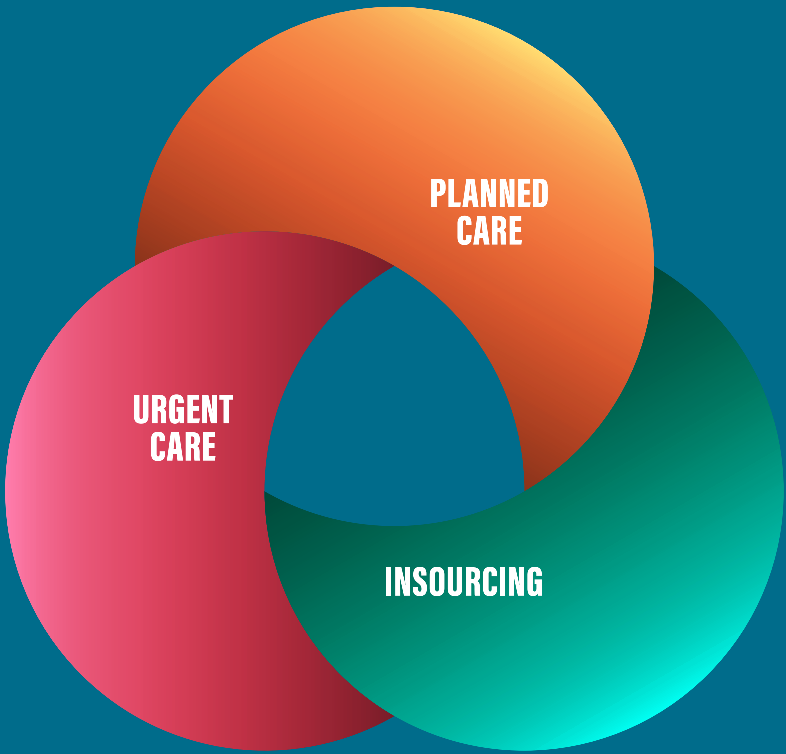
totally plc

HIGH-QUALITY HEALTHCARE SERVICES ACROSS THE UK

Annual Report
for the year ended 31 March 2020



DELIVERING EXCELLENCE

We at Totally plc make a difference to people's lives by delivering high-quality care services in local hospitals and community settings via telephone, video and face-to-face consultations.

www.totallyplc.com

Strategic Report

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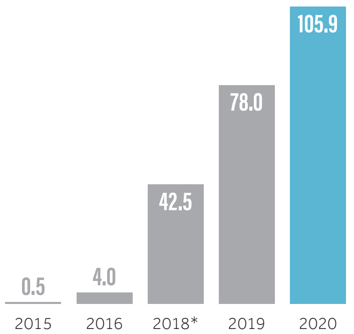
A RECORD YEAR FOR THE GROUP

FINANCIAL HIGHLIGHTS

Revenue
Total of all revenue generated by the Group.

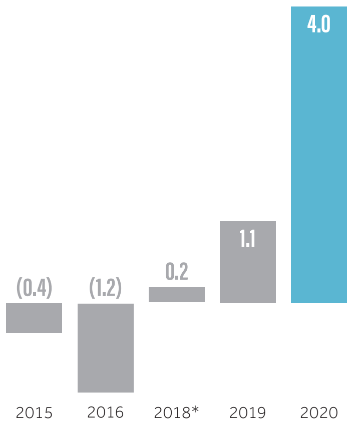
£105.9m +35.8%



* 15-month period.

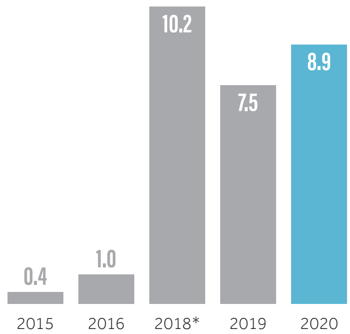
Underlying EBITDA
Adjusted for items as disclosed in note 8 of the financial statements.

£4.0m +265%



Cash
Total of all cash held across the Group.

£8.9m +19%



OPERATIONAL HIGHLIGHTS

- Successfully completed acquisition of Greenbrook Healthcare in June 2019.
- Secured new Urgent Treatment Centre contract in Watford for our Urgent Care division.
- Secured largest dermatology contract to date for About Health in Manchester.
- Launched new Insourcing start-up business, Totally Healthcare, in October 2019, delivering Insourcing services across the UK and Ireland.
- Continued to provide frontline healthcare services supporting the NHS to manage the COVID-19 pandemic.

KEY NUMBERS

97%
of registered services rated as 'Good' by the Care Quality Commission (CQC)

£0.5m
maiden dividend

1.3m
calls to our 111 service (pre-COVID-19)

DELIVERING CARE ACROSS THE UK AND IRELAND

OUR DIVISIONS

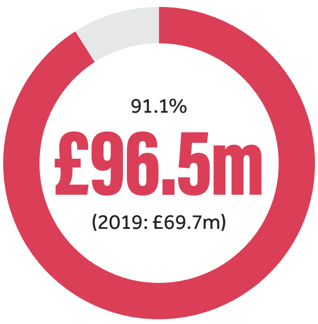
URGENT CARE

Supporting people to access the most appropriate care quickly and close to home. We do this by using our expertise and our people focused commitment.

Greenbrook Healthcare

vocare
Quality care partners

Revenue



Find out more on page 10

PLANNED CARE

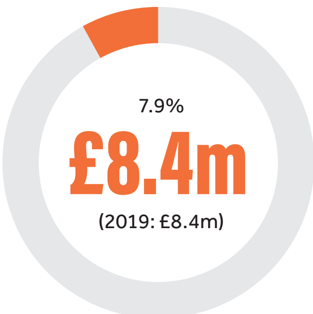
Providing access to services locally for outpatient and physiotherapy. Assisting with ensuring patients access the right level of care by delivering referral management services.

About Health
healthcare innovation

Optimum Physiotherapy

premier
physical healthcare

Revenue



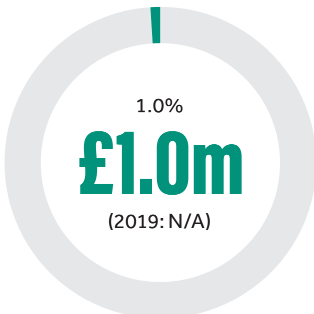
Find out more on page 11

INSOURCING

Reducing waiting lists in local hospitals by working with the very best clinicians and clinical teams while designing services to meet local needs.

totally healthcare

Revenue



Find out more on page 12

ADDRESSING THE CHALLENGES OF HEALTHCARE DEMAND

OUR MISSION

To be a high-quality partner of choice to the NHS and Healthcare sectors across the UK and Ireland.

OUR VISION

URGENT CARE

Delivering urgent care services across England in partnership with the NHS. Our services include:

- NHS 111
- GP Out of Hours
- Clinical Assessment services
- Urgent Treatment Centres

PLANNED CARE

Working in partnership to provide outpatient and referral management services to the NHS, delivering physiotherapy and podiatry services to patients in GP surgeries, community centres and prisons across England.

INSOURCING

Reducing hospital waiting lists in multiple clinical specialities by delivering bespoke insourcing solutions delivered in hospitals across the UK and Ireland.

OUR STRATEGY

Totally plc is currently engaged in delivering a progressive "buy and build" consolidation strategy within the UK and Ireland's fragmented healthcare market.

OUR VALUES

Patients are our priority.

We are kind, supportive, open and honest.

We provide quality care: safe, reliable, timely.

We do our best: responsible for our actions, learning from successes and mistakes, avoiding a blame culture.

We are resourceful: safe, efficient, innovating.

We work effectively in teams, across organisational barriers and we are mutually accountable.

EXCELLENT RESULTS

The year ended 31 March 2020 was a good year for Totally plc delivering profit before depreciation and amortisation during times of unrivalled political instability which included BREXIT and a General Election, followed by the worldwide pandemic of COVID-19 which has impacted on every person and every business.

Totally plc's strategy has always been to support the NHS to manage the pressures and demands placed upon healthcare services. The COVID-19 pandemic is no exception, and everyone at Totally has stood shoulder to shoulder with the NHS and delivered patient-facing services throughout this period and continues to do so. At the time of writing, we are still very much in a period of uncertainty as everyone works together to ensure services are robust and ready for any second wave of demand. What is very clear to the Board of Totally plc is that our strategy has been, and continues to be, correctly focused during these unprecedented times.

While we expect the business to grow in 2021 and beyond, due to current run rates and new contract wins, the timing of new tenders, which is a key part of our growth plans, remains uncertain due to the COVID-19 pandemic and its impact on the NHS. We are therefore unable to give firm guidance at this stage on our growth expectations for the current financial year and the Board has considered it appropriate for market forecasts to be withdrawn at this time. The medium to long-term outlook and trajectory of the business however remains unchanged. Shareholders should also be pleased that we expect continued growth in operating cash flow and the Board therefore remains committed not only to the payment of dividends but also in continuing with our progressive dividend policy. Accordingly, the Board is pleased to propose a maiden final dividend of 0.25 pence per share taking the total dividends for the year to 0.50 pence per share. Subject to shareholder approval at the upcoming AGM the final dividend will be paid in October 2020.

With the expertise of our leadership teams, we will continue to ensure our services respond to any changes in demand we receive and that we support our staff to deliver exceptional services in partnership with the NHS and other public sector bodies across the UK and Ireland. Whilst the way we secure new business has changed, the demand for our services is not expected to diminish.

During the year, we completed the acquisition of Greenbrook Healthcare, which increased our presence across London in Urgent Care. You will read throughout this report the progress that has been made with integrating Greenbrook Healthcare into our Urgent Care division and harnessing technology will continue to build to our market-leading position.

The Group also launched its Insourcing business, Totally Healthcare, which during its first few months of operations secured contracts across the UK and Ireland delivering bespoke services to reduce hospital waiting lists. Already its reputation is for delivering services quickly, efficiently and of high quality to every patient treated. Of course, these services were put on hold during the pandemic as all elective healthcare was suspended to focus on managing COVID-19. Totally Healthcare is now back working and supporting hospitals plan for how they reduce the waiting times and waiting lists which have increased during the first half of 2020. We will continue to invest in this part of the Group to ensure its growth is supported to respond to the obvious increased demand.

We all know that cash is a seen as a barometer of the success of any business and we reported £8.9m cash at the bank at year end, an accurate reflection of the efforts of all our support teams to ensure we operationally deliver across the business.

All of this has been achieved during the most testing times which reflects the outstanding commitment and expertise of everyone across the Group for which I commend them. We must also thank our investors for their continued support which enables us to continue to deliver our strategic intentions of becoming a partner of choice for the delivery of healthcare services across the UK.

Bob Holt OBE
Chairman
14 July 2020

Our journey: Progressive buy and build strategy

2016
- Mar — Premier Physical Health (Planned Care)
- Jun — About Health (Planned Care)
- Nov — Optimum Healthcare Services (Planned Care)

2017
- Oct — Vocare (Urgent Care)

2019
- Jun — Greenbrook Healthcare (Urgent Care)
- Oct — Totally Healthcare (Insourcing) launched

BUILDING PARTNERSHIPS

Introduction

I am pleased to report excellent progress across the Group with a strong set of results during a year when we saw many external challenges including the COVID-19 pandemic which impacted all of our businesses towards the end of the reporting period.

Our management team has seized every opportunity presented to them to strengthen our market position and support the delivery of healthcare services across our three divisions.

Demand for our services continues to be strong, on the back of our reputation for the delivery of high-quality services. 31 out of 32 of our registered services with the Care Quality Commission ("CQC") are rated as Good, which is an excellent position to grow from, and it has been pleasing to see continuing improvement in our CQC ratings reflecting the high-quality care we provide.

Our three distinct business divisions, Urgent Care, Planned Care and Insourcing provide a portfolio of services across the UK and Ireland built on the expertise and commitment of our people, ensuring the patients we treat receive the highest quality of care quickly and efficiently. We work in partnership with healthcare organisations across the UK, supporting them to manage demand for services.

Whilst we expect the business to grow during 2020/21 and the medium to long-term outlook for the business remains unchanged, we are unable to give clear guidance at this stage of the impact of COVID-19 for the current financial year and as such the Board has resolved to withdraw market forecasts at this time. Each of our divisions has been affected in different ways by the COVID-19 pandemic. Despite this, the demand for many of our services remains strong. COVID-19 has though inevitably resulted in delays being encountered with the NHS awarding tenders, and there has been an impact on the near-term visibility for growth, particularly in Planned Care.

We continue to support the NHS by working on the frontline delivering services to manage the demand from the pandemic but also respond to the need to reduce waiting times and waiting lists due to the suspension of elective healthcare services.

Of course, our results demonstrate the significant progress we have made, regardless of external forces. Including the largest to date within our Planned Care division to deliver dermatology outpatient services across Manchester. In addition, we have continued to secure a number of vital contract extensions in both Urgent Care and Planned Care which underpin our foundations for continued growth - in excess of £20m of contract extensions were secured in the period under review.

Building on our strategy

During the year, we have focused on delivering services across the Group that are sustainable and reactive to changes in demand.

- High-quality has to be at the centre of everything we do.
- Our reputation is built upon this core requirement.
- Geography: during the year, we have successfully expanded our footprint across the UK and Ireland and are now delivering services across England, Scotland, Wales, Northern Ireland and the Republic of Ireland.
- Diversification across our divisions: ensuring we deliver models of care across all areas of high demand in the healthcare sector and that our divisions support each other by "cross-selling" services to both existing and potential new customers.
- Learning from everything we do, both positive and negative, and ensuring we stay ahead of our competition with our approach to disrupting care models and delivering real tangible benefits.
- Supporting our people and investing in them as they are at the core of what we do.

The future

I would like to re-emphasise my confidence in the team of people we have and their ability to grow the business organically and via acquisitions, as well as continually reviewing and developing the range of services we offer.

We are positioned to further build on our market-leading positions in all of our divisions. Building on our strong relationships with our commissioners and supporting government bodies to proactively manage the demands placed on healthcare services during unprecedented events such as the recent COVID-19 pandemic when we experienced major increases in demand for our services, specifically in NHS 111, we were able, with the dedication of our people, to stand shoulder to shoulder with other healthcare professionals, and deliver services 24/7 across England supporting everyone by providing the high-quality services we are known to deliver.

I look forward to updating you further as we continue to expand our services across the UK.

STRATEGIC REPORT

Focused for growth

Our vision is to become the partner of choice to the NHS and healthcare sectors across the UK and Ireland.

It is by continually investing in our strategy that we aim to deliver strong growth, both organically and through acquisition. To deliver this, we focus on key areas:

- Service offering differentiation.
- Unlike many of our competitors, we benefit from having expertise and experience in our leadership teams that allow us to continually expand the range of services we provide and expand our footprint across the UK and Ireland.
- Do what we say we are going to do – we place patient care at the heart of every decision we make. Doing things right the first time is the most effective and efficient way of delivering the best services possible. Our solid reputation that has been built over many years acts as a catalyst, attracting the best people into our business.
- Delivering excellence – we always aim to deliver services on terms that benefit both parties. This means that through continual improvements and commercial management we continually review and improve. Our disciplined approach to how we do business enables us to contribute at all levels across the healthcare spectrum due to the respect we have earned with our commissioners and healthcare policymakers.

"

Our strategy remains to become the partner of choice for the NHS and other healthcare bodies to respond to increases in demand for services whatever the cause may be.

How we changed the way we work during 2019

Since acquiring Greenbrook Healthcare in June 2019, we have taken the opportunity to review our care delivery models in our Urgent Treatment Centres ("UTCs") across the country to ensure we retain our competitive advantage to remain the largest independent provider of UTCs across England.

This has involved a critical review of all aspects of the care pathways across both Vocare and Greenbrook Healthcare taking the best from both and delivering excellence to the patients we see. Our staff take pride in what they do and deliver services with a passion and experience that sets us apart.

Despite the difficult political backdrop, which resulted in the number of tendering opportunities being significantly reduced (as a result of BREXIT, General Election, COVID-19), we have secured new business, and we opened our new Urgent Treatment Centre in Watford in July 2019 (delayed opening due to COVID-19). We have retained contracts to continue the delivery of services in our UTCs, 111 and numerous others services across England.

During the summer of 2019, we embedded our new delivery structure with the creation of our three delivery divisions.

- Urgent Care – details found on page 10.
- Planned Care – details found on page 11.
- Insourcing – details found on page 12.

In early 2020, it became clear that the UK was about to be impacted by the worldwide pandemic, COVID-19. Healthcare providers braced themselves as demand to access services escalated. Our delivery divisions were all impacted differently.

Urgent Care saw demand increase in excess of 200% above normal levels for access to its NHS 111 services across the country. Vocare is our specialist provider of 111 systems responded accordingly and worked tirelessly, shoulder to shoulder, with NHS England to coordinate the delivery of core 111 services alongside new services targeted for the management of COVID-19 and onboarding additional staff to help meet the unprecedented demand.

Vocare quickly mobilised its Emergency Preparedness, Resilience and Response processes to ensure every part of the business and every member of staff were supported during the ever-changing landscape. This was supported by our Business Continuity Plan activation across the Totally plc Group to ensure government guidance was quickly adopted and implemented.

Our UTCs and GP Out of Hours services saw a decline in demand which meant that staff could be redeployed to where demand was increasing while still enabling all of our business to support its people by observing social distancing and isolation requirements and applying them across all staff groups.

Our internal mandatory systems for Staff Absence Management ("SAMS") was reviewed and adapted to ensure every member of staff who needed to be absent from the workplace was supported by a clinician to ensure national guidance and advice was followed. This involved many changes including:

- Increased working from home with the provision of equipment to enable this change.
- Increased use of video meetings and clinical consultations.
- Decrease in working from offices where home working is possible and for those services where office working is essential changes made to the workplace to meet the latest advice. This included:
  - Increase spaces for work with social distancing.
  - Provision of PPE.
  - Increased workplace cleaning regimes.
  - Provision of more space for essential call centre capacity.

All of the above resulted in a minimum number of staff being furloughed or made redundant while working through the pandemic.

Our Planned Care and Insourcing divisions saw contracts being paused whilst all elective healthcare services were stopped across the UK with the above processes enabled to ensure staff were clear about the impact on their roles. During that period waiting lists and referrals for healthcare services increased and our businesses became ready to support the remobilisation of services as required over the coming months.

All of the above ensured that Totally plc as a group of businesses was able to not only support the NHS during the COVID-19 pandemic, but also demonstrated how to approach service delivery during such times. Our strategy remains as a partner of choice for the NHS and other healthcare bodies to respond to increases in demand for services whatever the cause may be.

The Board and the management team could not be prouder of the way our people responded during this time and we must ensure they know how valued they are by Totally plc and the businesses within it.

Wendy Lawrence
Chief Executive Officer
14 July 2020

"

The Board and the management team could not be prouder of the way our people responded during this time and we must ensure they know how valued they are by Totally plc and the businesses within it.

DELIVERING DIVERSE BESPOKE HEALTHCARE SOLUTIONS

We support NHS partners by managing demand and delivering high-quality services to patients across the UK and Ireland.

OUR KEY RESOURCES

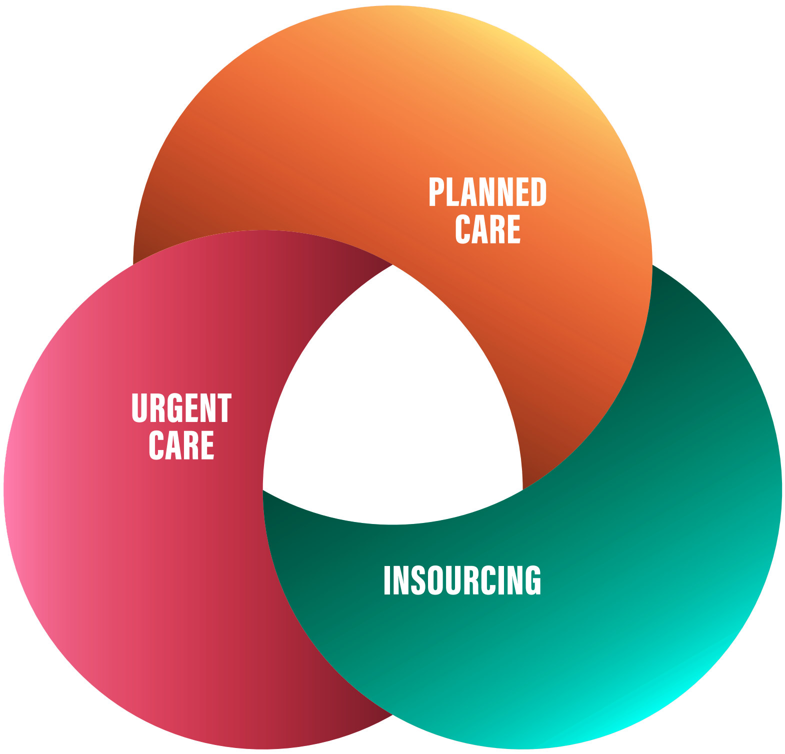
People
Our people are our greatest asset. We aim to use our expertise and our people's passionate commitment to excellence in ways that help individuals and the businesses we work with.

Services
We are perfectly positioned to deliver market-leading services and respond to demands faced by healthcare providers.

Leadership
Our leadership teams have a vast knowledge of the services we deliver. We always work closely with our patients to understand their needs.

Experience
We have a wealth of experience delivered over many years providing a diverse range of responsive, high-quality services. We work with commissioners to improve the local delivery of healthcare.

WHAT WE DO



UNDERPINNED BY...

Strategy
Delivering diverse bespoke healthcare solutions in partnership with the NHS.

Human resources
Our people's passion and commitment to deliver excellence.

WHAT MAKES US DIFFERENT

1. **Differentiated**
Through our service offerings in highly-regulated services.

2. **Experienced leadership**
Our management team has extensive experience in delivering results in our sector and has developed robust bespoke delivery models to strengthen operations and ongoing focus on efficiency, savings, safety and quality.

3. **Clients' needs**
Good contract base with recurring revenues across ever-increasing commissioner portfolio – responsive to clients' needs.

4. **Strong performance**
A national delivery platform for care across the UK with robust customer and patient relationships.

5. **Strong brands**
Trusted to deliver services to a growing population.

6. **Responsive to commissioner population needs**
As evidenced in the recent COVID-19 pandemic, where our Urgent Care service was commissioned to work to deliver patient-faced services through this period.

THE VALUE WE CREATE

Clients
We deliver high-quality, efficient services all within a complex, highly-regulated system.

Patients
We provide safe, high-quality, quick access to healthcare services.

People
We offer interesting, challenging careers in a well-managed, growing business that provides opportunities for development and progression.

Shareholders
We deliver services in non-volatile environments with predictable recurring revenues and cash flows underpinned by long running, stable contracts.

Finance
Financially sound and well-positioned for further scale to deliver diversity through the creation of three distinct divisions.

Stakeholders
Every decision we make is taken with our stakeholders in mind and what's best for them in the long term.

Read more about our stakeholders and how we engage with them on page 23.

URGENT CARE

Andy Gregory
Managing Director

- Working shoulder to shoulder with the NHS delivering frontline healthcare services.
- Providing the whole spectrum of urgent care services across England.

1.3m
calls to 111 in 2019/20 (pre-COVID-19 impact)

18,000+
GP out of hours service visits in 2019/20

c. 1.0m
patients treated in our Urgent Care Centres in 2019/20

What is Urgent Care?

Urgent and Emergency Care ("UEC") services perform a critical role in keeping the population healthy.

Both urgent and emergency care services play a specific part in supporting patients to receive the right care, by the right person, as quickly as possible. To help relieve pressure on A&E departments and to ensure patients get the right care, it is important to understand the difference between urgent and emergency care:

Emergency: Life threatening illnesses or accidents which require immediate, intensive treatment. Services that should be accessed in an emergency include ambulance (via 999) and emergency departments.

Urgent: An illness or injury that requires urgent attention but is not a life-threatening situation. Urgent care services include a phone consultation through the NHS 111 Clinical Assessment Service, to access pharmacy advice, out-of-hours GP appointments, and/or referral to an Urgent Treatment Centre ("UTC"). If the patient is unsure what service is needed, NHS 111 can help to assess and direct to the appropriate service/s. Our Urgent Care division provides all of these services working with several commissioners across England.

Providing a 24/7 urgent care service, accessible via NHS 111, which can provide medical advice remotely and if necessary, refer directly to UTCs, GPs (in and out of hours), and other community services (pharmacy etc.), as well as ambulance and hospital services, is at the core of our Urgent Care division.

During the COVID-19 pandemic, our Urgent Care division worked shoulder to shoulder with the NHS delivering all of the above services as well as delivering new services specifically designed to support patients presenting with COVID-19 symptoms. We continue to work with the NHS at a strategic level to ensure everything is done to enable our staff to continue to provide services safely during the next phase of the pandemic.

PLANNED CARE

Richard Benson
Managing Director

- Ensuring quick access to specialist elective services.
- Providing high quality services in community settings, workplaces and prisons across England.

65,000+
referrals from primary care practitioners in 2019/20

125,000+
people treated in our physiotherapy and podiatry clinics during 2019/20

42,000
people treated in our dermatology clinics across England

What is Planned Care?

Planned Care is often known as elective care. People on a planned care pathway are likely to start their journey with a visit to a health professional in primary care, most commonly their GP. Together they will make a decision about possible options and discuss whether a referral to another service is needed.

When a referral is made, the appointment may take place in a hospital setting but, there are also a number of planned care providers in the community. The businesses within our Planned Care division provide services in the community, usually within GP surgeries or community health centres. We also provide services within workplaces and many prisons across England.

There are lots of specialities that come under the remit of planned care, including:

- Audiology;
- Cardiology;
- Dermatology;
- Ear, nose and throat;
- Gynaecology;
- Ophthalmology;
- Respiratory medicine;
- Rheumatology;
- Trauma and orthopaedics; and
- Therapies: Physiotherapy, Occupational Therapy and Podiatry.

About Health is a leading specialist provider of dermatology services and also provide referral management services, which help to ensure that patients requiring referral into more specialist services can access those services quickly and efficiently. Plans to expand the number of specialities that About Health support is in place.

Our physiotherapy businesses, Premier Physical Healthcare and Optimum Sports Performance, both provide a range of services to patients requiring physiotherapy support. This is provided in a number of settings with face to face services including GP surgeries, health centres and prisons across England but also using technology which provides access to individual care plan and exercise regimes as well as access to the patient's physiotherapist. Podiatry services are also provided by Premier Physical Healthcare.

The demand for planned care services is increasing following the recent COVID-19 pandemic during which time all planned care services were put on hold. Waiting lists for planned care services have risen during this period. Our Planned Care division is now remobilising services, in line with new COVID-19 guidance and continuing to work alongside the NHS to ensure patients can access services quickly and safely.

INSOURCING

Marie Lee
Managing Director

- Launched in 2019.
- Helping reduce patient waiting lists.
- Delivering bespoke, high-quality insourcing solutions with a reputation for service excellence for both patients and hospitals.

99%
of the patients we have treated said the quality of care they received was either excellent (62%) or very good (37%)

100%
of patients felt they were treated with dignity and respect

Experts
Led by a passionate experienced team of insourcing experts

What is Insourcing?

Launched in October 2019 Totally Healthcare is part of Totally plc delivering Insourcing services to hospitals across the UK and Ireland.

Insourcing is where hospitals subcontract medical services/ procedures to providers who use the host hospitals' premises and equipment for service delivery. The care is typically given out of hours (weekends/bank holidays) when the premises/ equipment is not being used by the hospitals making efficient use of the infrastructure. Providers bring in their teams of consultants and nurses and work across specialities such as endoscopy, ophthalmology, ear nose and throat ("ENT"), orthopaedics, urology and plastics. Activities include diagnostics, day-case surgery and outpatient activity.

The main value of insourcing is in helping hospitals reduce long patient waiting lists which can cause hospitals care quality, operational or financial problems. In many cases, hospitals are unable to reduce these lists effectively without external support.

The insourcing market size in the UK and Ireland is estimated to be £125m to £150m. 4.5m NHS patients are on the waiting list in England alone, an increase of 0.3m in twelve months, and approximately 0.6m patients were waiting longer than NHS England's 18-week target. Only just over 50% of specialities in England's NHS Trusts are meeting the target.

Totally Healthcare's competitive advantage will stem from the ability of its key management to sell and deliver bespoke, high-quality insourcing solutions and build a reputation for service excellence for both patients and hospitals.

The problems that Totally Healthcare solves

- Many hospitals are unable to meet the increasing demand for their services, driven by demographic (ageing population) or other changes to the healthcare system – such as the recent COVID-19 pandemic, which resulted in the suspension of all routine/planned care.
- Once waiting lists have built up a hospital may find it extremely challenging to reduce them again. Demand simply outstrips the capacity available.
- £1.6bn was spent by the NHS in private hospitals in 2017 (source: Laing & Buisson); there is an opportunity for some of this work to be done using insourcing instead of outsourcing.
- We will differentiate ourselves from our competitors by ensuring we deliver the very best level of service quality to every patient and we will do this by engaging the very best consultants and clinical support teams from across the UK and Ireland. Feedback from patients already treated by Totally Healthcare is excellent and contained within our website.

OUR STRATEGY FOR GROWTH

CORE MARKET GROWTH

- Increasing demand for healthcare services.
- Increasing demographic population.
- Services offering differentiation.

MARKET SHARE GAINS

- Competitive advantage to remain the largest independent provider of Urgent Treatment Centres across the country.
- Major increases in demand for 111 services.
- The delivery of bespoke, high-quality insourcing solutions across the UK.

SYNERGIES

- Strong relationships with our commissioners and healthcare providers.
- Supporting Government bodies to manage demand on healthcare services.
- Through continual improvements and commercial management, we continually review and improve.

PARTNERSHIPS

- Delivering services across the UK in partnership with the NHS.
- Expanding into new markets, for example healthcare in Ireland.
- We place patient care at the heart of every decision we make.

NEW ACQUISITIONS

- Successfully completed acquisition of Greenbrook Healthcare (Urgent Care).
- Providing insourcing solutions to an emerging market.

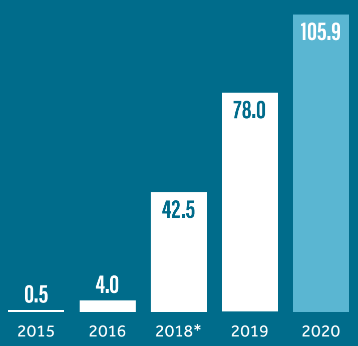
STRATEGIC RELATIONSHIPS

- Our shareholders and key stakeholders.
- NHS and healthcare providers.
- Patients and staff.

KEY PERFORMANCE INDICATORS

Revenue
Total of all revenue generated by the Group.

£105.9m +35.8%



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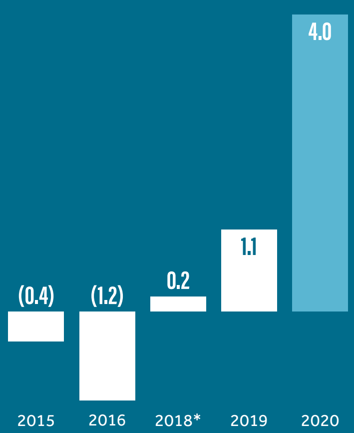
£4.0m +265%



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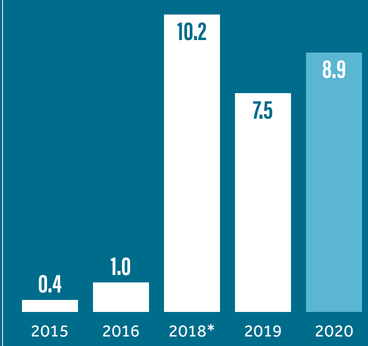
£8.9m +19%



* 15-month period.

QUALITY AND RELIABILITY

Gloria Cooke
Clinical Quality Director

For all of us, 2019/20 has been a truly extraordinary year and providing urgent care through a viral pandemic really tested all our systems. But the year was about more than COVID-19; although sometimes it is hard to remember that now. This review highlights that even in extraordinary times the improvement journey continues for Totally plc.

Clinical governance overview – Group

Our aim never changes. Right care, first time. If we do that we reduce waits, reduce complaints and incidents and raise the number of our patients and clients who are pleased with the care they have received. Crucially too, we save money – waste is reduced, duplication of effort goes and instead we spend it on giving and improving care rather than investigating failings. Indeed, our reputation with regulators, commissioners and patients relies on it.

Internal inspections

Led by our Clinical Audit and Effectiveness Manager, our internal inspection schedule continued throughout the first three quarters of the year, ceasing only when the pandemic prevented travel. In that year, further evidence was gained of how this process successfully drives up quality standards, as we have seen in step-change improvements in services we have inspected more than once.

Reassuringly too, these inspection findings have correlated closely with what CQC inspectors subsequently found at their inspections, so we know we are on the right track. Therefore, when pandemic control is gained nationally, we will start inspections again, but in the meantime, remote models of measurement will be continued.

Safeguarding

Prompted by Group growth, a root-and-branch review of Safeguarding in Totally plc during last year led to strengthening of our Safeguarding systems. Ensuring we properly support our clinicians to safeguard vulnerable patients is a key part of our responsibilities as providers, and it is one we do not take lightly.

Building on safeguarding foundations we have created so far, we will embed improved structures across the Group in 2020/21.

Clinical innovation

During 2019, Dean Payne was appointed as our first Director of Clinical Innovation. Dean is a physiotherapist and entrepreneur with endless energy for improving healthcare. His academic background and research and commercial experience perfectly fit him for this role, which helps keep us at the cutting-edge of high-quality, sustainable health care.

Dean works within my team which means he has access to audit, analytical and clinical governance skills - all essential to efficiently test, evaluate and implement innovative approaches into practice. Dean works with clinicians and leaders throughout the Group, harvesting and developing their ideas to design trials whenever a good business and clinical case can be made.

COVID-19

Of course, in the last quarter of our financial year the pandemic hit. Working in partnership with the NHS meant that we needed to nimbly and contribute our range of services to assist with what quickly became a national crisis. Our 111 services responded diligently to massively increased demand while clinicians working face-to-face with patients had to adapt quickly to a whole new way of working.

We were dealing with a perfect storm: on one hand huge demands from worried and sick patients and, on the other, an increasing staff absence rate; either because they were poorly or vulnerable themselves or were isolating because of symptomatic family members.

Clinicians and others offered to redeploy to where their skills were most needed and an appeal to recently retired staff to return to help with the pandemic was responded to enthusiastically. Environmental and practice changes were made so we could make the workplace safer for our telephony and office staff, home-visiting and Urgent Treatment Centre clinicians alike. We adopted a nation-wide approach to PPE procurement and distribution, which ensured good control and maintenance of availability.

Keeping the frontline staffed was key to maintaining care but dealing with changing and sometimes complex government guidance was a major challenge to us. We successfully addressed this through developing an in-house sickness absence management scheme which meant that staff were clinically assessed individually for levels of vulnerability so that we could redeploy them appropriately and safely.

Stringent sickness absence management, redeployment options and other "back to work" measures resulted in good staff attendance and therefore safe service provision overall. Communications with staff were stepped up with bulletins and Zoom briefings and staff tell us they felt well supported during a period of anxiety.

Our COVID-19 Incident Response process continues and will no doubt influence our work throughout 2020/21 and we remain alert to national or local prevalence, but we are proud that throughout the Group our staff have significantly contributed to the nation's response so far and tribute should be paid to the skill, professionalism and massive efforts which were needed to do this. No systems or processes, however good, can compensate for a disengaged workforce.

Infrastructure

Our changed Clinical Governance Structure continues to ensure strong connectivity and transparency "floor to board" and the following graphic illustrates how our new arrangements will provide for that.

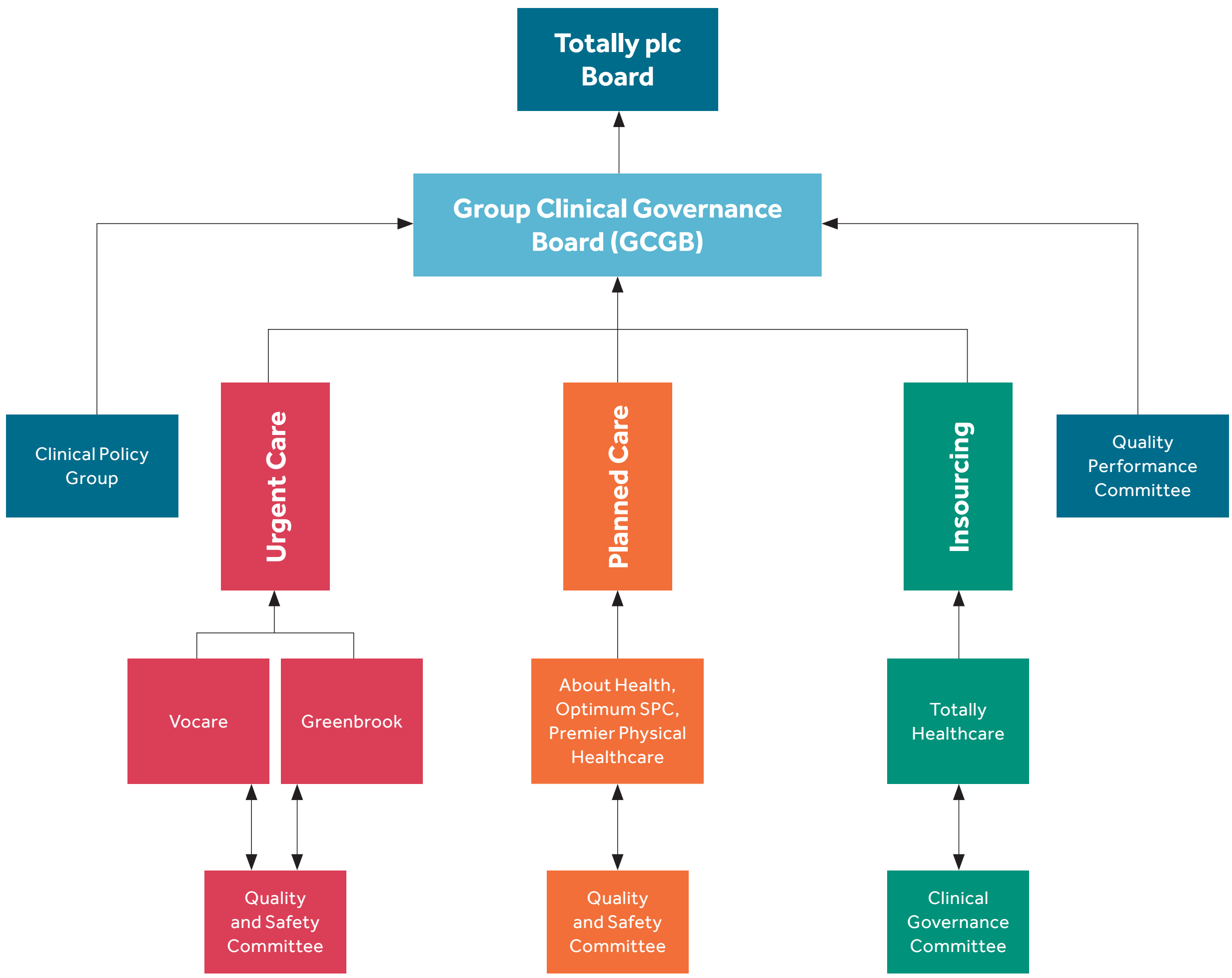
CQC status

I'm delighted that our CQC profile continues to improve year-on-year which I show below:

CQC site status	2018	2019	2020
Good	50%	90%	**97%**
Requires improvement	35%	10%	**3%**
Inadequate	15%	–	**–**

These figures now include About Health (part of our Planned Care Division), which had its first-ever CQC Inspection during 2019, and Greenbrook Healthcare. I am pleased to report that About Health's services were rated as **Good** and it was great to see that the hard work and commitment of the team was recognised.

Our clinical governance structure



SOME DIVISIONAL ACHIEVEMENTS DURING 2019

INSOURCING

We have been delighted with the feedback observed from the beginning of Totally Healthcare's services. They have delivered a high number of cases safely and to an enviable standard of patient satisfaction.

Patient feedback
"Overall, how would you rate the care you received?"

Following the pandemic, Totally Healthcare is back to work and growing, providing more and more care to patients who have suffered long and worrying waits for care and we will be tracking those services to provide assurance and drive improvements wherever we can.

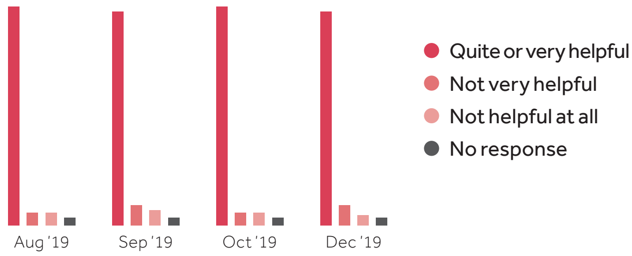
Demonstrating Totally Healthcare's standards to commissioners is key to giving assurance of safety for NHS Trusts and crucially patients, faced with long and lengthening waiting lists.

> Following the pandemic, Totally Healthcare is back to work and growing, providing more and more care to patients who have suffered long and worrying waits for care and we will be tracking those services to provide assurance and drive improvements wherever we can.

URGENT CARE

111 patient feedback
A recent study in 111 has shown very encouraging levels of patient satisfaction. This is a high-volume service, often dealing with distressing and/or high-risk care and the helpfulness and empathy of the staff dealing with patients initially, together with the clinical care they receive, is very important to get right. It can be seen from this report that levels of satisfaction are high and are consistent even during times of significantly raised throughput in the winter months.

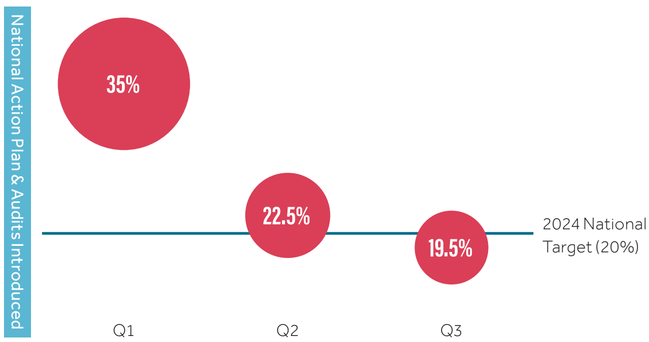
NHS111 Patient feedback
Did you find the service helpful?



Delivering best practice in medicines management
Because of the known dangers of antibiotic misuse and the risks that this brings both to us and the next generations, NICE has set national targets to reduce overall antibiotic prescribing by 15% by 2024.

This graph shows our success in reducing antibiotic prescription for Upper Respiratory Tract Infections so far in one region. Our medical managers, working with our Head of Medicines Management, worked hard to support clinicians in achieving this significant result and in this way we have avoided many harmful and expensive courses of antibiotics being given to our patients.

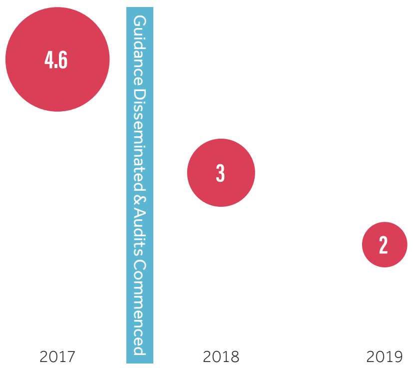
Antibiotic Prescribing for URTI: Central Region 2019



Prescribing habits measured against compliance to NICE guidelines for Antimicrobial Stewardship 2016 and the target being to achieve the Government's "Tackling antimicrobial resistance 2019–2024 The UK's five-year national action plan. Published 24 January 2019" that looks to reduce UK antimicrobial use in humans by 15% by 2024.

Another example of success is in reducing prescription of certain potentially harmful drugs outside NICE guidelines. Diazepam is now a controlled drug, largely because of its addictive potential and that newer, better drugs with fewer side effects should be used instead. This graph shows reduction in the use of Diazepam over two years and demonstrates increased safety for patients.

Diazepam Prescribing: Urgent Care Prescription Rates
Rate = No. of Diazepam Px/No. of attendances X 1000



Prescribing habits were measured against NICE guidelines to reduce the inappropriate prescribing of drugs of potential misuse. Standards were taken from the following three sets of NICE guidance and introduced and disseminated to all clinicians in 2017. These are re-issued every six months in the clinical briefings. The target was to try and continuously reduce the overall prescribing.

NICE (2011) Alcohol-use disorders: diagnosis, assessment and management of harmful drinking and alcohol dependence.

NICE (2015) Generalised anxiety disorder.

NICE (2017) Back pain – low (without radiculopathy.

PLANNED CARE

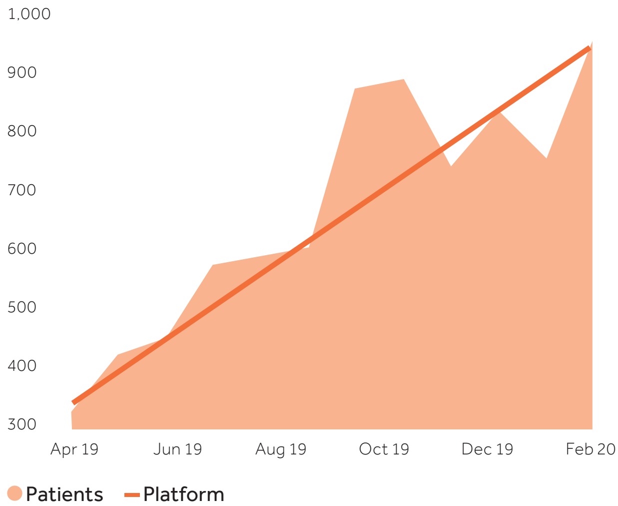
Our Planned Care division falls into two broad service areas – therapies (physiotherapy and podiatry) and out-patient care (predominantly in dermatology).

Innovations in therapy

The project to do this is in three phases: the first in which, after assessment by a physiotherapist, patients are prescribed a comprehensive rehabilitation plan to be delivered using patients' smartphones or tablets and using an online patient portal for messaging. This allows us to monitor patient metrics and therefore their progress, as well as providing secure messaging between the patient and their physiotherapist.

Providing care remotely massively drives efficiency for patients and staff alike, saving thousands of needless appointments, inconvenience and travel etc. In this way we have delivered care to 7,000 + patients so far and were able to provide care throughout the pandemic.

Number of self-management programmes assigned to patients during 2019-20



In the second (present) phase, we are building on phase one's success by adding video consultation into the package. This brings back a missing interactive visual element into the physio/patient consultation and will enhance care and effectiveness further.

The third phase begins shortly, during which we will be evaluating the findings of this project in terms of patient acceptability, care costs and clinical benefits - all of which will help us identify its full potentials. Already we have some early results in terms of Patient-Reported Outcome Measures ("PROMs") which show good levels of improvement in symptom and condition management.

Conclusion

2019/20 might not have been the year I foresaw when I wrote last year's report, but it is one in which I believe we have shown success, resilience and reliability. During a year of very significant growth for the Group, and a pandemic for the nation, Totally plc has still managed to further develop the quality and safety of our services which, I believe is a huge credit to the leaders, clinicians and support staff who have all contributed and I thank them all.

Gloria Cooke
Clinical Quality Director
14 July 2020

WELL POSITIONED FOR FURTHER SCALE

Lisa Barter, ACA
Finance Director

The acquisition of a quality urgent care provider, Greenbrook Healthcare and the creation of a new business in Insourcing have strengthened the financial performance of the Group. Growth in revenue was 35.8% year on year at £105.9m, and the Group generated a loss before tax of £3.4m (2019: £1.8m loss). Underlying EBITDA increased by 265% to £4.0m. This includes a £1.6m positive impact relating to IFRS 16.

The Group is cash generative and responded with the distribution of our maiden dividend in February 2020. The Board is also proposing the payment of a full-year dividend of 0.25p per share, payable in October 2020. The intention is to consider future dividend payments based upon the trading performance of the Group.

Growth in revenues was 35.8% primarily driven by the in-year acquisition, bringing revenues to £105.9m. New contract wins were adversely impacted by the uncertainty created by BREXIT and the General Election. NHS commissioning understandably paused during this time; nonetheless, the Group was able to secure extensions of several existing contracts across the Group, plus a significant new contract for Planned Care, in Manchester. The new Insourcing business delivered over £1m in revenues in its first period of trading.

Gross margin improved to 18.1% from 15.5%, largely as a result of improved performance in the underlying Urgent Care business.

This improved performance has resulted in a reduction in provisions relating to performance-related incentives of £1m. Underlying gross margin is therefore 17.2%.

All of our businesses continually review service delivery models and this approach has supported us through our response to the global pandemic. By utilising additional technology, reducing face to face contact, delivering 111 24/7 and flexing our services we have continued to deliver sustainable support to our partners, the NHS.

The Group posted an EBITDA, excluding exceptional costs relating to the acquisition and impairment of goodwill, of £4.0m. The loss before tax of £3.4m is stated after an amortisation charge of £2.8m relating to the intangible value of contracts acquired.

	31 March 2020	31 March 2019
Revenue	**£105.9m**	£78.0m
Gross profit	**£19.2m**	£12.1m
EBITDA	**£4.0m**	£1.1m
Exceptional items	**(£2.0m)**	£0.1m
Depreciation	**(£2.0m)**	(£0.6m)
Amortisation	**(£3.1m)**	(£2.2m)
Operating loss	**(£3.1m)**	(£1.6m)
Loss before tax	**(£3.4m)**	(£1.8m)
Net assets	**£34.4m**	£25.9m
Cash	**£8.9m**	£7.5m

A prudent view of Planned Care growth has been considered in light of the COVID-19 pandemic. As a consequence, we recognised an impairment of goodwill relating to this cash generating unit ("CGU").

The carrying value of goodwill in relation to this CGU following impairment is £7.8m.

Exceptional items

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Acquisition-related costs	**528**	465
Impairment of goodwill	**1,500**	2,000
Revaluation of contingent consideration	**—**	(2,668)
Other exceptional costs	**—**	77
Total exceptional items	**2,028**	(126)
Tax (credit)/charge attributable to exceptional items	**(100)**	404
Total exceptional items after tax	**1,928**	278

Acquisition costs

The acquisition costs comprised legal, professional and other related expenditure and amounted to £0.5m (2019: £0.5m).

Cash flow statement

Cash generated from operating activities is positive in the year reflecting improved underlying profitability of the Group. Cash outflow relating to the acquisition of Greenbrook, net of cash acquired was £8.0m. The acquisition was funded by the issue of share capital, net of expenses of £9.3m.

In June 2019, the Company issued 97,390,939 new ordinary shares of 10p each. The Company also issued 25,000,000 new ordinary shares of 10p each as part of the consideration for the acquisition of Greenbrook Healthcare (Hounslow) Limited and Greenbrook Healthcare (Earl's Court) Limited on the same date.

	31 March 2020	31 March 2019
Net cash flows from operating activities	**£2.9m**	(£1.8m)
Net cash flows from investing activities	**(£8.6m)**	(£0.9m)
Net cash flows from financing activities	**£7.1m**	—
Net increase/(decrease) in cash and cash equivalents	**£1.4m**	(£2.7m)
Cash and cash equivalents at the beginning of the year	**£7.5m**	£10.2m
Cash and cash equivalents at the end of the year	**£8.9m**	£7.5m

The impact of adopting IFRS 16 on the Consolidated Cash Flow Statement is to increase operating cash flows and decrease financing cash flows by £1,744,000 respectively.

Maiden final dividend

We remain committed to the payment of dividends as we believe this reflects our confidence in the Company's future prospects. The Board is therefore pleased to be recommending to shareholders a maiden final dividend of 0.25p per share. This, together with the interim dividend of 0.25p per share paid in February 2020, makes a total dividend for the year of 0.50p per share. Subject to approval by shareholders at the Annual General Meeting to be held on 7 September 2020, the final dividend will be paid on 16 October 2020 to shareholders on the register as at the close of business on 18 September 2020. The shares will be marked ex-dividend on 17 September 2020.

Acquisition of Greenbrook Healthcare

On 20 June 2019, the Company completed the acquisition of the entire share capital of Greenbrook Healthcare (Hounslow) Limited and the convertible loan note in Greenbrook Healthcare (Earl's Court) Limited for a maximum consideration of £11.5m on a cash-free and debt-free basis with a normalised level of working capital. The table opposite sets out the adjustments to the purchase price to reflect a normalised level of working capital which has resulted in additional consideration payable of £4.7m.

Greenbrook is one of the leading providers of Urgent Care Centres in London. The company was acquired as part of the Group's stated "buy and build" strategy and to bring new and complementary routes to the existing healthcare services offered by the Group. Greenbrook's Urgent Care services provide synergies with Totally plc's existing subsidiary businesses, in particular Vocare, and complements its business model of providing preventative and responsive healthcare in out-of-hospital settings to improve people's health, reduce NHS healthcare reliance, re-admissions and emergency admissions to hospital.

The assets and liabilities as at 20 June 2019 arising from the acquisition were as follows:

	Carrying amount £000	Fair value adjustment £000	Fair value £000
Property, plant and equipment	317	—	317
Intangible assets:			
customer contracts	—	9,354	9,354
Right-of-use assets	1,425	—	1,425
Trade receivables and other debtors	4,712	—	4,712
Cash in hand	5,781	—	5,781
Trade and other payables	(6,964)	(763)	(7,727)
Lease liabilities	(1,425)	—	(1,425)
Onerous contracts	—	(529)	(529)
Deferred tax	(34)	(1,438)	(1,472)
Convertible loan notes	(50)	—	(50)
Net assets acquired	3,762	6,624	10,386
Goodwill			5,850
Total consideration			**16,236**
Satisfied by:			
Cash			13,736
Ordinary shares issued			2,500
			16,236

The goodwill is attributable to the knowledge and expertise of the workforce and the operating synergies that arise from the Group's strengthened market position. Any impairment charges will not be deductible for tax purposes.

Included in the fair value of Greenbrook are provisions for additional costs or potential costs that existed at the time of acquisition.

Changes in accounting policies

The Group adopted IFRS 16 with a transition date of 1 April 2019. The Group has chosen not to restate comparatives on adoption and, therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application and recognised in the opening equity balances. Details of the impact this standard has had are given on page 20.

Financial review continued

Changes in accounting policies continued

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is twelve months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of twelve months or less.

On adoption the Group recognised right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

The impact of adopting IFRS 16 on the Consolidated Statement of Profit or Loss is to increase profit before exceptional items by £1,636,000, increase depreciation by £1,509,000 and increase finance costs by £235,000.

The impact of adopting IFRS 16 on the statement of financial position can be seen below:

	31 March 2019 £000	IFRS 16 £000	**1 April 2019 £000**
Assets			
Right-of-use assets	—	4,083	**4,083**
Prepaid rent	57	(57)	**—**
	57	4,026	**4,083**
Liabilities			
Lease liabilities	—	4,026	**4,026**

The impact of adopting IFRS 16 on the Consolidated Cash Flow Statement is to increase operating cash flows and decrease financing cash flows by £1,744,000 respectively.

The following table reconciles the minimum lease commitments disclosed in the Group's 31 March 2019 financial statements to the amount of lease liabilities recognised on 1 April 2019.

	1 April 2019 £000
Minimum operating lease commitment at 31 March 2019	5,295
Previously unrecognised commitments	151
Less: short-term leases not recognised under IFRS 16	(71)
Less: low value leases not recognised under IFRS 16	(17)
Less: licences not considered leases under IFRS 16	(434)
Undiscounted lease payments	4,924
Less: effect of discounting using the incremental borrowing rate	(898)
Lease liability as at 1 April 2019	4,026

Lisa Barter, ACA
Finance Director
14 July 2020

OUR APPROACH TO RISK

The process defines responsibilities for risk management and associated governance arrangements including reporting arrangements to the Board via divisional leads. It is intended to promote and embed best practice throughout the Group and applies to all levels of risk.

This facilitates a dynamic approach to risk management across the Group, thereby enabling the Board to remain sighted on the highest-level risks and assure itself that appropriate mechanisms of control are in place within each division.

Statement of intent

The Group attaches great importance to the effective management of risks that may be faced by patients, members of the public, managers and staff, partners and other stakeholders, and by the Group itself.

The Group does not, therefore, aim to create a risk-free environment, but rather one in which risk is considered as a matter of course and appropriately identified and controlled.

Where possible, the Group will involve stakeholders in its risk management processes and will work in partnership to identify, prioritise and control shared risks across the Group – just as we did during the COVID-19 pandemic response.

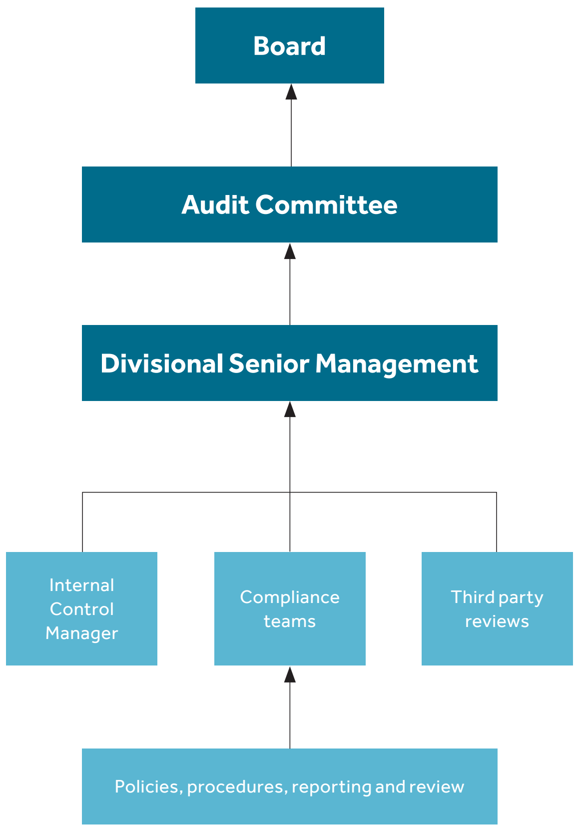
The Group is committed to making risk management a core organisational process and ensuring that it becomes an integral part of its philosophy, practices and business planning and that responsibility for its implementation is accepted at all levels of the Group. It is imperative that a culture of transparency and honest reporting is promoted and upheld throughout the Group to ensure risks are properly identified, evaluated, documented and managed.

The Group is committed to developing a strategy which provides a robust framework that is underpinned by the concepts of effective governance and other systems of internal control that enable the identification and management of both acceptable and unacceptable risks.

To support the development of a proactive risk management approach and Board Assurance Framework across the organisation, the Group commits to:

- Embed effective organisational governance arrangements that respond to strategic change, hold our services to account for ensuring appropriate patient safeguards regarding quality safety and patient experience are in place, support high-quality and effective service delivery and receive assurances in these respects.
- Ensure that all staff are accountable and responsible.
- To put in place a robust risk management framework that delivers compliance with regulatory standards across the Group.

The Group's financial risk management objectives and exposure to those risks is detailed in note 24 Financial instruments.



PRINCIPAL RISKS

We have detailed, comprehensive risk management processes across our businesses which include:

- ISO accreditation processes and accreditations.
- Care Quality Commission reviews. Internal service reviews to maintain clinical standards.
- Emergency Planning, Resilience and Response ("EPRR").
- Business continuity planning ("BCP").

We continually review our internal systems and processes and work closely with policymakers and clients to understand how our marketplace is changing.

More information on how we manage risk can be found in our Corporate Governance Report on pages 27 to 31.

Our major risks and uncertainties identified at this time are shown opposite.

CHANGES IN GOVERNMENT POLICIES

The public sector across the UK and Ireland provides 99% of our revenue, so our business is heavily dependent on policies adopted by the UK and Irish healthcare bodies.

Diversity across our business delivery models enables us to manage the risks and focus efforts on those markets where we can see the opportunity of earning a predictable return. We also always ensure we are linked strategically to policymakers, utilising our networks to ensure we are aware of planned changes and can respond accordingly.

TENDERING FOR NEW WORK

We stay ahead of other providers by continually innovating and investing in our care delivery models as well as supporting the national agenda for moving to an outcome based commissioner process.

POOR CARE DELIVERY

Healthcare is a highly regulated industry and therefore it is vital that we closely manage the quality of the care we deliver.

PEOPLE

Our employees are passionate about making a difference in the healthcare sector. And we know the work of each one of us contributes to improving people's lives.

DIGITAL FAILURE

Performance of systems is clearly managed by our digital team who ensure contingency and business continuity plans are continually reviewed and adjusted.

FINANCIAL LIQUIDITY

Cash flows are actively monitored by our finance team, managing liquidity risks while maintaining liquidity requirements. Exposure to risk is detailed in note 24.

Section 172 statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on communities, the environment and the Group's reputation when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group and its members in every decision made. The Directors are fully aware of their responsibilities to ensure that the Group is successful under Section 172 of the Companies Act 2006.

Stakeholders

As a Board we regularly review our principal stakeholders and how we engage with them. The Group views its investors, customers (commissioners and patients), clinical regulators and employees as its principal stakeholders. All concerns or thoughts of our stakeholders are discussed at Board level and by direct engagement with stakeholders themselves. Every decision we make is taken with our stakeholders in mind and what's best for them in the long term.

Below we highlight how we engage with our stakeholders and the outcomes:

Stakeholder	Type of engagement	Outcomes
Investors	• AIM compliant website with investor relations section • Proactive investor relations including PR support, use of social media and direct interactions • Regular investor meetings and direct calls with our Group CEO • Stock exchanges announcements, regular press releases and social media updates	Investors' opinions and feedback are considered when discussing strategy, performance and remuneration policies
Commissioners	• A focus across the Group on the needs of our commissioners with an emphasis on assisting with strategic reviews and innovation to promote best practice • Direct engagement with commissioners and healthcare strategists by several Board members and senior colleagues within our subsidiary companies • Review of care pathways and innovation opportunities through embedded work practices led by Board members • Maintain strong relationships to ensure we can respond to any new demands placed on healthcare (such as pandemics) • Be considered as a preferred partner for the delivery of healthcare services by contributing to strategic planning forums and maintaining relationships with healthcare policymakers • Established robust "Board to floor" emergency planning processes which can be mobilised quickly	• Operational relationships to ensure we work with commissioners on best practice to deliver optimum healthcare for local communities • Commissioner feedback is considered when delivering local services • Deliver high-quality clinical services supported by professional corporate functions (such as recruitment and finance) to enable delivery • Ability to respond quickly to new demands for services (example COVID-19)
Clinical regulators	• Ensure our recruitment practices reflect best practice to ensure we can provide safe services and attract and retain the best staff • Work closely with Care Quality Commission and other healthcare regulators to ensure we influence strategy and can comply with all requirements	• Improve our ability to attract the best staff who understand how to provide safe clinical services • Support our staff with training and audits to ensure delivery of high-quality clinical services
Patients	• Collect patient feedback to feedback across the organisations to improve what we do • Respond proactively and professionally to all complaints ensuring that learning is taken from each event and embedded into future practice	• Seen as a trusted provider of healthcare by patients and commissioners • Ability to support staff and patients for positive benefits for both
Employees	• Open forum meetings for all employees with Board members and other senior managers • Best practice recruitment processes and remuneration packages to attract and retain the best staff • Proactive Learning and Development strategy	• Enables staff to hear from and speak to leaders across the organisation for open discussions • Ensure staff maintain compulsory registrations and training as required

This Strategic Report was approved by the Board of Directors on 14 July 2020.

Wendy Lawrence
Chief Executive Officer

EXTENSIVE EXPERIENCE

Robert (Bob) Holt OBE
Chairman

A N R

Appointment as Chairman
Bob was appointed Chairman of Totally plc in September 2015.

Key strengths
Bob is an experienced manager and developer of service businesses. He has an extensive track record, spanning over 35 years, of growing businesses and providing executive leadership to navigate businesses through challenging market conditions.

Experience and skills
Bob was latterly Chairman of Mears Group plc for over 23 years, until his retirement from the Board in January 2019. Bob is currently Chairman of Sureserve Group plc and a Director of several other businesses and was awarded an OBE in January 2016.

Wendy Lawrence
Chief Executive Officer

Appointment as Chief Executive
Wendy was appointed as Chief Executive Officer in February 2013.

Key strengths
Wendy has over 37 years of senior healthcare experience within the NHS, private and US healthcare systems. She was running her own successful business before joining Totally plc and developing the current strategy to become a leading partner for delivering high-quality healthcare services across the UK and Ireland.

Experience and skills
Wendy has successfully led and delivered numerous complex change projects. She remains committed to developing and providing the very best healthcare services to patients in every aspect of care delivery.

Wendy continues to work closely with healthcare policymakers and utilises her knowledge, skills and experience to influence the future of healthcare across the UK and beyond.

She is an experienced executive coach who supports individuals and organisations to succeed.

Lisa Barter, ACA
Finance Director

Appointment as Finance Director
Lisa was appointed Finance Director and an Executive Director in October 2017.

Key strengths
Lisa has spent over 15 years leading finance in the independent healthcare sector and has been a qualified accountant since 1996. Lisa has experience in SME, private equity and plc settings.

Experience and skills
Lisa is a Charted Accountant and has extensive experience in leading finance within the independent healthcare sector. Her experience includes M&A activity as well as extensive involvement in restructuring and reorganisation of rapidly growing businesses and start ups. Prior to joining Totally plc in October 2017, Lisa held a number of senior finance roles, most notably within Care UK, for over ten years. Lisa qualified with Ernst & Young LLP and has held finance management roles with both Hewlett-Packard and Oracle Corporation.

Gloria Cooke
Clinical Quality Director

Appointment
Gloria was appointed Clinical Quality Director in May 2016 and an Executive Director in December 2017.

Key strengths
Gloria has vast experience in healthcare delivery and leadership. She left the NHS in 2013 and continued her practise in large scale transformational projects as Programme Director in different healthcare regions in England and Wales. She undertook complex service reviews and fulfilled interim roles as Director of Nursing, Transformation Director and Chief Operating Officer for trusts throughout England.

Experience and skills
Gloria's long career in healthcare successfully covered three key areas: clinical practice; general operational management and healthcare transformation. Qualifying as a nurse in both adult and children's care Gloria had a long clinical career in emergency and paediatric services. Following MBA qualification, she led a successful general management career, taking up ever more senior leadership roles in large acute trusts throughout the North and Midlands. During this time Gloria's track record of transforming inefficient teams and services into high performing ones developed. Gloria holds non-executive roles in non-healthcare organisations.

Key to Committees

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Chair of Committee

Michael Steel
Executive Director

Appointment to the Board
Michael was appointed as Executive Director for Totally plc in June 2019 and resigned with effect from 10 July 2020.

Key strengths
Michael has over 20 years of experience in business growth and the strategic development of business.

Experience and skills
Michael co-founded Greenbrook Healthcare in 2007 and as CEO led the growth and development of the company. Upon completion of the acquisition by Totally plc in June 2019, Michael was appointed to the Board of Totally plc and took on the Executive Director role of Chief Operating Officer for the Urgent Care and Planned Care divisions. Prior to Greenbrook Healthcare, Michael spent 14 years in strategy consulting as a partner for Roland Berger Strategy Consultants and as a project manager for Booz Allen & Hamilton where he focused on growth and strategy. He also founded and built his own 30-person consulting firm which was successfully sold to Roland Berger. Michael has an MBA from INSEAD business school and a Master's degree in Economics from Oxford University.

Anthony (Tony) Bourne
Non-Executive Director

N R

Appointment to the Board
Tony was appointed as a Non-Executive Director for Totally plc in October 2015.

Key strengths
Tony has extensive business, healthcare and finance experience.

Experience and skills
Tony is currently a Non-Executive Director of Barchester, one of the UK's largest operators of residential care homes, and Spire Healthcare Group Plc, one of the largest private health groups in the UK, and London Stock Exchange-listed company. He is also Chairman of CW+ (formerly the Chelsea and Westminster Health Charity), one of the largest NHS charities and, before that, was Chief Executive of the British Medical Association.

Previously Tony was in investment banking for over 25 years, as a partner at Hawkpoint, an independent corporate finance advisory firm, and as the global head of the equities division and a member of the managing board of BNP Paribas. Tony has also spent nine years as a Non-Executive Director at Southern Housing Group and at Scope, one of the UK's largest charities which focuses on cerebral palsy.

Michael Rogers
Non-Executive Director

A

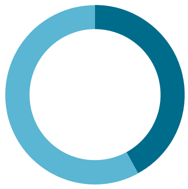
Appointment to the Board
Michael was appointed as Non-Executive Director for Totally plc in December 2015.

Key strengths
Mike has extensive business and healthcare delivery experience.

Experience and skills
Michael has over 30 years' experience in healthcare services and social care services provisions. From April 2007 to June 2017, he was a Non-Executive Director of Mears Group plc, the provider of support services to the social housing and care sectors in the UK, which is listed on the main market of the London Stock Exchange. In 1976, Michael was appointed as Managing Director of the British Nursing Association. In 1988 he became the Chief Executive of Nestor BNA plc when the group floated on the London Stock Exchange. Michael remained here until 1996, prior to founding Careforce group plc in 1999, which floated on AIM in 2004. Careforce Group plc completed a number of acquisitions to become one of the UK's leading domiciliary care providers, prior to its acquisition by Mears in 2007, following which Michael joined the Mears Board until his resignation. He is currently Chairman of Eastern Fostering Services Ltd, a provider of foster care services in East Anglia.

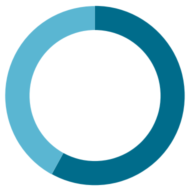
Diversity, independence and experience

Gender



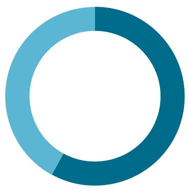
- Female **42%**
- Male **58%**

Tenure



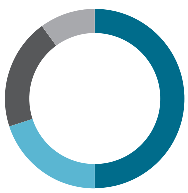
- 1–4 years **58%**
- 5–8 Years **42%**

Board composition



- Executive **58%**
- Non-Executive **42%**

Sector experience



- Healthcare **50%**
- Business **20%**
- Finance **20%**
- Governance **10%**

HIGHLY SKILLED MANAGEMENT

Richard Benson
Managing Director
Planned Care

Appointment
Richard was appointed Managing Director in August 2019.

Key strengths
Richard is skilled in developing and leading high performing teams in the health sector. He founded and grew a successful healthcare business and brings strategic leadership to the task of consolidating and growing the businesses within the Planned Care division.

Experience and skills
Richard has almost 30 years' experience in the NHS and independent healthcare sector. He has held Board-level positions in NHS commissioning organisations and was a founding Director of About Health, which was acquired by Totally plc in 2016. He has previously been an Associate of the NHS Modernisation Agency and a faculty member of Birmingham University's Health Service Management Centre.

Andy Gregory
Managing Director
Urgent Care

Appointment
Andy was appointed Managing Director in March 2020.

Key strengths
Andy is an experienced strategic leader to the NHS and independent sector and has a track record of leading large-scale complex change across healthcare sectors.

Experience and skills
With a career spanning 29 years in healthcare, Andy has extensive experience in delivering large complex change projects as well as business integration and business turn-around projects. Andy has an MBA (Keele University) and has been through a number of nationally recognised leadership programmes and is a Kings Fund Alumni member and contributor.

Marie Lee
Managing Director
Insourcing

Appointment
Marie was appointed as Managing Director in September 2019.

Key strengths
Marie has more than 17 years' Board-level experience of delivering successful clinical insourcing services across public sector hospitals throughout the UK and Ireland.

Experience and skills
Marie was one of the original founders and CEO of Medinet, a healthcare insourcing business.

Marie has worked with more than 100 hospitals across the UK and Ireland, helping to reduce patient waiting times through the delivery of cost-effective clinical services.

STRONG GOVERNANCE FRAMEWORK

"

Strong corporate governance is fundamental to the effective management of the business and delivery of long-term shareholder value and is for the wider benefit of the Company, its employees, customers and suppliers.

I am pleased to introduce the Company's 2020 Corporate Governance Report.

Strong corporate governance is fundamental to the effective management of the business and delivery of long-term shareholder value and is for the wider benefit of the Company, its employees, customers and suppliers. The Board considers that the future success of the Company is dependent upon a commitment to a strong governance framework throughout the business.

The Company applies the governance principles of the Quoted Companies Alliance Corporate Governance Code 2018 ("QCA Code"), on the basis that it is the most appropriate governance code for the Group, having regard to its strategy, size, stage of development and resources.

The QCA code focuses on ten principles and a set of disclosures. The details of how Totally plc complies with the principles that are stated in the QCA code are in the explanations to follow, within the Board Committee reports and on the Company's website at www.totallyplc.com.

Board composition has changed during the year with the appointment of Michael Steel as an Executive Director, following the acquisition of the Greenbrook Healthcare business. Michael resigned post financial year end on 10 July 2020.

Bob Holt OBE
Chairman
14 July 2020

Corporate governance report

Statement of compliance with the QCA Corporate Governance Code

The Board has adopted the QCA Corporate Governance Code and in the table below the Board sets out how it complies with the principles of the Code.

	Governance principles	Compliant	Further reading
Deliver growth	**1. Establish a strategy and business model which promote long-term value for shareholders**	✔	Pages 2 – 13 and 29 https://www.totallyplc.com/about-us/our-strategy
	2. Seek to understand and meet shareholder needs and expectations	✔	Pages 27 – 31 https://www.totallyplc.com/investor-relations/corporate-governance
	3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	✔	Pages 23 and 29 https://www.totallyplc.com
	4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	✔	Pages 21, 22 and 29
Maintain a dynamic management framework	**5. Maintain the Board as a well functioning, balanced team led by the Chair**	✔	Pages 24, 25, 29 and 30 https://totallyplc.com/about-us/board-and-management
	6. Ensure that between them the Directors have the necessary up to date experience, skills and capabilities	✔	Pages 24, 25 and 30 https://totallyplc.com/about-us/board-and-management
	7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✔	Page 30
	8. Promote a corporate culture that is based on ethical values and behaviours	✔	Pages 2 – 13 and 27 – 31 https://www.totallyplc.com/about-us
	9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	✔	Page 31 https://www.totallyplc.com/investor-relations/corporate-governance
Build trust	**10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**	✔	Pages 1 – 39 https://www.totallyplc.com/investor-relations/corporate-governance https://www.totallyplc.com/investor-relations/reports-documents

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders

Totally plc is a leading out-of-hospital healthcare provider. The business operates through three delivery divisions, the third of which was started during the year:

- Urgent Care – Urgent Treatment Centres ("UTCs") – managing the "front door " to A&E Departments, NHS 111, GP Out of Hours services and Clinical Assessment Services ("CAS") telephonic access to multidisciplinary teams of clinicians.
- Planned Care – Community Outpatient Services including specialist dermatology and cardiology, Referral Management Systems ("RMS") in partnership with the NHS to improve GP referrals, physiotherapy – full musculoskeletal services to GP surgeries, health centres, prisons and gyms – and Health Coaching supporting long-term condition management and early discharge services.
- Insourcing – Totally Healthcare was established in October 2019 to target the insourcing market in the UK and Ireland, and to assist with the reduction of patient waiting lists.

The Company's focus remains on helping patients to avoid hospital and protecting the A&E department.

Totally's strategy is explained fully within our Strategic Report, which is contained within pages 1 to 23 of this Annual Report. The Principal Risks and Uncertainties to the business are detailed on pages 21 and 22 of this Annual Report.

Principle 2 – Seek to understand and meet shareholder needs and expectations

The Board recognises the importance of active shareholder dialogue with both institutional and private shareholders, and this is led by the Chairman and the Chief Executive Officer. The detail of how the Company addresses these matters is fully contained within the Principle 2 note in the Corporate Governance section of the website at www.totallyplc.com/investor-relations/corporate-governance.

Following both the annual and interim results announcements, meetings are held with analysts, private investors and institutional investors of the Company. The Company's website also has details of public announcements, Annual and Interim Reports and investor presentations.

The Annual General Meeting ("AGM") of the Company remains a key focus on allowing the Directors to meet with shareholders and to provide an opportunity to give an update on the Company's performance. It also gives shareholders the opportunity to ask questions of the Directors, either in the formal AGM proceedings or informally after the event.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board is conscious that its long-term success depends upon its interaction with its wider stakeholder base – patients, commissioning groups, staff, regulators and the wider community.

Totally plc operates in a heavily regulated sector where its work is subject to independent audit and review by Clinical Commissioning Groups and the Care Quality Commission ("CQC"). Formal or informal feedback is encouraged by staff and from other stakeholders through, amongst other routes, the Contact Us section of the Company website at www.totallyplc.com.

Regular staff dialogue is maintained through Totally News – a Company-wide newsletter and regular staff meetings.

Principle 4 – Embed effective risk management, considering both opportunities and threats throughout the organisation

Details of the risks and uncertainties faced by the Group, and actions to mitigate risk can be found in the Principal Risks and Uncertainties section of this Report and Accounts on pages 21 and 22.

The business operates in a highly regulated market with activities complying to NHS operational and administrative procedures.

Risk management is a core focus of the Board, and this is reviewed at each Board meeting. Detailed feedback is received from each operating subsidiary, together with external regulatory bodies, at these meetings. Formal risk registers for the business are reviewed regularly by the Board. Operational risk and any newly identified risk to the business is also considered.

Regular dialogue is maintained with Commissioning Groups, the CQC, NHS England and with our insurers. The Company maintains appropriate levels of insurance cover.

Principle 5 – Maintain the Board as a well functioning, balanced team led by the Chair

The Board, led by the Chairman, is responsible for the overall management of the Group including the approval and implementation of the Group's objectives and strategy, budgets, operational performance along with the maintenance of sound internal control, corporate governance and risk management procedures.

The Board of Directors comprises of a Non-Executive Chairman, two further Non-Executive Directors and four Executive Directors. All Non-Executive Directors are considered to be independent. Details of the Directors, including brief biographies, Committee membership, key strengths and experience, skills and qualifications, can be found on pages 24 and 25 of this Annual Report.

The work of the Board is supported by Audit, Remuneration and Nomination Committees, membership of which is made up of the Non-Executive Directors. There is a formal Schedule of Matters reserved for the Board and this along with the Board Committee terms of reference may be found on the Company's website at www.totallyplc.com/investor-relations/corporate-governance.

Principle 5 – Maintain the Board as a well functioning, balanced team led by the Chair continued

The table below summarises the membership of the Board, the Board Committees and the attendance record of the Directors.

Director	Board scheduled meeting	Audit	Remuneration	Nomination
Executive Directors				
Wendy Lawrence	6/6	—	—	—
Lisa Barter	6/6	—	—	—
Gloria Cooke	6/6	—	—	—
Michael Steel[1]	4/4	—	—	—
Non-Executive Directors				
Bob Holt	6/6	3/3	2/2	2/2
Michael Rogers	5/6	3/3	—	—
Tony Bourne	5/6	—	2/2	2/2

1. Michael Steel was appointed to the Board on 20 June 2019 and resigned on 10 July 2020.

All Directors are required to commit sufficient time to their respective roles to discharge their duties adequately.

Directors retire by rotation and are subject to re-election at the AGM of the Company.

The Board has considered the independence of the Non-Executive Directors and the table below sets out their appointment date and those considered to be independent.

Each of the Directors is subject to either an Executive Service Agreement or a letter of appointment.

Directors during the year	Role	Independent/ Not Independent	Date of appointment
Bob Holt	Non-Executive Chairman	Independent	15 September 2015
Michael Rogers	Non-Executive Director	Independent	7 December 2015
Tony Bourne	Non-Executive Director	Independent	5 October 2015
Wendy Lawrence	Chief Executive Officer	Not Independent	15 February 2013
Lisa Barter	Finance Director	Not Independent	23 October 2017
Gloria Cooke	Clinical Quality Director	Not Independent	4 December 2017
Michael Steel	Executive Director	Not Independent	20 June 2019 (resigned 10 July 2020)

Principle 6 – Ensure that between them the Directors have the necessary up to date experience, skills and capabilities

The Board considers that there is currently an appropriate balance between sector, financial and public market skills and experience at Board level. Directors' biographies including details of their key strengths and experience and their skills and qualifications can be found on pages 24 and 25 of this Annual Report.

The Directors are mindful of the need to maintain gender and equality balance to the Board.

Sector-specific training for the Directors is maintained through regular business updates from the Executive Directors and briefings from external advisers.

External professional advice has only been sought for routine business matters.

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

While it had previously been agreed to undertake an internal Board evaluation process during the financial year, the considerable work necessary to achieve the acquisition and integration of the Greenbrook Healthcare business, along with the changes to the plc Board and Senior Management team as a result of that acquisition, meant that the evaluation was deferred.

The Board has agreed that a formal external Board evaluation will be undertaken during the current year. This will take into account both the requirements of the QCA Corporate Governance Code (2018) and the Financial Reporting Council's Guidance on Board Effectiveness.

There is a performance evaluation undertaken of all Directors being proposed for re-election to ensure their performance continues to be effective and in the case of Non-Executive Directors that their continuing independence and time commitment to the role is demonstrated.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

Page 3 of the current Annual Report sets out Totally's mission and values, all of which underpin how the Group is run. This culture is consistent with the Company's strategy, further details of which are set out within the Strategic Report section of this Annual Report, on pages 1 to 23.

Given the nature of the Group's activities, Totally plc is subject to significant external scrutiny from Commissioning Groups and Regulators. The business is fully compliant with all NHS requirements for governance, information security and quality management.

The Company has in place:

- Formalised whistleblowing procedures for staff, contractors and agency staff to raise concerns relating to danger, fraud or other illegal or unethical conduct.
- A Group Anti-Slavery and Human Trafficking policy statement in relation to the Modern Slavery Act 2015.
- A Company Code of Conduct.
- An Anti-Corruption Policy relating to compliance with the Bribery Act 2010.
- Measures to take appropriate actions to comply with the provisions of the Market Abuse Regulations together with a Share Dealing Policy.
- The Group has complied with the provision of statutory information relating to the Gender Pay Gap legislation and Payment Practices regime.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Company Secretary works closely with the Chairman and the Chairman of the various Board Committees to ensure that Board procedures, including setting agendas and the timely distribution of papers are complied with and that there are good communication flows between the Board and its Committees, and between senior management and Non-Executive Directors.

There is a formal agenda at each Board meeting which includes an operational update from the Chief Executive Officer, financial updates from the Finance Director and a detailed clinical quality update, including any interface with regulators from the Clinical Quality Director. The reports from the Executive Directors cover all business units within the Group and also covers new business opportunities. Strategic issues are dealt with at each Board meeting by the Chairman.

Within the annual calendar of Board meetings, there is normally an annual budget presentation at which the Senior Management team presents its budget for the forthcoming financial year.

The Non-Executive Directors are encouraged to attend visits to the individual operating businesses to discuss performance and other issues with the management teams.

During the course of the year, other matters considered by the Board have included annual and half-year results announcements, AGM resolutions, interactions with NHS England and the CQC, reports from the Group Clinical Governance Board, principal risks and uncertainties, shareholder communications and management incentivisation.

Board papers are circulated to the Directors at least three clear business days in advance of the meetings to enable proper consideration of the content of the papers.

The Chairman maintains regular contact with the Non-Executive Directors outside of formal Board meetings.

The roles of all Board members are as detailed below:

Position	Name	Responsibilities
Non-Executive Chairman	Bob Holt	Leads the Board and assists the Chief Executive Officer in developing Company strategy. Ensures an effective link between shareholders and the Board.
Chief Executive Officer	Wendy Lawrence	Assists the Chairman to develop strategies. Implements policies and strategies agreed by the Board and manages the business.
Finance Director	Lisa Barter	Develops, implements and monitors financial strategy of the business.
Clinical Quality Director	Gloria Cooke	Develops, implements and monitors clinical quality and is Executive lead for safeguarding.
Executive Director	Michael Steel	Assists CEO with the review of strategic matters and operational delivery.
Non-Executive Directors	Mike Rogers/ Tony Bourne	Provide constructive challenge to the Executive Directors.

All Directors have access to the support and advice of the Company Secretary as required. Directors are also able to take independent professional advice at the Company's expense in the furtherance of their duties where considered necessary.

Position	Name	Responsibilities
Group Company Secretary	John Charlton	Provides guidance on all matters of corporate governance. Ensures a good flow of information within the Board and its Committees.

Board Committees

There are three Board Committees, all with formally delegated powers – an Audit Committee, a Remuneration Committee and a Nomination Committee. All are chaired by and comprise of the Non-Executive Directors.

The terms of reference for all Board Committees are reviewed regularly and can be found on the Company website at www.totallyplc.com/investor-relations/corporate-governance.

Committee Chairs attend the Company AGM and are available to answer any questions from shareholders regarding the activities of the Committees.

Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board maintains an active dialogue with institutional and private shareholders and employees – both employee shareholders and others.

The Company's website includes a specific Investor Relations section containing all RNS announcements, share price information and details of significant shareholders, corporate governance and annual documents are available for download at www.totallyplc.com/investor-relations.

The website also provides details for contacting the Company on any issues.

The AGM remains an important opportunity for the Board to engage with shareholders. Formal questions may be tabled to the Board during the AGM, or asked informally in conversation after the AGM.

There is feedback to the full Board of any shareholder interaction at each Board meeting.

This year's AGM will be held on Monday 7 September 2020, and full details of venue and resolutions proposed may be found in the Notice of Meeting enclosed with these accounts or on the Company website.

Approved by order of the Board.

Bob Holt OBE
Chairman
14 July 2020

Report of the Nomination Committee

Tony Bourne
Chairman of the Nomination Committee

The key responsibilities of the Nomination Committee are to:

- Review the structure, size and composition of the Board, including the skills, knowledge, experience and diversity of Directors.
- Develop a strategy for succession planning for both Directors and other senior Executives.
- Identify and nominate for approval by the Board candidates to fill Board and other senior vacancies.
- Keep under review the leadership needs of the Company.

The focus of the Committee during the coming financial year will be:

- To complete the Board evaluation process.
- To review the Executive/Non-Executive balance of the Board.
- To review succession planning within the business.
- To review incentivisation arrangements for senior management teams within the business.

Membership of the Nomination Committee and activities during the year

The Nomination Committee comprises of Tony Bourne, Non-Executive Director and Bob Holt, Non-Executive Chairman. Both served during the year. Tony Bourne became Chairman of the Committee on 24 October 2017. Details of attendance records during the period can be found on page 30.

In June 2019 Totally plc completed on the acquisition of Greenbrook Healthcare and following the acquisition, Michael Steel, formerly Chief Executive of Greenbrook Healthcare, joined the Board as an Executive Director. The Board, therefore, comprises of four Executive Directors and three Non-Executive Directors.

Given the transformational nature of the Greenbrook acquisition for Totally's position within the Urgent Care market, the Nomination Committee reviewed the incentivisation of the key Executive Directors of the enlarged Group to ensure that they were aligned with the creation of shareholder value. A new long-term incentive plan ("LTIP") was put in place for the Chief Executive Officer, Finance Director, Clinical Quality Director and the Executive Director in June 2019. Any award is subject to share price growth hurdles and has a three-year vesting period. Full details are contained within the Admission Document, which may be found at www.totallyplc.com/investor-relations/reports-documents.

The Board acknowledges that diversity extends beyond the boardroom and supports the management efforts to building a diverse organisation. When considering the optimum composition of the Board, it is believed all appointments should be made on merit while ensuring an appropriate balance of skills and experience within the Board.

The work of the Committee during the period has primarily been in supporting the Executive Directors in their review of Senior Management positions within the business, both at Group level and in the Executive management of the operating subsidiaries. Following the acquisition of Greenbrook Healthcare, the work that was already underway with the integration of the Vocare business and the creation of Totally Healthcare in October 2019, the Board confirmed the strategy of operating through three delivery divisions – Urgent Care, Planned Care and Insourcing.

Senior appointments across all three delivery divisions were overseen by the Nomination Committee, following recommendations by the Executive Directors.

As reported previously, the Committee had considered implementing the process of a formal Board evaluation, and it was agreed that initially this would be undertaken through an internal process led by the Non-Executive Directors. This process was halted following the change in Board structure as a result of the Greenbrook acquisition. The Board has however agreed that an external Board evaluation process will be commenced in the current year, given that the Board structure is stable. Full details will be reported in future Nomination Committee reports.

Tony Bourne
Chairman of the Nomination Committee
14 July 2020

Report of the Audit Committee

Michael Rogers
Chairman of the Audit Committee

The key responsibilities of the Audit Committee include:

- Reviewing and monitoring the integrity of the Group's annual and interim financial statements and accompanying reports.
- Reporting on the appropriateness of accounting policies and practices.
- Reviewing and monitoring the effectiveness of the Group's internal controls and risk management systems.
- Reviewing the effectiveness of the Group's internal audit process and to approve the forward audit plan.
- Making recommendations to the Board in relation to the appointment and removal of the external auditor.
- Reviewing and monitoring the external auditor's independence, objectivity and the effectiveness of the audit process.
- Reviewing and monitoring the extent of the non-audit work undertaken by the Group's external auditor.
- Reviewing the adequacy and effectiveness of the Group's whistleblowing and anti-bribery policy and procedures.
- Reviewing the Group's risk management procedures.

Membership of the Audit Committee and activities during the year

The members of the Committee are Michael Rogers, Non-Executive Director who acts as Committee Chairman and Bob Holt, Non-Executive Chairman. The Committee is comprised of financially literate members with the requisite ability and experience to enable the Committee to discharge its responsibilities.

The Committee met three times during the period. Meetings are attended by Committee members and, by invitation, the Finance Director, Senior Management and representatives from the external auditors. Once a year, the Committee will meet separately with the external auditors without management being present.

The Committee's terms of reference are available to view at www.totallyplc/investorrelations.

The primary function of the Audit Committee is to assist the Board in discharging the responsibilities concerning financial reporting and external and internal controls.

During the period covered by this report, the Committee undertook the following:

- Reviewed the key accounting considerations and judgements reflected in the Group's results for the six-month period ended 30 September 2019.
- Continued to support the Board with a review of accounting procedures and policies as part of the integration process following the Vocare acquisition.
- Supported the Nomination Committee and Board in the appointments to the new Integrated Finance function following the acquisition of Vocare. During the course of the year a Group Central Finance team was established at the Derby Head Office, following the relocation of the Head Office from London. This has seen the consolidation of Finance teams from the various operating subsidiaries into the centre.
- With the acquisition of Greenbrook Healthcare in June 2019 further consolidation of finance teams was undertaken to reflect the three operating divisions of the business – Urgent Care, Planned Care and Insourcing.
- Reviewed and agreed the external auditors' audit plan in advance of its audit for the year ended 31 March 2020.
- Reviewed and approved the non-audit assignments undertaken by the external auditor for the year ended 31 March 2020.
- Reviewed risk management procedures within the business together with a detailed review of the Group Risk Registers.
- Considered, together with the Board, the principal risks and uncertainties review.

Report of the Audit Committee continued

External auditor

RPG has remained as the Group's auditors for the period under review. The Board is aware that the effectiveness and independence of the external auditor is central to ensuring the integrity of the Group's published accounts. In line with standard audit practice, the audit partner was rotated at the start of the financial year. The Audit Committee took the following steps to ensure auditor independence was not compromised:

- Reviewed the Group's relationship with RPG and assessed the levels of controls and procedures in place to ensure the required level of independence and that the Group has an objective and professional relationship with RPG.
- The Audit Committee reviews all fees paid for the audit and all non-audit fees with a view to assessing the reasonableness of fees, and any independence issues that may have arisen or may potentially arise in the future.

Risk management and internal controls

The Audit Committee is responsible for monitoring the financial reporting process and for reviewing the effectiveness of the Group's systems of internal controls. Any system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The Board can only provide reasonable and not absolute assurance against material misstatement or loss.

There is an established and transparent organisational structure in place, with appropriate defined authority levels. Day to day running of the Group is delegated to the Executive Directors of the Group, who meet with operational and financial management from each business area on a monthly basis. Key financial and operational measurements are reported on a monthly basis and are measured against budget and reforecasts.

The Group maintains a Group Risk Register and individual risk registers for each business within the Group. These outline the key risks faced by the Group, including their impact and likelihood and relevant mitigation controls and actions. The Group and business unit risk registers are reviewed and updated by management on a monthly basis.

A summary of the key risks from the Group Risk Register is presented to the Audit Committee on a semi-annual basis.

The risks and uncertainties which are judged currently to have the most significant impact on the Group's long-term performance and prospects are set out in the Principal Risks and Uncertainties section on page 22 of this Annual Report.

Following the year end, the Committee has met to approve the Group's Annual Report and financial statements.

Michael Rogers
Chairman of the Audit Committee
14 July 2020

Directors' remuneration report

Tony Bourne
Chairman of the Remuneration Committee

The key responsibilities of the Remuneration Committee are to:

- Develop remuneration packages which motivate Directors and support the delivery of business objectives in the short, medium and longer term.
- Align the interests of the Executive Directors with the interests of long-term shareholders.
- Encourage Executives to operate within the risk parameters set by the Board.
- Ensure that the Company can recruit and retain high quality Executives through packages which are fair and attractive, but not excessive.

This is the Directors' Remuneration Report for the year ended 31 March 2020. Pages 36 and 37 provide details of each Director's pay and benefits in the period to 31 March 2020. The members of the Committee are Tony Bourne, Non-Executive Director who acts as Committee Chairman and Bob Holt, Non-Executive Chairman.

The Committee met twice during the period.

Responsibilities and work of the Remuneration Committee

The primary function of the Remuneration Committee is to review the remuneration of the Executive Directors and to monitor the remuneration of the Group's Senior Management. The remuneration strategy and policy for all staff is also reviewed annually by the Committee.

During the course of the financial year the Committee reviewed and assisted with the development of the following aspects:

- The acquisition of the Greenbrook Healthcare businesses in June 2019 led to a further period of review and integration of roles and responsibilities within the enlarged business and followed on from the previous work undertaken as a result of the acquisition of Vocare in October 2017. The Committee assisted with aspects of the remuneration for the new Executive and Senior Management roles within the new structure.
- During the year the strategic focus of the business was developed further to concentrate around three core areas – Planned Care, Urgent Care and Insourcing. Remuneration strategies were developed to reflect the new leadership roles within each of the three divisions.
- Totally Healthcare – the business' new Insourcing division was established in October 2019 and the Committee assisted the Executive Directors with establishing a focused remuneration strategy for the management team brought in to develop this part of the business.
- The Committee also oversaw the adoption of the Totally plc LTIP Plan (Long-Term Incentive Plan) and the awards made to initial participants. Full details of the LTIP Plan Rules, awards made and performance conditions can be found from page 126 of the Placing, Open Offer and Admission Document relating to the Greenbrook acquisition which can be found at www.totallyplc.com/investor-relations/reports-documents.
- A review was undertaken during the year of Executive and Non-Executive remuneration. Awards were made to Wendy Lawrence, Lisa Barter and Gloria Cooke, effective from 1 August 2019.
- With regards to the Chairman, Bob Holt, who has served as Chairman since September 2015, the achievement of a pre-exceptional EBITDA performance of £1.1m for the financial year triggered a review of his fees. Bob Holt excluded himself from the Committee review of this matter, and the Independent Non-Executive Directors reviewed the matter. Bob Holt had not taken any fees since the date of his appointment in September 2015. After discussion it was agreed that Bob Holt should be awarded an annual fee as Chairman of £40,000, commencing 1 August 2019.

The full terms of reference of the Committee are available on the Company's website – www.totallyplc.com/investor-relations/corporate-governance.

Directors' remuneration report continued

Remuneration Policy

It is the focus of the Remuneration Committee to ensure that a Director's remuneration encourages, reinforces and rewards the growth of shareholder value while promoting the long-term success of the Company. Remuneration Policy is intended to support the business needs of the Company through ensuring the ability to attract, retain and motivate senior leaders of a high calibre while remaining competitive and providing an appropriate incentive for good performance.

Executive Directors' remuneration should also:

- Align Executives with the best interests of the Company's shareholders and other relevant stakeholders through a weighting on performance-related pay.
- Be consistent with all regulatory and corporate governance requirements.
- Be clear, straightforward and transparent while supporting the delivery of strategic objectives.
- Be consistent with the Group's risk policies and systems to guard against inappropriate risk-taking.

The Committee seeks external guidance and benchmarking of remuneration strategies to assist the formulation of the Group Remuneration Policy.

Disclosure of Directors' remuneration – single total figure of remuneration (audited information)

The table below reports the total remuneration received in respect of qualifying services by each Director during the period ended 31 March 2020:

	Total salary and fees		Taxable benefits		Annual bonus		Long-term incentive		Pensions-related benefits		Total remuneration	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Executive Directors												
Wendy Lawrence	**161**	140	**1**	2	**40**	—	**—**	—	**24**	21	**226**	163
Lisa Barter	**119**	105	**2**	1	**25**	—	**—**	—	**12**	11	**158**	117
Gloria Cooke	**108**	102	**2**	—	**20**	—	**—**	—	**—**	10	**130**	112
Michael Steel[1]	**156**	—	**—**	—	**—**	—	**—**	—	**—**	—	**156**	—
Non-Executive Directors												
Don Baladasan	**—**	23	**—**	—	**—**	—	**—**	—	**—**	—	**—**	23
Bob Holt	**27**	—	**—**	—	**—**	—	**—**	—	**—**	—	**27**	—
Tony Bourne	**25**	25	**—**	—	**—**	—	**—**	—	**—**	—	**25**	25
Mike Rogers	**25**	25	**—**	—	**—**	—	**—**	—	**—**	—	**25**	25
	621	420	**5**	3	**85**	—	**—**	—	**36**	42	**747**	465

1. Michael Steel was appointed to the Board on 20 June 2019 and resigned on 10 July 2020.

Annual bonus

Performance bonuses in respect of the financial year 2018/19 were paid following release of the audited accounts to:

- Wendy Lawrence £40,000
- Lisa Barter £25,000
- Gloria Cooke £20,000

The awards reflected operational turnaround of the Vocare business with 97% registered services being rated as Good by the CQC as well as achievement of pre-exceptional EBITDA of £1.1m.

No such bonus has yet been approved for the financial year 2019/20.

EMI approved options, CSOP and unapproved option schemes

No awards were made to Executive Directors under the above schemes during the financial year.

Long-Term Incentive Plan (2019) ("LTIP")

The Totally plc Long-Term Incentive Plan (2019) was established during the year. The purpose of the Plan was to recognise the importance in retaining certain key individuals to drive the integration and development of the business for the future. Shareholders approved the LTIP arrangements with effect from the Greenbrook Admission Document. Awards will vest on a sliding scale dependent on the achievement of share price hurdles measured at the vesting date from 25% of any award at a share price of 35p to 100% at 55p per share. Full details of the Plan arrangements can be found from page 126 of the Greenbrook Admission Document, which can be found at www.totallyplc.com/investor-relations/reports-documents.

A summary of option scheme awards, CSOP awards and unapproved share options

Name of Director	Scheme	Number of options as at 31.03.2019	Granted during the period	Lapsed during the period	Exercised during the period	Number of options as at 31.03.2020	Date from which exercisable	Expiry date
Wendy Lawrence	EMI approved options	250,000	—	—	—	250,000	11 Nov 18	11 Nov 25
	CSOP	74,000	—	—	—	74,000	31 Jan 21	31 Jan 28
	Unapproved options	176,000	—	—	—	176,000	31 Jan 21	31 Jan 28
	LTIP	—	3,000,000	—	—	3,000,000	20 Jun 22	20 Dec 25
	Total	**500,000**	**3,000,000**	**—**	**—**	**3,500,000**		
Lisa Barter	CSOP	74,000	—	—	—	74,000	31 Jan 21	31 Jan 28
	Unapproved options	26,000	—	—	—	26,000	31 Jan 21	31 Jan 28
	LTIP	—	1,500,000	—	—	1,500,000	20 Jun 22	20 Dec 25
	Total	**100,000**	**1,500,000**	**—**	**—**	**1,600,000**		
Gloria Cooke	CSOP	50,000	—	—	—	50,000	31 Jan 21	31 Jan 28
	LTIP	—	1,500,000	—	—	1,500,000	20 Jun 22	20 Dec 25
	Total	**50,000**	**1,500,000**	**—**	**—**	**1,550,000**		
Michael Steel	LTIP	—	1,500,000	—	—	1,500,000	20 Jun 22	20 Dec 25
	Total	**—**	**1,500,000**	**—**	**—**	**1,500,000**		

Long-term incentive vesting

There were no long-term incentive awards capable of vesting during the period reported.

Shareholder dilution

In accordance with the investor guidelines and the rules of the Company's share schemes, the Company can issue a maximum of 10% of its issued share capital in a rolling ten-year period to employees to satisfy vesting under all its share plans. Of this 10%, the Company can issue 5% to satisfy awards under discretionary or Executive plans.

Service contracts and letters of appointment

The table below summarises the service contracts of the Executive Directors and Non-Executive Directors.

	Date of contract/letter of appointment	Notice period by Company	Notice period by Director
Executive Directors			
Wendy Lawrence	15 Feb 2013	6 months	6 months
Lisa Barter	23 Oct 2017	3 months	3 months
Gloria Cooke	19 July 2016	3 months	3 months
Michael Steel[1]	31 May 2019	6 months	6 months
Non-Executive Directors			
Bob Holt	15 Sept 2015	3 months	3 months
Mike Rogers	7 Dec 2015	3 months	3 months
Tony Bourne	5 Oct 2015	3 months	3 months

1. Michael Steel was appointed to the Board on 20 June 2019 and resigned on 10 July 2020.

Remuneration in the wider Group

Within the wider Group employee salaries and benefit levels are set taking into account prevailing market conditions. The Group encourages share ownership by employees by offering a Sharesave ("SAYE") Scheme.

Tony Bourne
Chairman of the Remuneration Committee
14 July 2020

Directors' report

The Directors present their Annual Report and the audited Consolidated Financial Statements for the year ended 31 March 2020.

General information

The Company was incorporated as a public company limited by shares in England and Wales on 28 October 1999, with registered number 03870101. It is domiciled in the UK. The Company is listed on the AIM market of the London Stock Exchange. The Company's registered address is Cardinal Square West, 10 Nottingham Road, Derby DE1 3QT.

Principal activities

The Group aims to become a leading out-of-hospital healthcare provider in the UK, helping to address some of the biggest challenges faced by the UK healthcare sector. Out-of-hospital services include care in the community, GP surgeries, patients' homes, prisons and other public sector organisations, places of work as well as mobile locations and urgent care solutions.

Results and dividends

The results for the period are set out in the Consolidated Statement of Profit and Loss and Other Comprehensive Income on page 47.

The Directors recommend the payment of a final dividend of 0.25p per share on 16 October 2020 subject to approval at the Annual General Meeting on 7 September 2020, with a record date of 18 September 2020.

Directors and Directors' interests

The Directors who held office during the period and to date were as follows:

- Bob Holt OBE
- Wendy Lawrence
- Lisa Barter
- Tony Bourne
- Michael Rogers
- Gloria Cooke
- Michael Steel (appointed on 20 June 2019 and resigned on 10 July 2020)

Biographical details and Committee membership for Directors appear on pages 24 and 25.

Directors retire by rotation in line with the Articles of Association and the following Directors will seek re-election at the Annual General Meeting to be held on 7 September 2020:

- Lisa Barter
- Gloria Cooke

The Directors who held office during the financial year had the following interests in the shares of the Company:

	31 March 2020 Ordinary shares of 10p each held	31 March 2019 Ordinary shares of 10p each held
Bob Holt	**1,299,482**	1,018,447
Wendy Lawrence	**93,609**	60,666
Lisa Barter	**105,833**	5,000
Gloria Cooke	**50,500**	—
Mike Rogers	**150,000**	16,000
Tony Bourne	**161,000**	161,000
Michael Steel	**7,676,851**	—

Michael Steel was appointed as a Director on 20 June 2020 and resigned on 10 July 2020.

Details of Directors' emoluments and interest in share options are disclosed in the Directors' Remuneration Report on pages 36 and 37.

No Director has had a material interest in any contract of significance in relation to the business of the Company, or any of its subsidiary undertakings during the financial year or had such at the end of the financial year.

Substantial shareholdings and share capital

As at 21 June 2020, being the latest practical date prior to the publication of this document, the Company has been advised of the following interests in 3% or more of the Company's ordinary share capital based on the 182,186,111 ordinary shares in issue at 21 June 2020.

Fund manager	Number of shares	% of ISC
Miton Asset Management Limited	25,716,835	14.12%
Cavendish Asset Management Limited	15,000,000	8.23%
Columbia Threadneedle Investments	11,532,834	6.33%
David and Monique Newlands	10,075,000	5.53%
Liontrust Investment Partners LLP	8,136,423	4.47%
Michael Steel (Executive Director)	7,676,851	4.21%
Harwood Capital LLP	7,330,000	4.02%
Richard Sneller	7,300,000	4.00%
Unicorn Asset Management Limited	5,759,291	3.16%
Daniel Annetts	5,619,596	3.08%

The Company has one class of share in issue, being ordinary shares with a nominal value of 10p each. As at 31 March 2020 there were 182,186,111 shares in issue.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company and the Group in respect of liabilities that they may incur in the discharge of their duties or the exercise of their powers, including any liability relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company and the Group.

Directors and officers' liability insurance is in place in respect of all the Company's Directors.

Directors' powers

As set out in the Company's Articles of Association, the business of the Company is managed by the Board who may exercise all powers of the Company.

Our people

It is the Group's policy to consider all job applications on a fair basis free from discrimination on the basis of age, sex, race, ethnicity, religion, sexual orientation or disability not related to job performance. Every consideration is given to applications for employment from disabled persons, where the requirements of the job may be adequately covered by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate.

The Group values the involvement of its employees and encourages the development of employee involvement in each of its operating businesses through both formal and informal meetings. The Group ensures that all employees are made aware of significant matters affecting the performance of the Group by way of employee forums, information bulletins, informal meetings, team briefings, internal newsletters and the Group's website.

Participation in the growth of Totally plc is encouraged by offering all eligible employees the opportunity to participate in the Company's Save As You Earn ("SAYE") Scheme.

Principal risks and uncertainties

Details of the principal risks and uncertainties faced by the Group can be found in the Strategic Report on page 22.

Future developments

The Group remains committed to its buy and build strategy.

Details of the future developments for the Group can be found in the Strategic Report on pages 1 to 23.

Financial instruments

An explanation of the Group's treasury policies and existing financial instruments are set out in note 24 of the financial statements.

Donations

The Group made charitable donations in the period of £nil. The Group made no political donations during the period.

Annual General Meeting

A separate notice convening the Annual General Meeting of the Company to be held at Cardinal Square, First Floor-West, 10 Nottingham Road, Derby DE1 3QT on 7 September 2020 will be sent out with this Annual Report and Financial Statements.

Corporate governance

The Company's statement on corporate governance can be found in the Chairman's Introduction to Governance and the Corporate Governance Report on pages 27 to 31. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross reference.

Section 172 statement

The required statement under Section 172 of the Companies Act 2006 is contained within the Strategic Report on page 23.

Events after the reporting period

There were no disclosable events.

Independent auditor

The auditor, RPG Crouch Chapman LLP, has indicated its willingness under Section 489 of the Companies Act 2006 to continue in office and a resolution that it be re-appointed will be proposed at the AGM.

Statement as to disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- In so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board

John Charlton
Group Company Secretary
14 July 2020

Energy and emissions report

Reduction of energy usage and the associated emissions should be the aim for all companies and the Group is no different. The Group implemented the Streamlined Energy and Carbon Reporting ("SECR") requirements in the year, and the results are shown below.

In supporting the NHS and other healthcare bodies, the Group occupies a number of sites within hospitals and clinics across the UK and we are not liable for energy costs in 98% of our sites. Nonetheless the Group prioritises energy saving and is reviewing sites where operational control could be possible in order to reduce energy usage.

Total consumption of energy supplies (20019/20 Consumption kwh)

Utility and scope*

- Grid-supplied electricity (scope 2) **478**
- Natural gas (scope 1) **259**
- Transportation (scope 1) **1,533**

Total emissions from energy usage (20019/20 Consumption CO_2)

Utility and scope*

- Grid-supplied electricity (scope 2) **122**
- Natural gas (scope 1) **48**
- Transportation (scope 1) **370**

* Scope 1 are direct emissions relating to natural gas and transportation fuel and scope 2 are indirect emissions relating to the purchase of electricity.

Scope 1 and 2 consumption and CO_2 emissions have been calculated in line with 2013 UK Government environmental reporting guidance, using the UK Government's 2019 emissions conversion factor database v1.01

A significant proportion of the Group's consumption and emissions arise from transportation, which is being managed as follows:

- during the year the Group began moving towards using vehicles with start/stop functions for out-of-hours services and will continue to promote the use of energy-efficient vehicles; and
- mileage claims relating to site visits by support teams are being minimised by promoting video conferencing and the use of public transport where video conferencing is not possible.

Energy intensity metric

An energy intensity metric has been calculated using the number of tonnes of CO_2 emitted per £m of total sales revenue, to provide a metric against which the Group will measure current and future energy usage performance. This measure takes account of the differing consumption between divisions and the respective revenue of those divisions.

5.09 tonnes

energy intensity metric

Statement of Directors' responsibilities

In respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors have elected to prepare the 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 UK GAAP. 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 AIM.

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 they 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of 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 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.

This responsibility statement was approved by the Board of Directors on 14 July 2020 and is signed on its behalf by:

Bob Holt OBE
Chairman

Lisa Barter, ACA
Finance Director

Independent auditor's report

to the members of Totally plc for the period ended 31 March 2020

Our opinion on the financial statements

We have audited the financial statements of Totally plc ("the Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and the related notes to the financial statements, including a summary of significant accounting policies. 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 the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2020 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 Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement we identified (whether or not due to fraud), including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. The matter identified was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter

Carrying value of intangible assets

The most significant assets of the Group as at 31 March 2020 are intangible assets at £39.7m comprising £30.5m of goodwill arising on acquisition of subsidiaries and other intangibles of £9.2m.

In accordance with IAS36 Impairment of Assets, management are required to conduct annual impairment tests for goodwill. Given the subjectivity and number of estimates involved in any such assessment, we considered this to be a significant risk of material statement.

As part of their annual impairment review, management have prepared cash flow models for each cash generating unit to which goodwill relates to enable comparison of their value in use to net carrying values at 31 March 2020.

An impairment charge of £1.5m has been made in the year against the carrying value of the planned care cash generating unit.

Our work involved the following:

- Reviewing the impairment model provided and checking that the value in use model meets the requirements of the accounting standard;
- Testing the mathematical integrity of the cash flow model in order to ensure the basis of preparation of the model;
- Discussing the assumptions used with management and obtaining details to support the key assumptions;
- Challenging the assumptions used by reference to past results;
- Considering the impact of COVID 19 on operations based on results post year end; and
- Sensitising the expected cash flows for key assumptions.

Key observations

Based on our audit work, we have concluded that the valuation of non-current assets is accounted for in line with the Group's accounting policies and IAS 36 Impairment of Assets.

We concur with the impairment recorded by management and consider that the disclosures in note 14 to the financial statements appropriately describe the judgements made by management.

Recognition of right-of-use-assets and leased liabilities in accordance with IFRS 16 (Group and Company)

The Group adopted IFRS 16 Leases of Assets with effect from 1 April 2019. IFRS 16 replaces the existing standard IAS 17 and specifies how a business should recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the lessee to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

Determining the value of the right-of use assets and lease liabilities requires management to make judgements over key estimates and assumptions, including the certainty of lease term renewals and determination of appropriate discount rates to be applied.

Our specific audit focus was on the recognition of right-of-use assets and lease liabilities considering the following areas of risk:

- The underlying lease data used to calculate the impact is incomplete and/or inaccurate;
- Specific assumptions applied to determine the discount rates and lease term renewals; and
- The disclosures in the financial statements are insufficient especially as to the transitional impact.

Our audit work included, but was not restricted to:

- Considering completeness by testing the reconciliation to the Group's operating lease commitments;
- Verified the accuracy of the underlying lease data by agreeing a sample of leases to original contract or other supporting information, and agreed the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment;
- Assessed the appropriateness of the discount rates applied in determining lease liabilities; and
- Assessed whether the disclosures within the financial statements are appropriate and complete.

Key observations

Based on our audit work, we have concluded that the implementation of IFRS 16 has been correctly performed in accordance with the modified retrospective transition requirements of the standard.

Independent auditor's report continued

to the members of Totally plc for the period ended 31 March 2020

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Accounting for business combination	
During the year, the Group acquired Greenbrook healthcare for £16.2m payable in cash and shares. This transaction is accounted for as a business combination under IFRS 3. This involves recognising the fair valuation of all identifiable assets and liabilities arising on the acquisition. The fair valuation is an extremely complex area and involves the use of a number of estimates. As such we consider this to be a significant risk of material misstatement.	Our work involved: • Confirming consideration to signed purchase agreement and completion statement; • Agreeing net assets acquired to the completion statement; • Reviewing the assets and liabilities in the completion accounts and if any adjustments would be required to reflect their fair value at acquisition date; • Reviewing the underlying activity of the acquiree, discussed with management and considered other information to establish if any other identifiable assets and liabilities could exist; • Considering the methodology used by management to measure the fair value adjustments and agree to supporting documentation; and • Reviewing the disclosures required under IFRS 3 and ensuring that these are appropriately reflected in the business combination note in the financial statements. **Key observations** Based on our audit work, we have concluded that the acquisition was been accounted for appropriately under IFRS 3 and that the fair values are appropriately derived. We concur with the disclosures made by management in note 18 to the financial statements which appropriately describe the judgements made by management.
Revenue recognition	
Urgent Care provides a range of services such as the NHS 111 service, urgent care services and GP out of hours services under multi-year contracts with the NHS and other organisations. Many of these contracts are individually material and contain provisions for the clawback of revenue by the customer dependent on activity based key performance indicators KPIs. Although there should be annual reviews where final contract values are agreed this process can take an extended period. We therefore identified revenue recognition as a significant risk.	Our audit work included, but was not restricted to: • Reconciling expected income for a sample of revenue contracts to amounts reported in the accounts; • Reviewing activity performance reports for a sample of revenue contracts against KPI requirements and assessing the adequacy of provisions recognised; and • Review of settlement of contract values after the year end. **Key observations** Based on our audit work, we have concluded that revenue has been recognised appropriately and provisions recognised for clawback related to KPIs are considered to be reasonable.

All key matters noted above have been discussed with the Audit Committee.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Our basis for the determination of materiality has remained consistent with the prior year. Given the changes to the Group in recent periods and the fluctuations in profit, we consider revenue to be the most significant determinant of the Group's financial performance used by the users of the financial statements. A rate of 1% was used which is consistent with the prior year.

Whilst materiality for the financial statements as a whole was £1,050,000 (2019: £780,000), each significant component of the Group was audited to a lower level of materiality. The Company materiality was £600,000 (2019: £480,000), based on 1.5% of gross assets (2019: 2%) as that is deemed the considered the most appropriate measure for a holding company. The increases in both levels of materiality is due to the acquisition of Greenbrook Healthcare in the year leading to an increase in revenue at Group level and an increase in gross assets at Company level representing the investment made. The other components materiality levels varied from £640,000 to £50,000.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

Performance materiality for the Group was set at £750,000 for low risk audit areas representing 75% of materiality based upon our assessment of expected misstatements and the control environment. Performance materiality of £500,000 was used for areas considered to be higher risk, representing 50% of overall materiality.

The same percentages were applied to each component's materiality calculations. We agreed with the Audit Committee that we would report on all differences in excess of 5% of materiality relating to the Group financial statements. We also report to the Audit Committee on financial statement disclosure matters identified when assessing the overall consistency and presentation of the consolidated financial statements.

An overview of the scope of our audit

The Group audit was scoped by re-confirming our understanding of the business, Group structure, systems and processes and the internal control environment. All of the components are based in the UK and a full scope statutory audit was completed by RPG Crouch Chapman LLP in respect of each.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Independent auditor's report continued

to the members of Totally plc for the period ended 31 March 2020

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities on page 41, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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.

Colin Turnbull ACA
Senior Statutory Auditor
for and on behalf of RPG Crouch Chapman LLP
Statutory Auditor, Chartered Accountants
62 Wilson Street
London
EC2A 2BU

14 July 2020

RPG Crouch Chapman LLP is a limited liability partnership registered in England and Wales (with registered number OC375705).

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 March 2020

Continuing operations	Note	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Revenue	6	**105,948**	78,007
Cost of sales		**(86,772)**	(65,939)
Gross profit		**19,176**	12,068
Administrative expenses		**(15,140)**	(10,962)
Profit before exceptional items		**4,036**	1,106
Exceptional items	8	**(2,028)**	126
Profit before interest, tax and depreciation		**2,008**	1,232
Depreciation and amortisation		**(5,122)**	(2,822)
Operating loss	9	**(3,114)**	(1,590)
Finance income	10	**6**	3
Finance costs	11	**(302)**	(228)
Loss before taxation		**(3,410)**	(1,815)
Income tax credit	12	**577**	313
Loss for the year attributable to the equity shareholders of the parent company		**(2,833)**	(1,502)
Other comprehensive income		**—**	—
Total comprehensive loss for the year net of tax attributable to the equity shareholders of the parent company		**(2,833)**	(1,502)

Loss per share	Note	12 months to 31 March 2020 Pence	12 months to 31 March 2019 Pence
From continuing operations:			
Basic	25b	**(1.82)**	(2.51)
Diluted	25b	**(1.82)**	(2.51)

FINANCIAL STATEMENTS

Consolidated statement of changes in equity

For the year ended 31 March 2020

	Note	Share capital £000	Share premium £000	Retained earnings £000	Equity shareholders' funds £000
At 1 April 2018		5,979	16,408	4,951	27,338
Total comprehensive loss for the year		—	—	(1,502)	(1,502)
Credit on issue of warrants and options		—	—	43	43
At 31 March 2019		5,979	16,408	3,492	25,879
Total comprehensive loss for the year		—	—	(2,833)	(2,833)
Cancellation of share premium account	25c	—	(16,408)	16,408	—
Issue of shares	25a	12,240	—	—	12,240
Expenses attached to equity issue		—	—	(450)	(450)
Dividend payment	13	—	—	(455)	(455)
Credit on issue of warrants and options	26c	—	—	64	64
At 31 March 2020		**18,219**	**—**	**16,226**	**34,445**

The Company Statement of Changes in Equity can be found in note 27.

The accompanying notes on pages 51 to 79 form part of the financial statements.

Consolidated and Company statements of financial position

As at 31 March 2020

	Note	Consolidated 31 March 2020 £000	Consolidated 31 March 2019 £000	Company 31 March 2020 £000	Company 31 March 2019 £000
Non-current assets					
Intangible assets	14	**39,631**	28,824	**9**	26
Property, plant and equipment	15	**789**	599	**43**	43
Right-of-use assets	16	**4,129**	—	**288**	—
Investments in subsidiaries	17	**—**	—	**38,149**	21,835
Deferred tax	12	**408**	158	**—**	—
		44,957	29,581	**38,489**	21,904
Current assets					
Inventories	19	**77**	68	**—**	—
Trade and other receivables	20	**11,370**	8,606	**728**	677
Cash and cash equivalents		**8,923**	7,520	**718**	1,254
		20,370	16,194	**1,446**	1,931
Total assets		**65,327**	45,775	**39,935**	23,835
Current liabilities					
Trade and other payables	21	**(24,367)**	(18,784)	**(13,457)**	(5,362)
Contingent consideration	22	**(271)**	(322)	**(271)**	(322)
Lease liabilities	16	**(1,449)**	(5)	**(58)**	—
		(26,087)	(19,111)	**(13,786)**	(5,684)
Non-current liabilities					
Trade and other payables	21	**(786)**	(768)	**(18)**	(16)
Lease liabilities	16	**(2,729)**	(3)	**(234)**	—
Deferred tax	12	**(1,280)**	(14)	**—**	—
		(4,795)	(785)	**(252)**	(16)
Total liabilities		**(30,882)**	(19,896)	**(14,038)**	(5,700)
Net current liabilities		**(5,717)**	(2,917)	**(12,340)**	(3,753)
Net assets		**34,445**	25,879	**25,897**	18,135
Shareholders' equity					
Called up share capital	25a	**18,219**	5,979	**18,219**	5,979
Share premium	25c	**—**	16,408	**—**	16,408
Retained earnings	25d	**16,226**	3,492	**7,678**	(4,252)
Equity shareholders' funds		**34,445**	25,879	**25,897**	18,135

These financial statements were approved by the Board of Directors on 14 July 2020 and were signed on its behalf by:

Wendy Lawrence
Director
Totally plc

Lisa Barter, ACA
Director

Company registration no: 3870101 (England and Wales)

The accompanying notes on pages 51 to 79 form part of the financial statements.

FINANCIAL STATEMENTS

Consolidated cash flow statement

For the year ended 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Cash flows from operating activities			
Loss for the year		**(2,833)**	(1,502)
Adjustments for:			
- options and warrants charge	25	**64**	43
- depreciation and amortisation	14-16	**5,122**	2,822
- impairment of goodwill	14	**1,500**	2,000
- tax income recognised in profit or loss		**(577)**	(313)
- finance income	10	**(6)**	—
- finance costs	11	**302**	112
- revaluation of contingent consideration	22	**—**	(2,668)
Movements in working capital:			
- inventories		**(8)**	10
- movement in trade and other receivables		**1,891**	1,100
- movement in trade and other payables		**(2,452)**	(3,457)
Cash used for operations		**3,003**	(1,853)
- income tax (paid)/received		**(104)**	39
Net cash flows from operating activities		**2,899**	(1,814)
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(397)**	(265)
Additions of intangible assets	14	**(192)**	(491)
Acquisition of subsidiaries, net of cash acquired	18	**(7,955)**	—
Contingent consideration paid	22	**(51)**	(130)
Net cash flows from investing activities		**(8,595)**	(886)
Cash flows from financing activities			
Issue of share capital	25a	**9,739**	—
Expenses attached to equity issue		**(450)**	
Dividends paid to the holders of the parent	13	**(455)**	—
Interest paid		**(97)**	—
Principal paid on lease liabilities	16	**(1,638)**	(4)
Net cash flows from financing activities		**7,099**	(4)
Net increase/(decrease) in cash and cash equivalents		**1,403**	(2,704)
Cash and cash equivalents at the beginning of the year		**7,520**	10,224
Cash and cash equivalents at the end of the year		**8,923**	7,520

The accompanying notes on pages 51 to 79 form part of the financial statements.

Notes to the financial statements

For the year ended 31 March 2020

1. General information

Totally plc is a public limited company ("the 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 Cardinal Square West, 10 Nottingham Road, Derby DE1 3QT. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange ("AIM").

The Group's principal activities are the provision of innovative and consolidatory solutions to the healthcare sector, which are provided by the Group's wholly owned subsidiaries.

The Company's principal activity is to provide management services to its subsidiaries.

2. Authorisation of financial statements and statement of compliance

The financial statements for the year ended 31 March 2020 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 Lisa Barter on 14 July 2020.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union ("EU"), and bearing in mind those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

In preparing its financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, the Company's financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRSs;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with wholly owned fellow group companies.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Totally plc. The Company's financial statements do not include certain disclosures in respect of:

- share-based payments; and
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

As permitted by Section 408 of the Companies Act 2006 no income statement is presented for the Company. The Company made a loss of £3,637,000 for the year ended 31 March 2020 (2019: loss £2,511,000).

3. Basis of preparation

The Consolidated and Company Financial Statements have been prepared on the historical cost basis and are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 23. The financial position of the Group is described in the Financial Review on pages 18 to 20 and the Group's approach to risk is detailed on pages 21 and 22 and in note 24.

The Group has consistently had net current liabilities in recent reporting periods which reflects the nature of the contractual terms with customers and suppliers. The Group carefully manages financial resources, closely monitoring the working capital cycle and has long-term contracts with a number of customers and suppliers across different geographic areas within the United Kingdom and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have produced forecasts that have been sensitised to reflect plausible downside scenarios including as a result of the COVID-19 pandemic and its impact on the Group's operations given the nature of its contracts with customers and the customer base. These demonstrate the Group is forecast to generate profit before interest, depreciation and amortisation in the year ending 31 March 2021 and beyond and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

As such, the Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements.

4. Summary of significant accounting policies

Basis of consolidation

The Group's financial statements include the results of the Company and its subsidiaries, all of which are prepared up to the same date as the parent company.

Subsidiaries

Subsidiaries are all entities over which the Company has the ability to exercise control and are accounted for as subsidiaries. The trading results of subsidiaries acquired or disposed of during the period end are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the income statement. All acquisition expenses have been reported within the income statement immediately.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Revenue recognition

Revenue is generated by providing insourcing, planned care and urgent care services. Services are provided through short-term and long-term contracts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Insourcing

Revenue is recognised as services are provided. Revenue is recognised in the month when the service is provided, as this is the point when revenue activity can be reliably measured.

Planned care services

Revenue represents invoiced sales of services to regional Care Commissioning Groups of the National Health Service. Revenue is recognised in the month when the service is provided, as this is the point when revenue activity can be reliably measured. Revenue can be subject to clawback adjustments based on performance against criteria as detailed in the individual contracts.

Urgent care services

Revenue is recognised as services are provided. Revenue is recognised in the month when the service is provided, as this is the point when revenue activity can be reliably measured. Revenue can be subject to clawback adjustments based on performance against criteria as detailed in the individual contracts.

All revenue originates in the United Kingdom.

Finance income

Finance income comprises bank interest received, recognised on an accruals basis.

Finance costs

Finance costs comprise bank charges and interest on leases recognised under IFRS 16. The prior year also included the unwinding of the fair value adjustment of the contingent consideration.

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.

4. Summary of significant accounting policies continued

Property, plant and equipment continued

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:

Motor vehicles	–	3 and 5 years
Computer equipment	–	2 and 5 years
Plant and machinery and Office equipment	–	2 to 5 years
Freehold property improvements and Short leasehold property	–	3 to 10 years

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 de-recognised.

Inventories

Inventories are valued at the lower of cost and net realisable value. In general, costs are determined on a first in first out basis and includes all direct expenditure based on a normal level of activity. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate for the costs of conversion from its existing state to a finished condition.

Intangible assets other than goodwill

Intangible assets other than goodwill comprise computer software and customer contracts and relationships.

Computer software is recognised at cost and subsequently amortised over its expected useful economic life of three years.

Customer contracts and the related customer relationships were acquired in business combinations and recognised separately from goodwill. They are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, these assets are amortised over the expected life of contracts and reported at cost less accumulated amortisation and accumulated impairment losses. Assets are reviewed for impairment on at least an annual basis and the estimates used in this review are discussed in note 5.

Goodwill

Goodwill represents the excess of the fair value of the consideration of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is considered to have an indefinite useful life. Goodwill is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment.

Impairment of non-current assets

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. These comprise Urgent Care and Planned Care segments and at 31 March 2020 the goodwill allocated to each amounted to £23,169,000 and £7,836,000 respectively.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The value of the goodwill was tested for impairment during the current financial year by means of comparing the recoverable amount of each CGU or group of CGUs with the carrying value of its goodwill, see note 14.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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 less provision for expected credit losses.

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.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised at original cost.

Notes to the financial statements continued

For the year ended 31 March 2020

4. Summary of significant accounting policies continued

Borrowings

Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the income statement over the period of the borrowings using the effective interest method.

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 period 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

Until 31 March 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Details of the implementation are included in note 30.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset with similar terms, security and conditions.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, and any initial direct costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of assets considered low value are recognised as an expense in profit or loss on a straight-line basis. Short-term leases are leases with a lease term of twelve months or less.

Onerous contracts

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The difference between expected revenue and directly attributable and unavoidable costs is provided for at each reporting date.

Exceptional items

Exceptional items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

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 period 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 period 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 affects 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.

Retirement benefits

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the employer pays fixed contribution into a separate entity. Contributions payable to the plan are charged to the income statement in the period to which they relate. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

4. Summary of significant accounting policies continued

Company only accounting policies

The following principal accounting policies have been applied:

Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Company Statement of Financial Position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

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. The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or options granted, Share options are valued using the Black Scholes pricing model, or the Monte Carlo model where performance-based market vesting conditions apply. 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.

Standards adopted in the year

During the year the Group adopted IFRS 16 with a transition date of 1 April 2019. Details of the impact are given in notes 16 and 30.

There have been no other standards adopted that have had a material impact on the financial statements and no standards adopted in advance of their implementation dates.

Standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 1 April 2020:

- IAS 1 Presentation of Financial Statements;
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material); and
- IFRS 3 Business Combinations (Amendment – Definition of Business).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

Notes to the financial statements continued

For the year ended 31 March 2020

5. Significant accounting judgements, estimates and assumptions

The Group makes judgements, estimates and assumptions that affect 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 Group's 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 affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements

The Directors consider that there are no significant judgements that have an impact on the Group's accounting policies.

Estimates

Following the assessment of the recoverable amount of goodwill allocated to the Planned Care segment, to which goodwill of £7,836,000 is allocated, the Directors consider that the recoverable amount of goodwill allocated to this segment is most sensitive to the achievement of future budgets. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. A significant proportion of the cost allocated to both CGUs is staff costs, hence the Group's commitment to its staff and patients. The sensitivity analysis in respect of the recoverable amount of each CGU is presented in note 14.

Fair value assets and liabilities arising on business combination

During the year, the Group completed the acquisition of Greenbrook Healthcare (Hounslow) Limited and Greenbrook Healthcare (Earls Court) Limited. This has been accounted for as a business combination which requires the fair valuation of assets and liabilities at the acquisition date. This can involve the identification of further intangible assets which were not recognised in the acquired entities' books. In determining the fair value of the intangibles, the Directors have considered the underlying nature of the assets and employed valuation techniques based on forecast earnings to estimate the value of the intangibles arising as highlighted in note 18. The most significant assumption is around the assumption of contract renewals which itself is based on the past history of renewals as achieved by the acquiree. Should this assumption not be made the intangibles asset valuation at the acquisition would reduce by £4.2m with goodwill increasing by the same amount.

6. Revenue

A breakdown of revenue by the revenue streams detailed in the accounting policies is shown below:

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Insourcing	**1,006**	30
Planned care services	**8,444**	8,427
Urgent care services	**96,498**	69,550
Total	**105,948**	78,007

All revenue is recognised as the services are provided and in accordance with the accounting policies detailed in note 4.

The following table provides information on contract assets and contract liabilities from contracts with customers:

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Contract assets	**3,479**	1,503
Contract liabilities	**(2,159)**	(3,341)
Total	**720**	(1,838)

Contract assets and contract liabilities relate to amounts recognised in respect of accrued and deferred income for contracts with customers and are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position.

Contract assets primarily relate to the Company's rights to consideration for services provided but not billed. The contract assets are transferred to trade receivables when the rights become unconditional which is upon agreement by the CCG.

Contract liabilities primarily relate to advance consideration received from customers and provision for clawback adjustments on contracts with customers based on contractual performance. Management estimates the level of revenue subject to clawback and makes a provision under the variable consideration constraint within IFRS 15. These amounts are subject to negotiation with agreement generally within one to two years, however management do not consider these to be a significant estimate given the status of negotiations.

6. Revenue continued

The significant movements in contract assets in the periods ended 31 March 2020 and 31 March 2019 are detailed below:

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Brought forward	**1,503**	1,189
Acquired on business combination	**511**	—
Provided	**13,363**	5,357
Utilised	**(11,898)**	(5,043)
Total	**3,479**	1,503

The significant movements in contract liabilities in the periods ended 31 March 2020 and 31 March 2019 are detailed below:

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Brought forward	**3,341**	3,416
Acquired on business combination	**222**	—
Provided	**3,438**	3,645
Utilised	**(4,842)**	(3,720)
Total	**2,159**	3,341

7. Segmental reporting

Segment information is presented in respect of the Group's operating segments. Segments are determined by reference to the internal reports reviewed by the Board.

Management has determined the operating segments based on the information provided to the Executive Management team (the Chief Operating Decision Maker ("CODM") for the Group) to make operational decisions on the management of the Group. As noted in the Strategic Report, management considers there to be three operating segments being Urgent Care, Planned Care and Insourcing. Management has considered the economic characteristics, similarity of services, customers, sales methods and regulatory environment of its non-urgent care services. In doing so it has been concluded that they should be aggregated into one "Other" segment for reporting in the financial statements. This aggregated information provides users with the financial information needed to evaluate the business and the environment in which it operates. The segmental analysis on page 58 is split as follows:

- Urgent Care; and
- Other – Insourcing, Planned Care and costs of corporate functions and Group eliminations.

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 reviewed by the CODM. The Group has elected, as provided under IFRS 8 "Operating Segments" (amended 2009) not to disclose segment assets or liabilities as these amounts are not regularly provided to the CODM.

In the years ended 31 March 2020 and 31 March 2019, all segments operated solely in the UK, and as a result no geographical breakdown is provided.

Notes to the financial statements continued

For the year ended 31 March 2020

7. Segmental reporting continued

Primary reporting format – business segments

The table below sets out information for the Group's business segments for the years ended 31 March 2020 and 31 March 2019. Segment revenue represents revenue from external and internal customers arising from the sale of services.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Analysis by business segment

	12 months to 31 March 2020			12 months to 31 March 2019		
	Urgent Care £000	**Other £000**	**Total £000**	Urgent Care £000	Other £000	Total £000
Group revenue	**96,498**	**9,450**	**105,948**	69,550	8,457	78,007
Operating profit/(loss) before exceptional items	**6,877**	**(2,841)**	**4,036**	2,953	(1,847)	1,106
Acquisition-related costs	**—**	**(528)**	**(528)**	—	(465)	(465)
Impairment of goodwill	**—**	**(1,500)**	**(1,500)**	—	(2,000)	(2,000)
Revaluation of contingent consideration	**—**	**—**	**—**	—	2,668	2,668
Other exceptional costs	**—**	**—**	**—**	—	(77)	(77)
Operating profit/(loss) before interest, tax and depreciation	**6,877**	**(4,869)**	**2,008**	2,953	(1,721)	1,232
Depreciation and amortisation	**(4,777)**	**(345)**	**(5,122)**	(2,749)	(73)	(2,822)
Operating profit/(loss)	**2,100**	**(5,214)**	**(3,114)**	204	(1,794)	(1,590)
Finance costs	**(203)**	**(93)**	**(296)**	(110)	(115)	(225)
Profit/(loss) before tax	**1,897**	**(5,307)**	**(3,410)**	94	(1,909)	(1,815)
Income tax credit/(charge)	**577**	**—**	**577**	313	—	313
Profit/(loss) after tax	**2,474**	**(5,307)**	**(2,833)**	407	(1,909)	(1,502)

8. Exceptional items

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Acquisition-related costs	**528**	465
Impairment of goodwill	**1,500**	2,000
Revaluation of contingent consideration	**—**	(2,668)
Other exceptional costs	**—**	77
Total exceptional items	**2,028**	(126)
Tax (credit)/charge attributable to exceptional items	**(100)**	404
Total exceptional items after tax	**1,928**	278

9. Loss before taxation

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Loss before taxation is stated after charging/(crediting):		
Share-based payments	**64**	43
Operating lease rentals:*		
- land and buildings	**—**	1,690
- other	**—**	135
Defined contribution pension schemes	**2,882**	2,344
Expenses in connection with the acquisition of subsidiaries	**528**	465
Depreciation and amortisation	**5,122**	2,822
Fair value adjustments of onerous contracts	**670**	—
Revaluation of contingent consideration	**—**	(2,668)
Auditors' remuneration:		
- fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**31**	18
- the audit of the Company's subsidiaries**	**92**	106
Fees payable to the Company's auditors for the other services:		
- other services	**34**	47
- tax compliance services	**8**	8

* IFRS 16 was implemented on 1 April 2019 using the modified retrospective method and, as a result, the comparative amounts for lease payments remain in the income statement.

** The audit fees for the Company's subsidiaries include VAT as some subsidiaries have a partial exemption scheme and some are not VAT registered.

10. Finance income

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Bank interest received	**6**	3
Total finance income	**6**	3

11. Finance costs

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Bank charges	**10**	15
Interest on lease liabilities	**235**	—
Loss on foreign exchange	**2**	—
Loan interest	**51**	3
Other finance costs	**4**	210
Total finance costs	**302**	228

Other finance costs for the 12 months to 31 March 2019 include the unwinding of the fair value adjustments to the dilapidations provisions and contingent considerations. The fair value adjustments are based on net present values, discounted at 10%.

Notes to the financial statements continued

For the year ended 31 March 2020

12. Taxation

(a) Taxation charge

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Current tax expense		
Current tax on loss for the period	(50)	—
Adjustments in respect of prior periods	1	(31)
	(49)	(31)
Deferred tax expense		
Origination and reversal of timing differences	(542)	(186)
Adjustments in respect of prior periods	14	(96)
	(528)	(282)
Total tax credit	(577)	(313)

(b) Taxation reconciliation

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit for the year are as follows:

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Loss on ordinary activities before tax	(3,410)	(1,815)
Taxation at the standard UK income tax of 19% (2019: 19%)	(648)	(345)
Expenses not deductible for tax purposes	236	(95)
Origination and reversal of timing differences	(528)	(186)
Deferred tax asset not recognised	362	464
Adjustments in respect of prior periods	1	(127)
Other	—	(24)
Total tax credited in the income statement	(577)	(313)

(c) Deferred tax

Estimated tax losses of approximately £11,500,000 (2019: £8,000,000) are available to relieve future profits of the Group in respect of which no deferred tax asset has been recognised due to uncertainty as to the timing and tax rate at which these losses will be utilised against future taxable profit streams.

A deferred tax asset of £408,000 (2019: £158,000) has been recognised in relation to accelerated capital allowances and other timing differences where utilisation against future profits is considered to be more certain.

Group	2020 £000	2019 £000
Assets		
Accelerated capital allowances	49	49
Other timing differences	359	109
Total deferred tax asset	408	158

Group	2020 £000	2019 £000
Liabilities		
Accelerated capital allowances	44	—
Other timing differences	1,236	14
Total deferred tax liability	1,280	14

13. Ordinary dividends

Group and Company	2020 £000	2019 £000
Interim dividend paid for the year ended 31 March 2020 (period ended 31 March 2019: £nil)	**455**	—
Amounts recognised as distributions to owners of the parent	**455**	—

No final dividend has been approved for the year ended 31 March 2020 as at the date of approval of these financial statements.

14. Intangible assets

Group	Development costs £000	Computer software £000	Customer contracts and relationships £000	Goodwill £000	Total £000
Cost					
At 1 April 2019	739	2,113	5,863	28,160	36,875
Additions	—	192	—	—	192
Acquisition of Greenbrook	—	—	9,354	5,850	15,204
At 31 March 2020	**739**	**2,305**	**15,217**	**34,010**	**52,271**
Amortisation					
At 1 April 2019	—	1,622	3,690	—	5,312
Amortisation charge	—	289	2,800	—	3,089
At 31 March 2020	**—**	**1,911**	**6,490**	**—**	**8,401**
Accumulated impairment losses					
At 1 April 2019	739	—	—	2,000	2,739
Impairment loss for the year	—	—	—	1,500	1,500
At 31 March 2020	**739**	**—**	**—**	**3,500**	**4,239**
Net book value					
At 31 March 2020	**—**	**394**	**8,727**	**30,510**	**39,631**
At 31 March 2019	—	491	2,173	26,160	28,824

Group	Development costs £000	Computer software £000	Customer contracts and relationships £000	Goodwill £000	Total £000
Cost					
At 1 April 2018	739	1,950	5,863	26,563	35,115
Additions	—	167	—	—	167
Acquisition of Vocare	—	—	—	1,597	1,597
Disposals	—	(4)	—	—	(4)
At 31 March 2019	739	2,113	5,863	28,160	36,875
Amortisation					
At 1 April 2018	—	1,147	1,967	—	3,114
Amortisation charge	—	475	1,723	—	2,198
At 31 March 2019	—	1,622	3,690	—	5,312
Accumulated impairment losses					
At 1 April 2018	739	—	—	—	739
Impairment loss for the year	—	—	—	2,000	2,000
At 31 March 2019	739	—	—	2,000	2,739
Net book value					
At 31 March 2019	—	491	2,173	26,160	28,824
At 31 March 2018	—	803	3,896	26,563	31,262

Notes to the financial statements continued

For the year ended 31 March 2020

14. Intangible assets continued

Company	Computer software £000	Total £000
Cost		
At 1 April 2019	51	51
Additions	—	—
At 31 March 2020	**51**	**51**
Amortisation		
At 1 April 2019	25	25
Amortisation charge	17	17
At 31 March 2020	**42**	**42**
Net book value		
At 31 March 2020	**9**	**9**
At 31 March 2019	26	26

Company	Computer software £000	Total £000
Cost		
At 1 April 2018	38	38
Additions	13	13
At 31 March 2019	51	51
Amortisation		
At 1 April 2018	10	10
Amortisation charge	15	15
At 31 March 2019	25	25
Net book value		
At 31 March 2019	26	26
At 31 March 2018	28	28

Customer contracts and relationships represents the acquired contracts and relationships on the respective acquisitions. They have been recognised at the discounted expected profitability of contracts over the expected life, including anticipated contract renewals. The projected profitability has considered historic gross profit and directly attributable overheads. The contract values are amortised on a straight-line basis over the life of the contracts as per note 4.

The Group tests goodwill annually for impairment, or more frequently if there are any indications that goodwill might be impaired. For the periods ending 31 March 2019 and 31 March 2020, the recoverable amount of the cash-generating units ("CGUs") was determined based on value-in-use calculations which require the use of assumptions. The value in use was calculated by discounting cash flow projections based on financial budgets approved by management covering a three-year period to 31 March 2023 along with discounted cash flows into perpetuity with the assumption of no growth in EBITDA following a three-year period.

Cash flows for the impairment testing at 31 March 2020 and 31 March 2019 were discounted at a rate of 10% for all CGUs.

14. Intangible assets continued

The assumptions used in the three-year forecast to 31 March 2023 were as follows:

	Year ended 31 March 2021 %	Year ended 31 March 2022 %	Year ended 31 March 2023 %
Urgent Care			
Revenue growth	2	2	2
Budgeted gross margin	17	17	17
% administrative expenses to revenue	11	11	11
Planned Care			
Revenue growth	(37)	60	14
Budgeted gross margin	24	22	22
% administrative expenses to revenue	22	15	14

The assumptions noted above are determined by management, based on past performance, current knowledge of future plans, the nature of contracts with customers and performance to date, and after taking into account the expected impact of COVID-19. Given the nature of Urgent Care's operations, that CGU has not been adversely affected and the projections are largely based on current year results and historic trends. It is anticipated that Planned Care will be more significantly impacted by COVID-19 which is indicated in the projected decline for the year ended 31 March 2021, with the CGU thereafter returning to historic growth levels.

A CGU-level summary of goodwill is shown below:

	Urgent Care £000	Other £000	Total £000
Goodwill			
At 1 April 2019	16,824	9,336	26,160
Acquisition of Greenbrook	5,850	—	5,850
Impairment loss	—	(1,500)	(1,500)
At 31 March 2020	**22,674**	**7,836**	**30,510**

Sensitivity analysis

The Group has conducted a sensitivity analysis of the impairment test to changes in key assumptions used to determine the recoverable amount for each CGU to which goodwill is allocated. The Directors believe that a reasonable possible change in the key assumptions on which the recoverable amount of Urgent Care CGU is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGU and therefore no impairment would be required.

As noted above, following the impairment review the carrying amount of the Planned Care CGU was deemed to be in excess of its recoverable amount and an impairment loss was recognised during the year. The sensitivity analysis conducted for the impairment test on the Planned Care CGU produced the following results:

- A 1% underperformance in budgeted gross profit margin is considered reasonably possible based on past experience and would lead to an additional impairment charge of £813,000.
- A 1% decline in forecast revenue would result in an additional impairment charge of £790,000.
- A 1% increase in the budgeted admin percentage against revenue would result in an additional impairment charge of £808,000.

The most significant assumption relates to the timing of recommencement of normalised trading and the length of the COVID-19 pandemic. As an alternative model, the Directors have projected that revenue in the year ended 31 March 2022 remains at the level of presently-secured contracts and a return thereafter to the historic growth trend. In this scenario, a further impairment of £4.0m would be included.

Notes to the financial statements continued

For the year ended 31 March 2020

15. Property, plant and equipment

Group	Motor vehicles £000	Freehold property improvements £000	Plant machinery £000	Office equipment £000	Short leasehold property £000	Computer equipment £000	Total £000
Cost							
At 1 April 2019	133	1,139	367	1,439	14	2,185	5,277
Additions	—	—	7	77	1	312	397
Acquisition of Greenbrook	—	—	—	82	88	147	317
At 31 March 2020	**133**	**1,139**	**374**	**1,598**	**103**	**2,644**	**5,991**
Depreciation							
At 1 April 2019	123	1,009	315	1,268	1	1,962	4,678
Provided in the period	7	81	28	121	23	264	524
At 31 March 2020	**130**	**1,090**	**343**	**1,389**	**24**	**2,226**	**5,202**
Net book value							
At 31 March 2020	**3**	**49**	**31**	**209**	**79**	**418**	**789**
At 31 March 2019	10	130	52	171	13	223	599

The net book value of motor vehicles includes £3,000 (31 March 2019: £8,000) in relation to assets held under leases. For the period ending 31 March 2020 these assets are considered low value and therefore have not been recognised as a right-of-use assets under IFRS 16.

Group	Motor vehicles £000	Freehold property improvements £000	Plant machinery £000	Office equipment £000	Short leasehold property £000	Computer equipment £000	Total £000
Cost							
At 1 April 2018	133	1,145	360	1,314	32	2,081	5,065
Additions	—	—	12	133	14	106	265
Disposals	—	(6)	(5)	(8)	(32)	(2)	(53)
At 31 March 2019	133	1,139	367	1,439	14	2,185	5,277
Depreciation							
At 1 April 2018	119	875	287	1,092	32	1,680	4,085
Disposals	—	(3)	(1)	(6)	(32)	—	(42)
Provided in the period	4	137	29	182	1	282	635
At 31 March 2019	123	1,009	315	1,268	1	1,962	4,678
Net book value							
At 31 March 2019	10	130	52	171	13	223	599
At 31 March 2018	14	270	73	222	—	401	980

The net book value of motor vehicles includes £8,000 (31 March 2018: £14,000) in relation to assets held under leases.

15. Property, plant and equipment continued

Company	Office equipment £000	Short leasehold property £000	Computer equipment £000	Total £000
Cost				
At 1 April 2019	25	7	38	70
Additions	13	1	9	23
At 31 March 2020	**38**	**8**	**47**	**93**
Depreciation				
At 1 April 2019	4	—	23	27
Provided in the period	11	3	9	23
At 31 March 2020	**15**	**3**	**32**	**50**
Net book value				
At 31 March 2020	**23**	**5**	**15**	**43**
At 31 March 2019	21	7	15	43

Company	Office equipment £000	Short leasehold property £000	Computer equipment £000	Total £000
Cost				
At 1 April 2018	2	—	31	33
Additions	23	7	7	37
At 31 March 2019	25	7	38	70
Depreciation				
At 1 April 2018	2	—	12	14
Provided in the period	2	—	11	13
At 31 March 2019	4	—	23	27
Net book value				
At 31 March 2019	21	7	15	43
At 31 March 2018	—	—	19	19

16. Right-of-use assets and lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets;
- leases with a duration of twelve months or less; and
- licence arrangements falling under the scope of IFRIC 12.

IFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see note 30. The following policies apply subsequent to the date of initial application, 1 April 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used (see note 30). Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

16. Right-of-use assets and lease liabilities continued

Right-of-use assets

	Group			Company	
	Leasehold property £000	Computer equipment £000	Total £000	Leasehold equipment £000	Total £000
Cost					
At 1 April 2019	4,079	4	4,083	348	348
Additions	130	—	130	—	—
Acquisition of Greenbrook	1,414	11	1,425	—	—
At 31 March 2020	**5,623**	**15**	**5,638**	**348**	**348**
Depreciation					
Provided in the period	1,505	4	1,509	60	60
At 31 March 2020	**1,505**	**4**	**1,509**	**60**	**60**
Net book value					
At 31 March 2020	**4,118**	**11**	**4,129**	**288**	**288**

Lease liabilities

	Group				Company	
	Leasehold property £000	Computer equipment £000	Motor vehicles £000	Total £000	Leasehold equipment £000	Total £000
At 1 April 2019	4,017	4	5	4,026	348	348
Additions	130	—	—	130	—	—
Acquisition of Greenbrook	1,414	11	—	1,425	—	—
Interest expense	234	—	1	235	9	9
Lease payments	(1,630)	(5)	(3)	(1,638)	(65)	(65)
At 31 March 2020	**4,165**	**10**	**3**	**4,178**	**292**	**292**

Generally, there are no extension or termination options on the property or equipment leases.

Maturity analysis

	Group £000	Company £000
Up to 3 months	375	14
Between 3 and 12 months	1,074	44
Between 1 and 2 years	458	60
Between 2 and 5 years	885	174
Over 5 years	1,386	—
Total	**4,178**	**292**

	2020 £000
Short-term lease expense	**88**
Low value lease expense	**10**
Aggregate undiscounted commitments for short-term leases	**60**

17. Investments in subsidiaries

Company

Investments in share capital of subsidiaries.

	Total £000
Cost	
At 1 April 2019	21,835
Additions	16,314
At 31 March 2020	**38,149**
Net book value	
At 31 March 2020	**38,149**
At 31 March 2019	21,835

	Total £000
Cost	
At 1 April 2018	24,503
Additions	—
Adjustment to contingent consideration*	(2,668)
At 31 March 2019	21,835
Net book value	
At 31 March 2019	21,835
At 31 March 2018	24,503

* Investments were adjusted during the period to reflect the decrease in the fair value of contingent consideration payable on acquisition of subsidiaries.

The subsidiary companies at 31 March 2020, all of which have been consolidated, are as follows. All shares are held directly by the Company except My Clinical Coach Ltd which is wholly owned by Totally Health Ltd, and those marked below:

Subsidiary undertakings	Country of incorporation	Percentage of equity capital held	Nature of business
Totally Health Limited	England and Wales	100%	Bespoke IT healthcare solutions
My Clinical Coach Limited	England and Wales	100%	Direct to consumer health coaching services
Premier Physical Healthcare Limited**	England and Wales	100%	Physiotherapy and podiatry service
About Health Limited	England and Wales	100%	Dermatology service
Optimum Sports Performance Centre Limited***	England and Wales	100%	Physiotherapy service
Vocare Limited****	England and Wales	100%	Urgent care service
Totally Healthcare Limited	England and Wales	100%	Hospital insourcing service
Greenbrook Healthcare (Hounslow) Limited *****	England and Wales	100%	Urgent care service

** The subsidiaries of Premier Physical Healthcare Limited, all of which have been consolidated, at 31 March 2020 are as follows:

Subsidiary undertakings	Country of incorporation	Percentage of equity capital held	Nature of business
Premier Ergonomics Limited	England and Wales	100%	Provision of ergonomic risk assessments
Core Ergonomics Limited	England and Wales	90%	Provision of online health and safety risk assessments

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17. Investments in subsidiaries continued

Company continued

*** The subsidiaries of Optimum Sports Performance Centre Limited, all of which have been consolidated, at 31 March 2020 are as follows:

Subsidiary undertakings	Country of incorporation	Percentage of equity capital held	Nature of business
Optimum Fitness (HCS) Limited	England and Wales	100%	Dormant
Optimum Occupational Health Limited	England and Wales	100%	Dormant
Optimum Healthcare Solutions Limited	England and Wales	100%	Dormant
Optimum Elite Fitness Limited	England and Wales	100%	Dormant
Optimum Physiotherapy Limited	England and Wales	100%	Dormant

**** The subsidiaries of Vocare Limited, all of which have been consolidated, at 31 March 2020 are as follows:

Subsidiary undertakings	Country of incorporation	Percentage of equity capital held	Nature of business
Staffordshire Doctors Urgent Care Limited	England and Wales	100%	Urgent care service
Primary Care North East Community Interest Company	England and Wales	66.67%	Urgent care service
Teeside Primary Care Community Interest Company	England and Wales	100%	Urgent care service
Tyneside Primary Care Community Interest Company	England and Wales	100%	Urgent care service
Teeside Urgent Care Community Interest Company	England and Wales	100%	Urgent care service
Yorkshire Doctors Urgent Care (YDUC) Limited	England and Wales	100%	Dormant
Somerset Doctors Urgent Care Limited	England and Wales	100%	Dormant
Northern Doctors Offender Health Limited	England and Wales	100%	Dormant
Northern Doctors Urgent Care Limited	England and Wales	100%	Dormant
Bath & North East Doctors Urgent Care Limited	England and Wales	100%	Dormant

***** The subsidiary of Greenbrook Healthcare (Hounslow) Limited, which has been consolidated, at 31 March 2020 is as follows:

Subsidiary undertakings	Country of incorporation	Percentage of equity capital held	Nature of business
Greenbrook Healthcare (Surrey) Limited	England and Wales	100%	Urgent care service

The Company also has an investment in a convertible loan note in Greenbrook Healthcare (Earl's Court) Limited which transfers significant control over the entity to Totally plc. Greenbrook Healthcare (Earl's Court) Limited has therefore been consolidated at 31 March 2020.

The registered office of all of the above companies is Cardinal Square West, 10 Nottingham Road, Derby, DE1 3QT.

18. Business combination

Summary of acquisition

On 20 June 2019, the Company completed the acquisition of the entire share capital of Greenbrook Healthcare (Hounslow) Limited and the convertible loan note in Greenbrook Healthcare (Earl's Court) Limited for a consideration of £11.5m on a cash free and debt free basis with a normalised level of working capital. The table on page 69 sets out the adjustments to the purchase price to reflect a normalised level of working capital which has resulted in an additional consideration payable of £4.7m.

Greenbrook is one of the leading providers of Urgent Care Centres in London. The company was acquired as part of the Group's stated "buy and build" strategy and to bring new and complementary routes to the existing healthcare services offered by the Group. Greenbrook's urgent care services provide synergies with Totally's existing subsidiary businesses, in particular Vocare, and complements its business model of providing preventative and responsive healthcare in out-of-hospital settings in order to improve people's health and reduce NHS healthcare reliance, re-admissions and emergency admissions to hospital.

18. Business combination continued

Summary of acquisition continued

The assets and liabilities as at 20 June 2019 arising from the acquisition were as follows:

	Carrying amount £000	Fair value adjustment £000	Fair value £000
Property, plant and equipment	317	—	317
Right-of-use assets	1,425	—	1,425
Intangible assets: customer contracts	—	9,354	9,354
Trade receivables and other debtors	4,712	—	4,712
Cash in hand	5,781	—	5,781
Trade and other payables	(6,964)	(763)	(7,727)
Lease liabilities	(1,425)	—	(1,425)
Onerous contracts	—	(529)	(529)
Deferred tax	(34)	(1,438)	(1,472)
Convertible loan notes	(50)	—	(50)
Net assets acquired	3,762	6,624	10,386
Goodwill			5,850
Total consideration			**16,236**
Satisfied by:			
Cash			13,736
Ordinary shares issued			2,500
			16,236

The goodwill is attributable to the knowledge and expertise of the workforce and the operating synergies that arise from the Group's strengthened market position. Any impairment charges will not be deductible for tax purposes.

There were no acquisitions in the year ending 31 March 2019.

Acquired receivables

The fair value of acquired trade receivables is £3,766,000. The gross contractual amount for trade receivables due is £3,770,000; no loss allowance was recognised on acquisition.

Revenue and profit contribution

The acquired business contributed revenues of £32,766,000 and a profit before tax of £483,000 (loss before tax of £590,000 including consolidation adjustments) to the Group for the period from 20 June 2019 to 31 March 2020. The consolidation adjustments principally include the additional amortisation on the intangible assets acquired.

If the acquisition had occurred on 1 April 2019, consolidated revenue and profit before tax for the year ended 31 March 2020 would have been £42,123,000 and £787,000 (loss before tax of £721,000 including consolidation adjustments) respectively.

Net cash flow arising on acquisition

	£000
Cash consideration	13,736
Less: cash and cash equivalents acquired	(5,781)
	7,955

Notes to the financial statements continued

For the year ended 31 March 2020

19. Inventories

	Group 31 March 2020 £000	Group 31 March 2019 £000
Consumables	**21**	31
Goods for resale	**56**	37
	77	68

20. Trade and other receivables

	Group 31 March 2020 £000	Group 31 March 2019 £000	Company 31 March 2020 £000	Company 31 March 2019 £000
Trade receivables	**5,116**	3,156	**—**	153
Other receivables	**63**	718	**5**	5
Social security and other taxes	**19**	42	**19**	36
Prepayments and accrued income	**6,172**	4,690	**129**	51
Amounts owed by Group undertakings	**—**	—	**575**	432
	11,370	8,606	**728**	677

The creation of provision for impaired trade receivables is included in administration costs in the income statement.

The ageing analysis of trade receivables is as follows:

	Group 31 March 2020 £000	Group 31 March 2019 £000	Company 31 March 2020 £000	Company 31 March 2019 £000
Under three months	**3,228**	2,074	**—**	153
Three to six months	**1,888**	1,082	**—**	—
	5,116	3,156	**—**	153

There has been limited experience of bad debts over the history of the Group and therefore the provision for expected credit losses in each period is immaterial. Other non-trade receivables do not contain impaired assets.

Amounts owed by Group undertakings are repayable on demand with no fixed repayment date.

21. Trade and other payables

	Group 31 March 2020 £000	Group 31 March 2019 £000	Company 31 March 2020 £000	Company 31 March 2019 £000
Current				
Trade payables	**7,587**	6,897	**116**	220
Social security and other taxes	**1,849**	1,233	**135**	33
Other creditors	**555**	485	**23**	176
Corporation tax	**19**	—	**—**	—
Accruals and deferred income	**14,357**	10,169	**127**	433
Amounts owing to Group undertakings	**—**	—	**13,056**	4,500
	24,367	18,784	**13,457**	5,362
Non-current				
Accruals and deferred income	**786**	768	**18**	16
	786	768	**18**	16

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.

Amounts owed to Group undertakings are repayable on demand with no fixed repayment date.

22. Contingent consideration

	Premier Physical Healthcare £000	About Health £000	Vocare £000	Total 2020 £000
At 1 April 2018	968	1,587	452	3,007
Paid in the period	—	—	(130)	(130)
Revaluation of contingent consideration	(1,011)	(1,657)	—	(2,668)
Discount unwind in the period	43	70	—	113
At 31 March 2019	**—**	**—**	**322**	**322**
Paid in the period	—	—	(51)	(51)
At 31 March 2020	**—**	**—**	**271**	**271**

The remaining balance of contingent consideration relates to salary advances repayable quarterly as and when repaid by employees, and is classed as current in both years.

23. Financial liabilities – borrowings

Undrawn facilities

As at 31 March 2020 and 31 March 2019 the Group had no overdraft facilities.

Other borrowings

As at 31 March 2020 and 31 March 2019 the Group had the following lease liabilities:

	31 March 2020 £000	31 March 2019 £000
Current	**1,449**	5
Non-current	**2,729**	3
	4,178	8

The maturity of discounted lease liabilities relating to right-of-use is assets is shown in note 16.

24. Financial instruments

The Group's financial instruments comprise cash and various items, such as trade receivables and trade payables, that arise directly from the Group's activities and expose the Group to a number of risks including capital management risk, credit risk and liquidity risk.

Fair values of financial instruments

For the following financial assets and liabilities: lease 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 their short-term nature.

The Group's activities expose it to a number of risks including capital management 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 for 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 currently consists of cash and cash equivalents and equity attributable to holders of the parent, comprising issued share capital, reserves and retained earnings. The Group continually looks at having the most appropriate capital structure to enable it to maximise value to all stakeholders.

In the future, as the Group executes its expansion strategy, debt may be considered as part of the most appropriate capital structure. If debt were to be introduced the Group will review the gearing ratio to monitor the capital return. This ratio would be calculated as the total borrowings divided by total capital. Total borrowings include "current and non-current borrowings" as shown in the Consolidated Statement of Financial Position. Total capital is calculated as "equity" as shown in the Consolidated Statement of Financial Position plus total borrowings. The Group remains financed by its share capital and reserves and expects to fund future working capital through equity. The table on page 72 details analysis of the Group's capital management structure.

Notes to the financial statements continued

For the year ended 31 March 2020

24. Financial instruments continued

Capital management risk continued

	31 March 2020 £000	31 March 2019 £000
Lease liabilities	**(4,178)**	(8)
Cash and cash equivalents	**8,923**	7,520
Net cash	**4,747**	7,512
Equity	**34,445**	25,879
Debt to equity ratio	**12.13%**	0.03%

The increase in the debt to equity ratio for the year ended 31 March 2020 resulted from the adoption of IFRS 16, which led to significant new liabilities being recorded in the statement of financial position from 1 April 2019 onwards.

Interest rate risk

The Group's interest rate exposure arises mainly from the interest-bearing borrowings as disclosed in note 16. All of the Group's facilities were floating rates excluding interest on finance leases, which exposed the entity to cash flow risk. As at 31 March 2020 there are no loans outstanding and no undrawn overdraft facilities available to the Group. Repayments and inferred interest rates applicable to leases recognised on right-of-use assets are fixed and there is no material exposure to interest rate risk.

Foreign exchange risk

The Group operates mostly 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 risk.

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 made 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 and an ageing analysis of trade receivables is shown in note 20.

The majority of the Group's customer base relates to Clinical Commissioning Groups and, of the trade receivables outstanding at 31 March 2020, 88% has been recovered as at the date of this report. Given the nature of this customer base, it is not anticipated that COVID-19 will lead to a material increase in expected credit losses.

Liquidity risk

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

The Group has consistently had net current liabilities in recent reporting periods which reflects the nature of the contractual terms with customers and suppliers. Further detail on the ageing analysis of trade receivables is shown in note 20.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	31 March 2020			31 March 2019		
	Trade and other payables £000	Lease liabilities £000	Total £000	Trade and other payables £000	Lease liabilities £000	Total £000
Less than one year	**22,189**	**1,573**	**23,762**	15,433	5	15,438
Between one and two years	**—**	**527**	**527**	—	3	3
Between two and five years	**1,558**	**1,034**	**2,592**	1,558	—	1,558
Over five years	**—**	**1,523**	**1,523**	—	—	—
	23,747	**4,657**	**28,404**	16,991	8	16,999

25. Share capital and reserves

(a) Share capital

	2020	2019
Allotted, called up and fully paid (2019: 59,795,172)		
182,186,111 ordinary shares of 10p each	**18,219**	5,979

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 right of redemption.

(1) In June 2019, the Company issued 97,390,939 new ordinary shares of 10p each, for total proceeds of £9,739,000.

(2) In June 2019, the Company issued 25,000,000 new ordinary shares of 10p each as part of the consideration for the acquisition of Greenbrook Healthcare (Hounslow) Limited and Greenbrook Healthcare (Surrey) Limited.

(b) Loss/earnings per share

	12 months to 31 March 2020			12 months to 31 March 2019		
	Earnings £000	**Basic loss per share**	**Diluted loss per share**	Earnings £000	Basic loss per share	Diluted loss per share
Loss before exceptional items	**(905)**	**(0.58)p**	**(0.58)p**	(1,224)	(2.05)p	(2.05)p
Effect of exceptional items	**(1,928)**	**(1.24)p**	**(1.24)p**	(278)	(0.46)p	(0.46)p
Loss attributable to owners of the parent	**(2,833)**	**(1.82)p**	**(1.82)p**	(1,502)	(2.51)p	(2.51)p

	2020 £000	2019 £000
Weighted average number of ordinary shares	**155,696**	59,795
Dilutive effect of shares from share options	**—**	—
Fully diluted weighted average number of ordinary shares	**155,696**	59,795

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Dilutive potential ordinary shares are those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares unless there is a loss before exceptional items. As the Group has made a loss in the period, all share options and warrants are anti-dilutive and therefore have no impact on the calculation of diluted loss per share.

(c) 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 attributable issue costs are charged to the share premium account.

During the year the Company's share premium account was cancelled, confirmed by an order of the High Court of Justice pursuant to Section 648 of the Companies Act 2006. Distributable reserves of £16,408,000 arose upon cancellation, which became effective on 5 November 2019.

(d) Retained earnings

This reserve records the accumulated profits and losses of the Group less dividends paid. Effective on 5 November 2019, the Company's share premium account was cancelled, confirmed by an order of the High Court of Justice pursuant to Section 648 of the Companies Act 2006.

Notes to the financial statements continued

For the year ended 31 March 2020

25. Share capital and reserves continued

(e) Share options

During the year to 31 March 2020, 3,382,200 share options were granted under a SAYE scheme. Details of all options in issue during the period are as follows:

Grant date	Exercise period	Exercise price	Outstanding at start of period	Issued in period	Surrendered/ cancelled in period	Residual at 31 March 2020	Exercisable at 31 March 2020
11/11/2015	10 years	44.0p	250,000	—	—	250,000	250,000
11/11/2016	3 years	46.0p	77,476	—	(782)	76,694	76,694
29/12/2017	3 years	27.0p	1,345,299	—	(877,310)	467,989	—
31/01/2018	3 years	40.5p	263,000	—	—	263,000	—
31/01/2018	3 years	40.5p	202,000	—	—	202,000	—
20/06/2019	3 years	0.0p	—	10,500,000	(1,500,000)	9,000,000	—
31/12/2019	3 years	10.0p	—	3,382,200	(36,000)	3,346,200	—
			2,137,775	13,882,200	(2,414,092)	13,605,883	326,694

(f) Share warrants

Details of all warrants in issue during the year to 31 March 2020 are as follows:

Grant date	Exercise period	Exercise price	Outstanding at start of period	Issued in period	Expired/ exercised in period	Residual at 31 March 2020
30/09/2008	No expiry date	100p	350,000	—	—	350,000
08/10/2009	Within 10 years of grant date	100p	1,667	—	(1,667)	—
			351,667	—	(1,667)	350,000

26. Share-based employee remuneration

During the period ended 31 March 2020, the Group and Company had three share-based payment arrangements as described below.

(a) Employee Share Options

In January 2018, the Company introduced the Totally plc Company Share Option Plan to replace the existing EMI Scheme. The Plan is designed to help recruit and retain employees of the Group and motivate them to achieve the Group's business objectives. The Plan allows the Company to grant tax-effective incentives to employees known as CSOP options. Options granted will vest on the third anniversary of the date of grant and will expire on the tenth anniversary of the date of the grant.

The Company also has options in issue under the Totally plc Unapproved Share Option Plan. Options granted under this scheme will vest on the third anniversary of the date of the grant and will expire on the tenth anniversary of the date of the grant.

The estimated fair value of each option has been calculated using the Black Scholes option pricing model for the different options granted. The estimated fair value of outstanding options varies between 10.0p and 11.0p. The model inputs for the 2019 scheme are share price at grant date, exercise price, expected volatility of 29%, contractual life of three years, and a risk-free interest rate of 4%. A reconciliation of option movements over the period is shown in note 25.

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 is assumed that options will be exercised within two years of the date on which they vest.

26. Share-based employee remuneration continued

(a) Employee Share Options continued

	31 March 2020 Number 000s	31 March 2020 Weighted average price Pence	31 March 2019 Number 000s	31 March 2019 Weighted average price Pence
Outstanding at 1 April	**2,138**	**33**	2,442	34
Granted	**3,382**	**10**	—	—
Exercised	**—**	**—**	—	—
Surrendered/cancelled	**(914)**	**26**	(304)	41
Outstanding at 31 March 2020/31 March 2019	**4,606**	**17**	2,138	33

	31 March 2020	31 March 2019
Range of exercise price (pence)	**10–46**	27–46
Weighted average exercise price (pence)	**17**	33
Weighted average remaining life years – expected	**3**	4
Weighted average remaining life years – contractual	**3**	4

(b) Warrants

The estimated fair value of each warrant was calculated using the Black Scholes option pricing model for differing warrants granted. The estimated fair value of warrants varied between 0.01p and 0.49p. The full cost of the warrants was recognised at the date of grant.

(c) Save As You Earn ("SAYE") scheme

The SAYE was introduced in December 2016 following shareholder approval. Options are granted for a period of three years. Options are exercisable at a price based on the quoted market price of the Company's shares at the time of invitation, discounted by up to 20%. Options are forfeited if the employee leaves the Group before the options vest which impacts on the number of options expected to vest. If an employee stops saving but continues in employment, this is treated as a cancellation which results in an acceleration of the share-based payment charge in the income statement.

Principal terms of SAYE schemes

Number of options	Maximum award limit under the plan will be limited to a contribution of £500 per month
Exercise price	10p, 27p and 46p
Vesting period	Three years
Performance conditions	None
Expiry conditions	Options are forfeited if the employee leaves the Group before the options have vested

The Group recognised the following share-based payment expenses during the period:

	31 March 2020 £000	31 March 2019 £000
Expense arising from issue of share options – equity settled	**—**	10
Expense arising from issue of share warrants – equity settled	**—**	—
SAYE	**64**	33
	64	43

Notes to the financial statements continued

For the year ended 31 March 2020

26. Share-based employee remuneration continued

(d) Long-term Incentive Plan (2019) ("LTIP")

The Totally plc Long-Term Incentive Plan (2019) was established during the year. The purpose of the Plan was to recognise the importance in retaining certain key individuals to drive the integration and development of the business for the future. Shareholders approved the LTIP arrangements with effect from the Greenbrook Admission Document. Awards will vest on a sliding scale dependent on the achievement of share price hurdles measured at the vesting date from 25% of any award at a share price of 35p to 100% at 55p per share. Full details of the Plan arrangements can be found from page 126 of the Greenbrook Admission Document, which can be found at www.totallyplc.com/investor-relations/reports-documents.

The estimated fair value of each option has been calculated using the Monte Carlo option pricing model for the different options granted. The model inputs are share price at grant date, exercise price, expected volatility of 56.1%, expected dividends expressed as a dividend yield of 2.5%, contractual life of three years, and a risk free interest rate of 0.57%. A reconciliation of option movements over the period is shown in note 25.

	31 March 2020 Number 000s	31 March 2020 Weighted average price Pence
Outstanding at 1 April	—	—
Granted	10,500,000	—
Exercised	—	—
Surrendered/cancelled	(1,500,000)	—
Outstanding at 31 March 2020	**9,000,000**	—

	31 March 2020
Range of exercise price (pence)	—
Weighted average exercise price (pence)	—
Weighted average remaining life years – expected	3
Weighted average remaining life years – contractual	3

27. Company statement of changes in equity

Company	Share capital £000	Share premium £000	Retained earnings £000	Equity shareholders' funds £000
At 1 April 2018	5,979	16,408	(1,784)	20,603
Loss for the period	—	—	(2,511)	(2,511)
Share-based credit	—	—	43	43
At 31 March 2019	5,979	16,408	(4,252)	18,135
Loss for the period	—	—	(3,637)	(3,637)
Cancellation of share premium account	—	(16,408)	16,408	—
Share issue	12,240	—	—	12,240
Expenses attached to equity issue	—	—	(450)	(450)
Dividend paid	—	—	(455)	(455)
Share-based credit	—	—	64	64
At 31 March 2020	**18,219**	**—**	**7,678**	**25,897**

The loss for the period 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.

28. Employee information

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

	Number of employees	
	12 months to 31 March 2020	12 months to 31 March 2019
Operational	**1,403**	1,411
Support	**249**	192
	1,652	1,603

Staff costs for the above employees and Directors:

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Wages and salaries	**37,180**	32,780
Social security costs	**3,374**	2,919
Share-based payments	**64**	43
Pension costs	**2,882**	2,344
	43,500	38,086

The remuneration of the Directors together with other key management personnel is set out below:

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Short-term employee benefits	**1,944**	1,497
Post-employment benefits	**112**	106
Share-based payments	**20**	12
	2,076	1,615

Of which Directors' remuneration is as follows:

	12 months to 31 March 2020 £000	12 months to 31 March 2019 £000
Short-term employee benefits	**711**	423
Post-employment benefits	**36**	42
Share-based payments	**17**	17
	764	482

Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 35 to 37.

The share-based remuneration for employees and Directors was as follows:

	12 months to 31 March 2020				12 months to 31 March 2019			
	Directors £000	**Key management personnel £000**	**Staff £000**	**Total £000**	Directors £000	Key management personnel £000	Staff £000	Total £000
Share-based payments	**15**	**2**	**13**	**30**	16	(4)	(3)	9
SAYE	**2**	**1**	**31**	**34**	1	(1)	33	33
	17	**3**	**44**	**64**	17	(5)	30	42

Further information about share-based payments is provided in note 25.

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29. Related party transactions

Group

The Group has taken advantage of the exemption available under IAS 2 Related Party Disclosures not to disclose details of transactions between Group undertakings which are eliminated on consolidation.

Key management compensation is shown in note 28.

Company

Funds are transferred within the Group dependent on the operational needs of individual companies and the Directors do not consider it meaningful to set out the gross amounts of transfers between companies. In the year to 31 March 2020 an impairment charge of £478,000 was made against an amount owed to the Company by a subsidiary. No such impairment was made in the year to 31 March 2019. Amounts owed to and from subsidiary undertakings are shown in notes 19 and 20.

As at 31 March 2020 there were no loans to Directors (2019: £nil).

30. Effects of changes in accounting policies

The Group adopted IFRS 16 with a transition date of 1 April 2020. The Group has chosen not to restate comparatives on adoption and, therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application and recognised in the opening equity balances. Details of the impact this standard has had are given below.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is twelve months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of twelve months or less.

On adoption the Group recognised right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate of 2.49% as at 1 April 2020. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

The impact of adopting IFRS 16 on the Consolidated Statement of Profit or Loss is to increase profit before exceptional items by £1,636,000, increase depreciation by £1,509,000 and increase finance costs by £235,000.

The impact of adopting IFRS 16 on the Statement of Financial Position can be seen below:

	31 March 2019 £000	IFRS 16 £000	**1 April 2019 £000**
Assets			
Right-of-use assets	—	4,083	**4,083**
Prepaid rent	57	(57)	**—**
	57	4,026	**4,083**
Liabilities			
Lease liabilities	—	4,026	**4,026**

The impact of adopting IFRS 16 on the Consolidated Cash Flow Statement is to increase operating cash flows and decrease financing cash flows by £1,744,000 respectively.

30. Effects of changes in accounting policies continued

The following table reconciles the minimum lease commitments disclosed in the Group's 31 March 2019 financial statements to the amount of lease liabilities recognised on 1 April 2019.

	1 April 2019 £000
Minimum operating lease commitment at 31 March 2019	5,295
Previously unrecognised commitments	151
Less: short-term leases not recognised under IFRS 16	(71)
Less: low value leases not recognised under IFRS 16	(17)
Less: licences not considered leases under IFRS 16	(434)
Undiscounted lease payments	4,924
Less: effect of discounting using the incremental borrowing rate	(898)
Lease liability as at 1 April 2019	4,026

The impact of adopting IFRS 16 on the Company Statement of Profit or Loss is to increase profit before exceptional items by £66,000, increase depreciation by £61,000, and increase finance costs by £9,000.

The impact of adopting IFRS 16 on the Company Statement of Financial Position can be seen below:

	31 March 2019 £000	IFRS 16 £000	**1 April 2020 £000**
Assets			
Right-of-use assets	—	348	**348**
Liabilities			
Lease liabilities	—	348	**348**

The impact of adopting IFRS 16 on the Company Cash Flow Statement is to increase operating cash flows and decrease financing cash flows by £70,000 respectively.

The following table reconciles the minimum lease commitments disclosed in the Company's 31 March 2019 financial statements to the amount of lease liabilities recognised on 1 April 2019.

	1 April 2020 £000
Minimum operating lease commitment at 31 March 2019	**368**
Less: short-term leases not recognised under IFRS 16	**(2)**
Undiscounted lease payments	**366**
Less: effect of discounting using the incremental borrowing rate	**(18)**
Lease liability as at 1 April 2019	**348**

31. Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

			Non-cash changes		Other non - cash changes			Cash changes	
	Note	01 April 2019 Reported £000	IFRS 16 implementation £000	01 April 2019 Restated £000	Acquisition of subsidiary £000	New leases £000	Other changes £000	Financing cash flows £000	**31 March 2020 £000**
Lease liabilities	16	8	4,026	4,034	1,425	130	227	(1,638)	**4,178**
		8	4,026	4,034	1,425	130	227	(1,638)	**4,178**

The financing cash flows represent the payments for lease liabilities as presented in the cash flow statement.

Other changes include interest accruals and payments.

FINANCIAL STATEMENTS

Company information

Company information

Registration number

03870101 (England and Wales)

Directors

Bob Holt (Chairman)
Wendy Lawrence (CEO)
Lisa Barter (Finance Director)
Gloria Cooke (Clinical Quality Director)
Michael Steel (Executive Director)
(appointed 20 June 2019 and resigned 10 July 2020)
Tony Bourne (Non-Executive Director)
Mike Rogers (Non-Executive Director)

Group Company Secretary

John Charlton

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