

REGISTERED NUMBER: 04363163 (England and Wales)

Report of the Directors and
Financial Statements
for the Year Ended 31st March 2006
for
Capacitas Ltd

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for the Year Ended 31st March 2006

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Capacitas Ltd

Company Information
for the Year Ended 31st March 2006

DIRECTORS:	A L Bolton D G Quilton M Mohammed
SECRETARY:	A L Bolton
REGISTERED OFFICE:	Prince Consort House 109-111 Farringdon Road London EC1R 3BW
REGISTERED NUMBER:	04363163 (England and Wales)
ACCOUNTANTS:	Jean Ingram Chartered Accountant 106a High Street Chesham Buckinghamshire HP5 1EB
BANKERS:	National Westminster Bank plc City of London Office PO Box 12258 1 Princes Street London EC2R 8PA

Report of the Directors
for the Year Ended 31st March 2006

The directors present their report with the financial statements of the company for the year ended 31st March 2006.

PRINCIPAL ACTIVITY

The company's principal activities consist of the supply of consultative services and managed services, classroom-based training and software development to companies who provide or rely on Information and Communication Technology (ICT). The unique approach the company has to technology optimisation and its high calibre of staff enables its customers to increase the benefits of their ICT investment while minimising capital and operating expenditure. The company has a broad range of customers including financial services providers, a major airline, a major legal practice, telecommunications services suppliers, outsourcing consultancies and media organisations. Currently 20% of the FTSE-100 companies are customers of Capacitas.

REVIEW OF BUSINESS

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

The Directors are again pleased to report steady growth of revenue in the fourth year of operations. During the period the company further expanded its staff, customer base and service offerings. The business is divided into three main areas: the supply of consultancy and managed services, the supply of training services and the development of innovative software.

- The consultancy services business has proved successful and continued to grow (reporting period: circa £327,000 against £197,000 for previous period) warranting recruitment of additional professional services staff. There has been strong revenue growth with increases in customers and contract value. The recurring revenue contract with EasyJet has been further extended with Capacitas providing additional services. Managed services are proving increasingly popular with our customers and further announcements should be expected in this area in the future. Towards the end of the period the company recruited a consultant based in Scotland to meet further demand for consultancy services: this is part of our strategy to expand our service offerings in the strong Scottish market and provide local support to the many customers we have in Edinburgh, Glasgow and Stirling.

- The training services business has continued to be successful although revenue has dropped in this period (circa £55,000 against £79,000 for previous period). This is primarily due to the completion of a large comprehensive training programme order from a single customer placed in the previous year. However, in this period Capacitas has attracted many new customers and successfully piloted a new half-day seminar structure. Several of the new customers are FTSE-100 quoted companies: this market segment has brought recurring revenue as several employees are trained from within large teams. Capacitas continues to attract revenue from a number of non-UK businesses, indicating the unique product offerings that we deliver.

- The software development activities continue with patents applications pending in Europe and the United States of America. Although this long term investment is currently delivering no revenue it is anticipated to have considerable intellectual property value if the patent applications are successful.

Total revenue has grown across this period by 37.3% due primarily to the continued demand for professional services from our growing customer base. Capacitas has won several important new customers during the period, including Prudential, Nationwide, Yahoo! Europe, Hewlett-Packard and Capita, and has also extended its services within several existing customers. There is frequent repeat business from existing customers in addition to a steady and increasing stream of new business. Although profitability remains good (profit margin is 19.6% for the period, a decrease on the previous period) costs have risen due to the continued increase in permanent consultancy staff in both London and Scotland, the introduction of a staff pension scheme and the successful introduction of an annual internship with students from City University in London.

Capacitas Ltd

Report of the Directors
for the Year Ended 31st March 2006

The Directors recognise the need to grow the business further to compete within such a dynamic market. We have invested in staff training for all our consultants, of both professional qualifications (ITIL) and consultancy skills, and a Customer Relationship Management system, to better meet our customers' demands and manage our sales pipeline professionally and effectively. As such the Directors expect that the present level of increasing business activity will be sustained and that strong revenue growth will continue in the foreseeable future.

Capacitas made £1,000 of charitable donations in the period to the UNICEF South Asia Earthquake Children's Appeal, Cancer Research, The British Heart Foundation, Amnesty International and Oxfam. The company does not make political donations. Capacitas has paid over £100,000 to the Exchequer in various taxes in the period.

The Company aims to observe the highest standard of business practice as both a buyer and seller of products and services. The Company's average number of days outstanding in respect of trade creditors in this period was 29 days.

DIRECTORS

The directors during the year under review were:

A L Bolton
D G Quilton
M Mohammed

The beneficial interests of the directors holding office on 31st March 2006 in the issued share capital of the company were as follows:

	31.3.06	1.4.05
ordinary shares £1 shares		
A L Bolton	400	400
D G Quilton	400	400
M Mohammed	400	400

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

.....
A L Bolton - Director

Date:

Capacitas Ltd

Profit and Loss Account
for the Year Ended 31st March 2006

	Notes	2006 £	2005 £
TURNOVER		381,954	278,091
Cost of sales		<u>67,075</u>	<u>33,435</u>
GROSS PROFIT		314,879	244,656
Administrative expenses		<u>241,282</u>	<u>135,978</u>
OPERATING PROFIT	2	73,597	108,678
Interest receivable and similar income		<u>1,336</u>	<u>1,563</u>
		74,933	110,241
Interest payable and similar charges		<u>-</u>	<u>1,016</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		74,933	109,225
Tax on profit on ordinary activities	3	<u>14,703</u>	<u>21,372</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>60,230</u></u>	<u><u>87,853</u></u>

The notes form part of these financial statements

Capacitas Ltd

Balance Sheet
31st March 2006

	Notes	2006 £	£	2005 £	£
FIXED ASSETS					
Tangible assets	5		2,719		2,459
CURRENT ASSETS					
Debtors	6	73,946		53,840	
Cash at bank		32,305		88,747	
		<u>106,251</u>		<u>142,587</u>	
CREDITORS					
Amounts falling due within one year	7	57,491		63,722	
NET CURRENT ASSETS			<u>48,760</u>		<u>78,865</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>51,479</u>		<u>81,324</u>
CAPITAL AND RESERVES					
Called up share capital	8		1,200		1,200
Profit and loss account	9		50,279		80,124
SHAREHOLDERS' FUNDS			<u>51,479</u>		<u>81,324</u>

The notes form part of these financial statements

Capacitas Ltd

Balance Sheet - continued

31st March 2006

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31st March 2006.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st March 2006 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

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

.....
A L Bolton - Director

Notes to the Financial Statements
for the Year Ended 31st March 2006

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

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

Computer equipment - 33% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pensions

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

2. **OPERATING PROFIT**

The operating profit is stated after charging:

	2006	2005
	£	£
Depreciation - owned assets	2,677	2,988
Pension costs	37,652	-
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	54,491	36,000
	<u> </u>	<u> </u>

3. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2006	2005
	£	£
Current tax:		
UK corporation tax	14,703	21,372
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	14,703	21,372
	<u> </u>	<u> </u>

Capacitas Ltd

Notes to the Financial Statements - continued
for the Year Ended 31st March 2006

4.	DIVIDENDS	2006 £	2005 £
	ordinary shares shares of £1 each		
	Interim	<u>90,075</u>	<u>80,100</u>
5.	TANGIBLE FIXED ASSETS		Computer equipment £
	COST		
	At 1st April 2005		9,315
	Additions		<u>2,937</u>
	At 31st March 2006		<u>12,252</u>
	DEPRECIATION		
	At 1st April 2005		6,856
	Charge for year		<u>2,677</u>
	At 31st March 2006		<u>9,533</u>
	NET BOOK VALUE		
	At 31st March 2006		<u>2,719</u>
	At 31st March 2005		<u>2,459</u>
6.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2006 £	2005 £
	Trade debtors	69,476	50,119
	Prepayments and accrued income	<u>4,470</u>	<u>3,721</u>
		<u>73,946</u>	<u>53,840</u>
7.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2006 £	2005 £
	Trade creditors	7,220	5,454
	Tax	14,576	21,373
	Social security and other taxes	6,138	5,249
	VAT	20,419	17,202
	Directors' current accounts	6,411	9,807
	Accrued expenses	<u>2,727</u>	<u>4,637</u>
		<u>57,491</u>	<u>63,722</u>

Capacitas Ltd

Notes to the Financial Statements - continued
for the Year Ended 31st March 2006

8. **CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2006 £	2005 £
1,200	ordinary shares	£1	<u>1,200</u>	<u>1,200</u>

9. **RESERVES**

	Profit and loss account £
At 1st April 2005	80,124
Profit for the year	60,230
Dividends	<u>(90,075)</u>
At 31st March 2006	<u>50,279</u>

Capacitas Ltd

Trading and Profit and Loss Account
for the Year Ended 31st March 2006

	2006		2005	
	£	£	£	£
Sales		381,954		278,091
Cost of sales				
Direct expenses		67,075		33,435
GROSS PROFIT		314,879		244,656
Other income				
Deposit account interest	1,336		1,558	
Corporation Tax Supplement	-		5	
	<u>1,336</u>	1,336	<u>1,558</u>	1,563
		316,215		246,219
Expenditure				
Office facilities	-		2,710	
Rent and rates	14,621		19,182	
Light and heat	853		303	
Directors' salaries	36,000		36,000	
Directors' social security	2,728		2,786	
Directors' pension contributions	18,491		-	
Wages	81,717		34,365	
Social security	8,700		1,327	
Pensions	19,161		-	
Telephone	1,898		1,093	
Post and stationery	4,453		4,256	
Advertising	3,767		1,300	
Travel and subsistence	30,273		9,512	
Motor expenses	3,826		10,456	
Licences and insurance	2,125		1,958	
Sundry expenses	4,690		1,838	
Accountancy	3,075		2,610	
Professional fees	585		556	
Entertainment	1,484		2,606	
	<u>1,484</u>	238,447	<u>2,606</u>	132,858
		77,768		113,361
Finance costs				
Bank charges	158		132	
Loan	-		1,016	
	<u>158</u>	158	<u>1,016</u>	1,148
Carried forward		77,610		112,213

This page does not form part of the statutory financial statements

Capacitas Ltd

Trading and Profit and Loss Account
for the Year Ended 31st March 2006

	2006		2005	
	£	£	£	£
Brought forward		77,610		112,213
Depreciation				
Computer equipment		<u>2,677</u>		<u>2,988</u>
NET PROFIT		<u><u>74,933</u></u>		<u><u>109,225</u></u>

This page does not form part of the statutory financial statements