

# **Capacitas**

## **Directors' report for the year ended 31 March 2004.**

### **PRINCIPAL ACTIVITIES**

The company's principal activities consist of the supply of consultative 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 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, airlines, legal practices, telecommunications services suppliers, outsourcing consultancies and media organisations.

### **REVIEW OF BUSINESS DEVELOPMENTS**

The Directors are pleased with the stability of revenue in the second year of operations. During the period the company expanded its range of training courses and customer base, despite difficult trading conditions for both consulting and training industries. The business is divided into three main areas: the supply of consultancy services, the supply of training services and the development of innovative software.

- The consultancy services business has again proved successful (period: circa £159,000 against £184,020 for previous period). With a slow market recovery in this area it has been encouraging to see a stable revenue profile with fewer consultants utilised in the period.
- The training services business has met with notable success (period: circa £45,000 against £13,980 for previous period) leading to a further expansion of the training products range. This growth trend has continued consistently beyond the period with Capacitas becoming a preferred supplier of capacity and performance training to several major UK-based companies, as well as attracting revenue from a number of non-UK businesses.
- The software development business has been partially funded with a SMART award (period: £19,182) from the Department of Trade and Industry (DTI). Since the end of this financial period Patents have been applied for in Europe and the United States of America. Further research and development work continues in this area.

Revenue was stable across this period, due primarily to the development of new training courses reducing the availability of consultants for fee-paying projects. However it has continued to grow since as the customer base expands, with many blue-chip organisations now purchasing consultancy and training services from the company. There is consistently strong repeat business from existing customers in addition to a steady and increasing stream of new business; this is despite the instability in our customers' markets, resulting in closure and consolidation of two of our telecommunications customers. Profitability remains high although costs have risen due to the use of a permanently staffed office in London from which the training events are now based. As such the Directors expect that the present level of business activity will be sustained and that strong revenue growth will be seen in the foreseeable future.