance              | 8                   | 9    |
| Technical and production            | -                   | 16   |
| Sales and marketing                 | -                   | 1    |
| Administrative                      | -                   | 1    |
| Health coaches and project managers | 7                   | 6    |
|                                     | 15                  | 32   |

Staff costs for the above employees during the year amounted to

|                       | 2014<br>£000 | 2013<br>£000 |
|-----------------------|--------------|--------------|
| Wages and salaries    | 520          | 1,163        |
| Social security costs | 60           | 150          |
|                       | 580          | 1,313        |

## NOTES TO THE FINANCIAL STATEMENTS

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### 7. Employee information continued

#### Directors' emoluments

|                         | 2014                    |               |                          | 2013 |
|-------------------------|-------------------------|---------------|--------------------------|------|
|                         | Salaries & fees<br>£000 | Bonus<br>£000 | Benefits in kind<br>£000 | £000 |
| Executive directors     |                         |               |                          |      |
| A Margolis              | 48                      | -             | -                        | 124  |
| W Lawrence              | 95                      | -             | -                        | 91   |
| D Baladasan             | 61                      | -             | -                        | 58   |
| C Wexler                | -                       | -             | -                        | 55   |
| Non-Executive directors |                         |               |                          |      |
| M J Sinclair            | 25                      | -             | -                        | 43   |
| G Rolls                 | 2                       | -             | -                        | 12   |
| J Clipsham              | 6                       | -             | -                        | -    |
|                         | 237                     | -             | -                        | 383  |

During 2014 no warrants and no share options were issued to directors

At January 2015 the Company granted 24,000,000 new share options of 0.1 pence each to existing directors

10,000,000 Options were granted to Wendy Lawrence under the Company's existing EMI scheme

14,000,000 Options were granted as unapproved share options to the following directors

5,000,000 to M Sinclair

3,000,000 to A Margolis

6,000,000 to D Baladasan

Included in the directors' emoluments above is a charge of £54,511 in the year to the Company and Group by Mataxis Ltd (2013 £48,829) of which Donald Baladasan has a controlling interest

Other remuneration and benefits in kind for the year for the non-executive Directors amounted to £nil (2013 £nil)

#### Employee benefits

##### Share based compensation

The Group operates an equity-settled share based compensation plan for Directors and executives. In accordance with IFRS 1, the Group has elected to implement the measurement requirements of IFRS 2 in respect of only those equity-settled share options that were granted after 7 November 2002 and that had not vested as at 1 January 2005. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date.

At each year end date, the Group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Statement of Consolidated Income, and a corresponding adjustment to equity over the remaining vesting period. When share options are cancelled the Group accounts for the cancellation as an acceleration of vesting and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The fair value of share options has been assessed using the Black Scholes Model.

Included in wages and salaries is a total charge for share based payments of £nil (2013 £nil) arising from transactions accounted for as equity settled share based payments.

## NOTES TO THE FINANCIAL STATEMENTS

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### 8. Taxation

#### (a) Taxation charge

|                                                          | 2014<br>£000 | 2013<br>£000 |
|----------------------------------------------------------|--------------|--------------|
| Total current income tax charged in the income statement | -            | -            |

#### (b) Taxation reconciliation

The current income tax charge for the period is explained below

|                                                                                    | 2014<br>£000 | 2013<br>£000 |
|------------------------------------------------------------------------------------|--------------|--------------|
| Loss before tax                                                                    | (342)        | (931)        |
| Taxation at the standard UK income tax rate of 21.5 per cent (2013: 23.5 per cent) | 74           | 219          |
| Non deductible expenses                                                            | (9)          | -            |
| Losses carried forward                                                             | (65)         | 219          |
| Total income tax charged in the income statement                                   | -            | -            |

#### (c) Deferred tax

Estimated tax losses of approximately £1,971,000 (2013: £1,681,000) are available to relieve future profits of the Group. A deferred tax asset has not been recognised in respect of these losses due to uncertainty as to the timing and tax rate at which these losses will be utilised against future taxable profit streams.

### 9. Finance costs

|                              | 2014<br>£000 | 2013<br>£000 |
|------------------------------|--------------|--------------|
| On bank overdraft facilities | -            | -            |
| Others                       | 1            | 2            |
| Total finance costs          | 1            | 2            |

### 10. Property, plant and equipment

| Group                | Short<br>leasehold<br>property<br>£000 | Computer<br>equipment<br>£000 | Total<br>£000 |
|----------------------|----------------------------------------|-------------------------------|---------------|
| Cost                 |                                        |                               |               |
| At 1 January 2014    | 32                                     | 1                             | 33            |
| Additions            | -                                      | 1                             | 1             |
| At 31 December 2014  | 32                                     | 2                             | 34            |
| Depreciation         |                                        |                               |               |
| At 1 January 2014    | 16                                     | 1                             | 17            |
| Provided in the year | 10                                     | 1                             | 11            |
| At 31 December 2014  | 26                                     | 2                             | 28            |
| Net book value       |                                        |                               |               |
| At 31 December 2014  | 6                                      | -                             | 6             |
| At 31 December 2013  | 16                                     | -                             | 16            |

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 11. Investments

### Company

Investments in share capital of wholly owned subsidiaries

|                     | Total<br>£000 |
|---------------------|---------------|
| Cost                |               |
| At 1 January 2014   | -             |
| Additions           | -             |
| At 31 December 2014 | -             |
| Net book value      |               |
| At 31 December 2014 | -             |
| At 31 December 2013 | -             |

The subsidiary companies, all of which have been consolidated, at 31 December 2014 are as follows. All shares are held directly by the company.

| Subsidiary undertakings held directly | Country of incorporation | Percentage of equity capital held | Nature of business              |
|---------------------------------------|--------------------------|-----------------------------------|---------------------------------|
| Totally Health Limited                | England and Wales        | 100%                              | Bespoke IT healthcare solutions |
| London Jewish News Limited*           | England and Wales        | 100%                              | Dormant                         |

\* In June 2014, London Jewish News Limited was dissolved.

## 12. Trade and other receivables

|                                               | Group<br>2014<br>£000 | Group<br>2013<br>£000 | Company<br>2014<br>£000 | Company<br>2013<br>£000 |
|-----------------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade receivables                             | 52                    | 8                     | -                       | -                       |
| Less: provision for impairment on receivables | -                     | -                     | -                       | -                       |
| Trade receivables - net                       | 52                    | 8                     | -                       | -                       |
| Directors' loans                              | 67                    | 52                    | 4                       | 8                       |
| Prepayments, deferred costs and others        | 33                    | 4                     | 15                      | 17                      |
| Amounts owed by group undertakings            | -                     | -                     | 672                     | 598                     |
|                                               | 152                   | 64                    | 691                     | 623                     |

Movement on the Group and Company provision for impairment of trade receivables are as follows:

|                                                          | 2014<br>£000 | 2013<br>£000 | 2014<br>£000 | 2013<br>£000 |
|----------------------------------------------------------|--------------|--------------|--------------|--------------|
| At 1 January                                             | -            | 6            | -            | -            |
| Receivables written off during the year as uncollectable | -            | -            | -            | -            |
| Sale of subsidiary during the year                       | -            | (6)          | -            | -            |
| Provisions made in the year                              | -            | -            | -            | -            |
| At 31 December                                           | -            | -            | -            | -            |

## NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

### 12. Trade and other receivables continued

The creation of provision for impaired trade receivables has been included in administration costs in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. There is no provision for other receivables. As of 31 December 2014 the following trade receivables were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

|                     | 2014<br>£000 | 2013<br>£000 | 2014<br>£000 | 2013<br>£000 |
|---------------------|--------------|--------------|--------------|--------------|
| Under three months  | 52           | 8            | -            | -            |
| Three to six months | -            | -            | -            | -            |
| Over six months     | -            | -            | -            | -            |
|                     | 52           | -            | -            | -            |

The group holds no collateral against these receivables at the year end date and does not charge interest on its overdue receivables. The other classes within trade and other receivables do not contain impaired assets.

To assist the Group's short-term cash flow the Directors agreed to the deferral of certain amounts owing to them. Short-term loans of £67,000 were advanced to the Directors which were less than the amount of deferred payments accrued.

### 13. Trade and other payables

|                                    | Group<br>2014<br>£000 | Group<br>2013<br>£000 | Company<br>2014<br>£000 | Company<br>2013<br>£000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Current                            |                       |                       |                         |                         |
| Trade payables                     | 168                   | 148                   | 108                     | 97                      |
| Amounts owed to group undertakings | -                     | -                     | -                       | -                       |
| Other taxes and social security    | 30                    | 17                    | -                       | -                       |
| Other creditors                    | 11                    | -                     | -                       | -                       |
| Accruals and deferred income       | 278                   | 307                   | 47                      | 138                     |
|                                    | 487                   | 472                   | 155                     | 235                     |

Trade payables and accruals principally comprise amounts outstanding from purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

### 14. Financial liabilities – borrowing

#### Undrawn facilities

As at 31 December 2014 and 31 December 2013 the Group had no undrawn overdraft facilities available to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 15. Financial Instruments

The Group's financial instruments comprise cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operation.

### Fair values of financial instruments

For the following financial assets and liabilities: trade and other payables, trade and other receivables and cash at bank and in hand, the carrying amount approximates the fair value of the instrument due to the short-term nature of the instrument.

The Group's activities expose the Group to a number of risks including capital management risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the Board.

It is the Group's policy that no trading in financial instruments should be undertaken.

### Capital management risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to optimise its capital structure of debt and equity so as to minimise its cost of capital. The Group in particular reviews its levels of borrowing and the repayment dates, setting these out against forecast cash flows and reviewing the level of available funds.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to holders of the parent, comprising issued share capital, reserves and retained earnings. Consistent with others in the industry, the Group reviews the gearing ratio to monitor the capital. This ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity (including capital, reserves and retained earnings). This gearing ratio will be considered in the wider macroeconomic environment. With the current restraints on availability of finance and economic pressures the Group has lowered its gearing ratio expectations and has continued to reduce its debt in the year to 31 December 2014.

### Interest rate risk

The Group and Company's interest rate exposure arises mainly from the interest bearing borrowings as disclosed in note 14. All of the Group's facilities were at floating rates, which exposed the entity to cash flow risk. As at 31 December 2014 there are no loans outstanding and no undrawn overdraft facilities available to the Group.

### Foreign exchange risk

The Group and Company operates principally in the United Kingdom and as such the majority of the Group and Company's financial assets and liabilities are denominated in sterling, and there is no material exposure to exchange risks.

### Credit risk

The Group's credit risk primarily relates to trade and other receivables and accrued income. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit management. Credit limits are established for all customers and are based inter alia on credit checks. Outstanding customer receivables are regularly monitored.

Totally Health does trade with a small number of NHS customers but the Directors consider that the credit risk is minimised by contractual arrangements which require customers to make stage payments as service delivery progresses, Totally Health's experience of on time payments received so far and the government backing being given to these initiatives.

### Liquidity risk

Cash balances and borrowings are managed so as to maximise interest earned and minimise interest paid, while maintaining the liquidity requirement of the business. When seeking borrowings, the directors consider the commercial terms available and, in consultation with their advisors, consider whether such terms should be fixed or variable and are appropriate to the business.

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows through effective cash management.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 16. Share capital and reserves

### (a) Share capital

|                                                                           | 31 December 2014<br>£000 | 31 December 2013<br>£000 |
|---------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Authorised</b>                                                         |                          |                          |
| 397,617,450 ordinary shares of 0.1p each (2013: 317,617,450 of 0.1p each) | 398                      | 318                      |
| 228,402,392 deferred shares of 0.9p each (2013: 228,402,392 of 0.9p each) | 2,055                    | 2,055                    |
|                                                                           | <b>2,453</b>             | <b>2,373</b>             |
| <b>Allotted, called up and fully paid</b>                                 |                          |                          |
| 397,617,450 ordinary shares of 0.1p each (2013: 317,617,450 of 0.1p each) | 398                      | 318                      |
| 228,402,392 deferred shares of 0.9p each (2013: 228,402,392 of 0.9p each) | 2,055                    | 2,055                    |
|                                                                           | <b>2,453</b>             | <b>2,373</b>             |

The Ordinary shares carry full voting rights, the right to attend general meetings of the Company and full rights to receive dividends. The shares do not confer any rights of redemption.

The Deferred Shares carry no voting rights, no rights to attend general meetings of the Company, and no rights to receive dividends. The Deferred Shares do carry a right to participate in any return of capital to the extent of 0.01 pence per Deferred Share but only after each Ordinary Share has received in aggregate capital repayments totalling £1,000,000 per Ordinary Share.

| Number of ordinary shares        | 2014        | 2013        |
|----------------------------------|-------------|-------------|
| Balance at 1 January             | 317,617,450 | 148,786,275 |
| Issue of shares – see below      | 80,000,000  | 168,831,175 |
| Balance at 31 December           | 397,617,450 | 317,617,450 |
| <b>Number of deferred shares</b> | <b>2014</b> | <b>2013</b> |
| Balance at 1 January             | 228,402,392 | 20,500,000  |
| Sub-division of deferred shares  | -           | 2,277,777   |
| Reorganisation of shares         | -           | 205,624,615 |
| Balance at 31 December           | 228,402,392 | 228,402,392 |

(1) At August 2014 the company issued 80,000,000 new ordinary shares (of 0.1p each). The net consideration after costs for the Company from this issue of shares was £380,000.

### (b) Earnings per share

| Earnings per share                                                                                                          | 2014    | 2013    |
|-----------------------------------------------------------------------------------------------------------------------------|---------|---------|
| Basic and diluted earnings (continuing operations) (£000)                                                                   | (438)   | (731)   |
| Basic and diluted earnings (discontinued operations) (£000)                                                                 | 96      | (200)   |
| Weighted average number of shares used in basic and diluted earnings per share calculations (continuing operations) (000)   | 348,728 | 231,412 |
| Weighted average number of shares used in basic and diluted earnings per share calculations (discontinued operations) (000) | 348,728 | 231,412 |
| Basic earnings per share (continuing operations) (Pence)                                                                    | (0.13)  | (0.32)  |
| Basic earnings per share (discontinued operations) (Pence)                                                                  | 0.03    | (0.08)  |

## NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

### 16. Share capital and reserves continued

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year

None of the share options or warrants in issue had a dilutive effect on earnings per share in 2014 and 2013

#### (c) Share options

Details of all options in issue at 31 December 2014 are as follows

| Grant date     | Exercise period | Exercise price | Outstanding at start of year | Issued in year | Expired in year | Residual at 31 December 2014 |
|----------------|-----------------|----------------|------------------------------|----------------|-----------------|------------------------------|
| 10 April 2007  | 7 years         | 2.88p          | 100,000                      | -              | (100,000)       | -                            |
| 27 July 2009   | 10 years        | 1p             | 5,125,000                    | -              | -               | 5,125,000                    |
| 8 October 2009 | 10 years        | 1p             | 3,050,000                    | -              | (3,050,000)     | -                            |
| 22 April 2010  | 10 years        | 1p             | 500,000                      | -              | (500,000)       | -                            |
|                |                 |                | 8,775,000                    | -              | (3,650,000)     | 5,125,000                    |

In January 2015 the Company granted 30,000,000 new share options of 0.1 pence each to certain directors and senior management. 16,000,000 Options have been granted under the Company's existing EMI scheme and 14,000,000 Options have been granted as unapproved share options

#### (d) Warrants currently in issue

Details of all warrants in issue at 31 December 2014 are as follows

| Grant date        | Exercise period                 | Exercise price | Outstanding at start of year | Issued in year | Expired in year | Residual at 31 December 2014 |
|-------------------|---------------------------------|----------------|------------------------------|----------------|-----------------|------------------------------|
| 30 September 2008 | No expiry date                  | 1p             | 35,000,000                   | -              | -               | 35,000,000                   |
| 8 October 2009    | Within 10 years from grant date | 1p             | 166,666                      | -              | -               | 166,666                      |
| 11 June 2013      | Within 3 years from grant date  | 1.2p           | 5,683,834                    | -              | -               | 5,683,834                    |
| 26 September 2013 | Within 15 years from grant date | 1p             | 100,000,000                  | -              | -               | 100,000,000                  |
| 26 September 2013 | Within 3 years from grant date  | 0.6p           | 1,912,501                    | -              | -               | 1,912,501                    |
| 8 August 2014     | Within 15 years from grant date | 1p             | -                            | 65,183,332     | -               | 65,183,332                   |
|                   |                                 |                | 142,763,001                  | 65,183,332     | -               | 207,946,333                  |

#### (e) Warrants issued in year

65,183,332 Warrants were issued in conjunction with the Share Capital issue in August 2014

#### (f) Share premium account

The share premium account represents the amounts received by the Company on the issue of Ordinary Shares that are in excess of the nominal value of the issued shares. Directly chargeable issue costs are charged to the share premium account.

#### (g) Managing capital

Our objective in managing the capital structure is to ensure that the Group has the financial capacity, liquidity and flexibility to support the existing business and to fund opportunities as they arise

## NOTES TO THE FINANCIAL STATEMENTS

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### 17. Share-based payment

During the year ended 31 December 2014 the Group and Company had two share based payment arrangements as described below

#### (a) Employee Share Options

Totally PLC Enterprise Management Incentive Plan – 10 year limit

The estimated fair value of each option has been calculated using the Black Scholes option pricing model for different options granted between 17 December 2002 and 22 April 2010. The estimated fair value of outstanding options is 0.03 pence. The model inputs are share price at grant date, exercise price, expected volatility of 29 per cent, no expected dividends, contractual life of three years, and a risk free interest rate of four per cent. A reconciliation of option movements over the year is shown below.

The volatility of the Company's share price on each date of grant was calculated as the average of the standard deviations of daily continuously compounded returns on the stock of the company, calculated back over a period commensurate with the expected life of the option. The risk-free rate used is the yield to maturity on the date of grant, with term to maturity equal to the expected life of the option. It was assumed that options would be exercised within two years of the date on which they vest.

|                            | 2014<br>Number<br>'000s | 2014 weighted<br>average price<br>Pence | 2013<br>Number<br>'000s | 2013 weighted<br>average price<br>Pence |
|----------------------------|-------------------------|-----------------------------------------|-------------------------|-----------------------------------------|
| Outstanding at 1 January   | 8,775                   | 1.02                                    | 17,443                  | 1.18                                    |
| Granted                    | -                       | -                                       | -                       | -                                       |
| Exercised                  | -                       | -                                       | -                       | -                                       |
| Expired/surrendered        | (3,650)                 | (1.05)                                  | (8,658)                 | (1.34)                                  |
| Outstanding at 31 December | 5,125                   | 1.00                                    | 8,775                   | 1.02                                    |

|                                                     | 2014  | 2013        |
|-----------------------------------------------------|-------|-------------|
| Range of exercise price (Pence)                     | 1.00  | 1.00 – 2.88 |
| Weighted average exercise price (Pence)             | 1.00  | 1.02        |
| Number of shares ('000's)                           | 5,125 | 8,775       |
| Weighted average remaining life years – Expected    | 5     | 5           |
| Weighted average remaining life years – Contractual | 5     | 6           |

#### (b) Warrants

The estimated fair value of each warrant has been calculated using the Black Scholes option pricing model for different warrants granted as outlined in Note 16. The estimated fair value of warrants varies between 0.49 pence and 0.01 pence. The model inputs are share price at grant date, exercise price, expected volatility of 29 per cent, no expected dividends, maximum contractual life of three years, and a risk free interest rate of four per cent. A maximum three year contractual life has been used to reflect the non tradability of the warrants compared to the actual contractual life in any cases in excess of three years. The full cost of the warrants is recognised at the date of grant. Expenses charged to the profit and loss in the year in respect of share based payments are as follows for the Group and Company.

|                                                                      | 2014<br>£000 | 2013<br>£000 |
|----------------------------------------------------------------------|--------------|--------------|
| Expense arising from issue of share option warrants – equity settled | 42           | -            |

## NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

### 18. Company statement of changes in equity

| Company                     | Share capital<br>£000 | Share premium<br>account<br>£000 | Profit and loss<br>account<br>£000 | Equity share-<br>holders' deficit<br>£000 |
|-----------------------------|-----------------------|----------------------------------|------------------------------------|-------------------------------------------|
| At 1 January 2013           | 1,693                 | 3,353                            | (6,699)                            | (1,653)                                   |
| Loss for the year           | -                     | -                                | (138)                              | (138)                                     |
| Issue of share capital      | 680                   | 494                              | (29)                               | 1,145                                     |
| Credit on issue of warrants | -                     | -                                | 1,178                              | 1,178                                     |
| At 31 December 2013         | 2,373                 | 3,847                            | (5,688)                            | 532                                       |
| Loss for the year           | -                     | -                                | (260)                              | (260)                                     |
| Issue of share capital      | 80                    | 300                              | -                                  | 380                                       |
| Credit on issue of warrants | -                     | -                                | 42                                 | 42                                        |
| At 31 December 2014         | 2,453                 | 4,147                            | (5,906)                            | 694                                       |

The profit for the year dealt with in the financial statements of the parent company is shown above

As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company

### 19. Commitments

#### (a) Capital expenditure commitments

At 31 December 2014 and 2013 the Group had no capital commitments

#### (b) Operating leases agreements

At 31 December 2014 and 2013 the Group had the following aggregate minimum lease payments under non-cancellable operating lease rentals

|                            | Group        |              | Company      |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | 2014<br>£000 | 2013<br>£000 | 2014<br>£000 | 2013<br>£000 |
| Land and buildings         |              |              |              |              |
| Within one year            | 16           | 58           | -            | -            |
| Between two and five years | -            | 6            | -            | -            |
| After more than five years | -            | -            | -            | -            |
|                            | 16           | 64           | -            | -            |

According to the sublease agreement, as at 31 December 2014 lease payments of £4,546 (included above as payments within one year) should be paid by the sub-tenant

In February 2015 the Company renewed the lease agreement and according to the new sublease agreement, payments of £52,433 (payable within one year) and of £61,967 (payable between two and five years) should be paid by the sub-tenant.

## NOTES TO THE FINANCIAL STATEMENTS

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### 20. Related party transactions

The Group has taken advantage of the exemption available under IAS 24, "Related Party Disclosures", not to disclose details of transactions between Group undertakings which are eliminated on consolidation

Included within current assets in the Company statement of financial position are amounts owed to 100% subsidiary undertakings of £0.7m (2013 £0.6m). The movement in the Company's balances with its subsidiaries reflects the Group's banking facilities and arrangements operating during the year.

The following related party transactions are required to be disclosed in accordance with IAS 24: the Group paid subcontractors fees of £39,300 during the year ended 31 December 2014 (2013: £nil) to Totally Communications Ltd of which Andy Margolis is a director and shareholder.

Details of directors' loans can be found on note 12.

Details of directors' emoluments can be found in note 7.

### 21. Discontinued operations

(a) The profit of £96,000 on disposal of subsidiary, as at 31 December 2014, included release of provisions for liabilities that were subsequently not incurred.

### 22. Events after the reporting period

(a) In January 2015 the Company granted 30,000,000 new share options of 0.1 pence each to certain directors and senior management. 16,000,000 Options have been granted under the Company's existing EMI scheme and 14,000,000 Options have been granted as unapproved share options.

(b) In March 2015 Totally Health was appointed by The British Lung Foundation to undertake a clinical health coaching programme focused on reducing readmission to hospitals for people diagnosed with COPD. During the course of the programme, Totally Health will work with 20 patients, diagnosed with COPD, over a twelve month period, to help avoid readmission to hospital and to assist patients with better managing their own conditions. The expected revenues from this contract are £65,000 (excluding VAT).

(c) In April 2015 Leicester City CCG has extended its contract to work solely with Totally Health on the Leicester City TotalCare Project until 31 March 2016.

### 23. Notes to the cash flow statement

#### (a) Non-cash transactions

|                                                                                | 2014<br>£000 | 2013<br>£000 |
|--------------------------------------------------------------------------------|--------------|--------------|
| Consideration from sale of subsidiary used for settlement of intercompany loan | -            | 200          |
| Issue of shares to directors in lieu of unpaid fees                            | -            | 72           |

### 24. Ultimate controlling party

There is no single ultimate controlling party.

## COMPANY INFORMATION

**Registration Number**

03870101 (England and Wales)

**Directors**

Dr Michael Sinclair (Non-Executive Chairman)

Wendy Lawrence (CEO)

Andrew Margolis (Executive Director)

Donald Baladasan (Finance Director)

Jack Clipsham (Non-Executive Director)

Dr Steven Laitner (Non-Executive Director)

**Company Secretary**

Filex Services Limited

**Registered Office**

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**Auditors**

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**Joint Broker**

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