

CIT SOLUTIONS PTY LTD

Purpose

CIT Solutions Pty Ltd (CIT Solutions) is a company owned by the Canberra Institute of Technology (CIT), which operates under CIT's status as a Registered Training Organisation (RTO). CIT Solutions is a leading provider of high quality short courses and qualifications in government, business management and languages, for both the government and corporate sectors, in the Canberra region. The company also delivers market leading Adult Community Education programs.

CIT Solutions provides most of the CIT's commercial activities through a range of services that include:

- delivering a wide range of nationally accredited qualifications, short accredited programs and personal development and leisure programs;
- providing a wide range of consultancy services including:
 - the design and development of customised systems, programs and resources as well as accreditation services; and
 - training and skills needs analysis.
- providing individualised training in more than 80 languages; and
- coordinating CIT's international activities, including marketing, student recruitment, student pastoral care, student accommodation and off-shore educational activities.

2012-13 Priorities

Strategic and operational issues to be pursued in 2012-13 include:

- continuing to implement the 'Putting People First' strategy to support our people to build the capability, diversity and flexibility of our workforce;
- adopting innovative technology and learning solutions to enhance the delivery of courses, administration and marketing of company products;
- proactively engaging with our clients to deliver creative and practical learning opportunities through improved communications; and
- continuing to look for new prospects to further expand and enhance CIT Solutions' offerings.

Business and Corporate Strategies

The strategies to be employed to achieve the 2012-13 priorities are to:

- continue to implement the *2011-14 CIT Solutions People Plan*, which identifies initiatives aimed at enhancing work outputs, retaining quality people and building the desired workplace culture. These initiatives include the implementation of a leadership development program for our people, establishment of a Workplace Health & Safety system, continuation of a review of all employment policies and continuation of a series of leadership seminars;
- implement new learning and development techniques and apply 'good practice' models in order to develop creative and practical training programs to grow CIT Solutions' capability;
- enhance the flexibility of products and services by using e-learning and online administration through the recruitment of a dedicated e-learning development manager;
- employ an improved business model focussing on profitability of individual offerings and using improved technology for monitoring and reviewing tender submissions;
- better understand clients' motivations and needs by maintaining regular networking and positive representation at meetings to market CIT Solutions' capability and be responsive to client preferences;
- establish partnerships to enhance learning opportunities and offerings for potential clients; and
- maintain and encourage memberships of professional bodies to build communication networks with potential clients.

Estimated Employment Levels

2010-11 Actual Outcome		2011-12 Budget	2011-12 Est. Outcome	2012-13 Budget
87	Staffing (FTE)	87	89 ¹	89

Note:

1. The increase of 2 FTEs in the 2011-12 estimated outcome from the original budget is due to an increase in casual staffing required to deliver an increased number of international language training courses.

CIT Solutions Pty Ltd Operating Statement

2011-12 Budget \$'000		2011-12 Est. Outcome \$'000	2012-13 Budget \$'000	Var %	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
Income							
Revenue							
14,183	User Charges - Non ACT Government	14,483	14,796	2	15,042	15,298	15,589
4,085	User Charges - ACT Government	3,985	4,025	1	4,077	4,154	4,233
135	Interest	110	115	5	125	135	145
131	Other Revenue	131	133	2	135	137	139
18,534	Total Revenue	18,709	19,069	2	19,379	19,724	20,106
18,534	Total Income	18,709	19,069	2	19,379	19,724	20,106
Expenses							
8,008	Employee Expenses	8,333	8,521	2	8,423	8,520	8,630
689	Superannuation Expenses	713	732	3	723	731	742
7,729	Supplies and Services	8,134	8,293	2	8,471	8,669	8,884
193	Depreciation and Amortisation	193	211	9	203	175	175
548	Other Expenses	544	554	2	565	581	597
17,167	Total Ordinary Expenses	17,917	18,311	2	18,385	18,676	19,028
1,367	Operating Result	792	758	-4	994	1,048	1,078
1,367	Total Comprehensive Income	792	758	-4	994	1,048	1,078

CIT Solutions Pty Ltd Balance Sheet

Budget as at 30/6/12 \$'000	Est. Outcome as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Var %	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000	Planned as at 30/6/16 \$'000	
Current Assets							
998	Cash and Cash Equivalents	1,470	1,842	25	2,124	2,431	2,767
3,710	Receivables	2,900	2,951	2	3,002	3,053	3,104
1,000	Investments	1,000	1,000	-	1,000	1,000	1,000
101	Other Current Assets	295	300	2	306	313	321
5,809	Total Current Assets	5,665	6,093	8	6,432	6,797	7,192
Non Current Assets							
399	Property, Plant and Equipment	384	338	-12	294	264	234
34	Intangibles	35	28	-20	27	40	53
433	Total Non Current Assets	419	366	-13	321	304	287
6,242	TOTAL ASSETS	6,084	6,459	6	6,753	7,101	7,479
Current Liabilities							
711	Payables	861	1,212	41	1,263	1,314	1,365
829	Employee Benefits	785	803	2	809	815	821
1,572	Other Liabilities	1,510	1,510	-	1,510	1,510	1,510
3,112	Total Current Liabilities	3,156	3,525	12	3,582	3,639	3,696
Non Current Liabilities							
176	Employee Benefits	206	254	23	297	340	383
33	Other	33	33	-	33	33	33
209	Total Non Current Liabilities	239	287	20	330	373	416
3,321	TOTAL LIABILITIES	3,395	3,812	12	3,912	4,012	4,112
2,921	NET ASSETS	2,689	2,647	-2	2,841	3,089	3,367
REPRESENTED BY FUNDS EMPLOYED							
2,901	Accumulated Funds	2,669	2,627	-2	2,821	3,069	3,347
20	Reserves	20	20	-	20	20	20
2,921	TOTAL FUNDS EMPLOYED	2,689	2,647	-2	2,841	3,089	3,367

CIT Solutions Pty Ltd
Statement of Changes in Equity

Budget as at 30/6/12 \$'000		Est. Outcome as at 30/6/12 \$'000	Planned as at 30/6/13 \$'000	Var %	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000	Planned as at 30/6/16 \$'000
Opening Equity							
2,834	Opening Accumulated Funds	2,377	2,669	12	2,627	2,821	3,069
20	Opening Other Reserve	20	20	-	20	20	20
2,854	Balance at the Start of the Reporting Period	2,397	2,689	12	2,647	2,841	3,089
Comprehensive Income							
1,367	Operating Result for the Period	792	758	-4	994	1,048	1,078
1,367	Total Comprehensive Income	792	758	-4	994	1,048	1,078
0	Total Movement in Reserves	0	0	-	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
-1,300	Dividend Approved	-500	-800	-60	-800	-800	-800
-1,300	Total Transactions Involving Owners Affecting Accumulated Funds	-500	-800	-60	-800	-800	-800
Closing Equity							
2,901	Closing Accumulated Funds	2,669	2,627	-2	2,821	3,069	3,347
20	Closing Other Reserve	20	20	-	20	20	20
2,921	Balance at the End of the Reporting Period	2,689	2,647	-2	2,841	3,089	3,367

CIT Solutions Pty Ltd Cash Flow Statement

2011-12 Budget \$'000		2011-12 Est. Outcome \$'000	2012-13 Budget \$'000	Var %	2013-14 Estimate \$'000	2014-15 Estimate \$'000	2015-16 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
18,252	User Charges	18,452	18,726	1	19,021	19,353	19,723
135	Interest Received	110	115	5	125	135	145
131	Other Receipts	131	133	2	135	137	139
18,518	Operating Receipts	18,693	18,974	2	19,281	19,625	20,007
Payments							
7,749	Related to Employees	8,017	8,136	1	8,051	8,147	8,256
680	Related to Superannuation	703	713	1	705	713	723
7,625	Related to Supplies and Services	8,030	8,189	2	8,367	8,565	8,782
693	Other	693	704	2	716	733	750
16,747	Operating Payments	17,443	17,742	2	17,839	18,158	18,511
1,771	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	1,250	1,232	-1	1,442	1,467	1,496
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
320	Purchase of Property, Plant and Equipment and Capital Works	320	360	13	360	360	360
320	Investing Payments	320	360	13	360	360	360
-320	NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	-320	-360	-13	-360	-360	-360
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments							
1,300	Dividends to Government	1,300	500	-62	800	800	800
1,300	Financing Payments	1,300	500	-62	800	800	800
-1,300	NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	-1,300	-500	62	-800	-800	-800
151	NET INCREASE / (DECREASE) IN CASH HELD	-370	372	201	282	307	336
847	CASH AT THE BEGINNING OF REPORTING PERIOD	1,840	1,470	-20	1,842	2,124	2,431
998	CASH AT THE END OF REPORTING PERIOD	1,470	1,842	25	2,124	2,431	2,767

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges – non ACT Government: the increase of \$0.3 million in the 2011-12 estimated outcome from the original budget and the increase of \$0.313 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to an increase in training provided to Commonwealth Government agencies under contracts for international language training and commercial programs offered by CIT Centres through the company.
- user charges – ACT Government: the \$0.1 million decrease in the 2011-12 estimated outcome from the original budget is due to a reduction in government funded training places taken up by participants in 2011-12 compared to 2010-11.
- employee expenses: the increase of \$0.325 million in the 2011-12 estimated outcome from the original budget is due to an increase in staffing due to the increased hours delivered by casual language tutors and the revised wage parameters paid to all other employees.
- supplies and services:
 - the increase of \$0.405 million in the 2011-12 estimated outcome from the original budget is due to leasing an additional facility to deliver language training (\$0.190 million) and increased contractor payments (\$0.285 million) to CIT for the commercial activity delivered by the CIT Centres, offset by a reduction (\$0.070 million) in other contractor payments; and
 - the increase of \$0.159 million in the 2012-13 Budget from the 2011-12 estimated outcome is due to the costs associated with leasing the additional facility for international language training.

Balance Sheet

- cash and cash equivalents: the increase of \$0.472 million in the 2011-12 estimated outcome from the original budget is due to payments being received on completion of a large number of Government funded training places prior to year end.
- receivables: the decrease of \$0.810 million in receivables in the 2011-12 estimated outcome from the original budget is mainly due to a reduced level of incomplete government funded training places and improved debt recovery management.
- payables: the increase of \$0.150 million in the 2011-12 estimated outcome from the original budget is due to an increase in accrued expenses owed for services provided due to increased training activity.

Statement of Changes in Equity

- dividend approved: the decrease of \$0.8 million from the 2011-12 estimated outcome from the original budget is due to a lower than expected operating result.

Cash Flow Statement

Variations in the statement are explained in the notes above.

