

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 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.

2013-14 Priorities

Strategic and operational issues to be pursued in 2013-14 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;
- developing effective relationships and partnerships with new and existing clients;
- improving the company's approach to educational quality assurance; and
- developing a social media presence.

Business and Corporate Strategies

The strategies to be employed to achieve the 2013-14 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. The main initiatives for 2013-14 are to revise employment contracts with improved conditions and develop expanded human resource policies;
- employ new learning techniques to develop innovative training in programs through the use of new technology and the employment of dedicated learning developers as core staff;
- enhance the flexibility of products and services by using CIT's 'eLearn' system for online learning and administration;
- undertake a review of the company's branding to build on the company's market potential to attract new clients;
- develop a new market in providing compliance, accreditation, learning needs and quality assurance services to client groups such as Industry Skills Councils and RTOs;
- establish partnerships with higher education providers and quality training organisations to provide pathways for students to expand their studies;
- establish an RTO Compliance Officer position and working group to revise RTO compliance policy and procedures and raise awareness of legislative changes; and
- implement a strategy for using social media as a contemporary marketing and communication tool.

Estimated Employment Levels

2011-12 Actual Outcome	2012-13 Budget	2012-13 Est. Outcome	2013-14 Budget
87 Staffing (FTE)	89	90 ¹	90

Note:

1. The increase of one FTE in the 2012-13 estimated outcome from the original budget is due to the employment of an additional learning development specialist to develop training materials for new programs required in 2013.

CIT Solutions Pty Ltd Operating Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
Income							
Revenue							
14,796	User Charges — Non ACT Government	13,952	12,231	-12	12,431	12,684	12,940
4,025	User Charges — ACT Government	4,325	4,077	-6	4,154	4,233	4,313
115	Interest	75	125	67	135	145	145
133	Other Revenue	213	135	-37	137	139	142
19,069	Total Revenue	18,565	16,568	-11	16,857	17,201	17,540
19,069	Total Income	18,565	16,568	-11	16,857	17,201	17,540
Expenses							
8,521	Employee Expenses	9,612	8,595	-11	8,694	8,810	8,923
732	Superannuation Expenses	839	805	-4	831	879	928
8,293	Supplies and Services	6,933	5,734	-17	5,863	6,008	6,158
211	Depreciation and Amortisation	211	203	-4	175	175	175
554	Other Expenses	634	565	-11	581	597	612
18,311	Total Ordinary Expenses	18,229	15,902	-13	16,144	16,469	16,796
758	Operating Result	336	666	98	713	732	744
758	Total Comprehensive Income	336	666	98	713	732	744

CIT Solutions Pty Ltd Balance Sheet

Budget as at 30/6/13 \$'000		Est. Outcome as at 30/6/13 \$'000	Budget as at 30/6/14 \$'000	Var %	Estimate as at 30/6/15 \$'000	Estimate as at 30/6/16 \$'000	Estimate as at 30/6/17 \$'000
Current Assets							
1,842	Cash and Cash Equivalents	1,845	2,349	27	2,621	2,911	3,213
2,951	Receivables	3,339	3,390	2	3,441	3,492	3,543
1,000	Investments	0	0	-	0	0	0
300	Other Current Assets	302	308	2	315	323	331
6,093	Total Current Assets	5,486	6,047	10	6,377	6,726	7,087
Non Current Assets							
338	Property, Plant and Equipment	353	309	-12	279	249	219
28	Intangibles	19	18	-5	31	44	57
366	Total Non Current Assets	372	327	-12	310	293	276
6,459	TOTAL ASSETS	5,858	6,374	9	6,687	7,019	7,363
Current Liabilities							
1,212	Payables	745	1,046	40	1,097	1,148	1,199
803	Employee Benefits	1,024	1,030	1	1,036	1,042	1,048
1,510	Other Liabilities	1,540	1,540	-	1,540	1,540	1,540
3,525	Total Current Liabilities	3,309	3,616	9	3,673	3,730	3,787
Non Current Liabilities							
254	Employee Benefits	212	255	20	298	341	384
33	Other	41	41	-	41	41	41
287	Total Non Current Liabilities	253	296	17	339	382	425
3,812	TOTAL LIABILITIES	3,562	3,912	10	4,012	4,112	4,212
2,647	NET ASSETS	2,296	2,462	7	2,675	2,907	3,151
REPRESENTED BY FUNDS EMPLOYED							
2,627	Accumulated Funds	2,276	2,442	7	2,655	2,887	3,131
20	Reserves	20	20	-	20	20	20
2,647	TOTAL FUNDS EMPLOYED	2,296	2,462	7	2,675	2,907	3,151

CIT Solutions Pty Ltd
Statement of Changes in Equity

Budget as at 30/6/13 \$'000		Est. Outcome as at 30/6/13 \$'000	Budget as at 30/6/14 \$'000	Var %	Estimate as at 30/6/15 \$'000	Estimate as at 30/6/16 \$'000	Estimate as at 30/6/17 \$'000
Opening Equity							
2,669	Opening Accumulated Funds	2,190	2,276	4	2,442	2,655	2,887
20	Opening Other Reserve	20	20	-	20	20	20
2,689	Balance at the Start of the Reporting Period	2,210	2,296	4	2,462	2,675	2,907
Comprehensive Income							
758	Operating Result for the Period	336	666	98	713	732	744
758	Total Comprehensive Income	336	666	98	713	732	744
0	Total Movement in Reserves	0	0	-	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
-800	Dividend Approved	-250	-500	-100	-500	-500	-500
-800	Total Transactions Involving Owners Affecting Accumulated Funds	-250	-500	-100	-500	-500	-500
Closing Equity							
2,627	Closing Accumulated Funds	2,276	2,442	7	2,655	2,887	3,131
20	Closing Other Reserve	20	20	-	20	20	20
2,647	Balance at the End of the Reporting Period	2,296	2,462	7	2,675	2,907	3,151

CIT Solutions Pty Ltd Cash Flow Statement

2012-13 Budget \$'000		2012-13 Est. Outcome \$'000	2013-14 Budget \$'000	Var %	2014-15 Estimate \$'000	2015-16 Estimate \$'000	2016-17 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
18,726	User Charges	18,182	16,210	-11	16,486	16,818	17,154
115	Interest Received	75	125	67	135	145	145
133	Other Receipts	213	135	-37	137	139	142
18,974	Operating Receipts	18,470	16,470	-11	16,758	17,102	17,441
Payments							
8,136	Related to Employees	9,081	8,223	-9	8,321	8,436	8,550
713	Related to Superannuation	820	787	-4	813	860	909
8,189	Related to Supplies and Services	6,829	5,630	-18	5,759	5,906	6,056
704	Other	784	716	-9	733	750	764
17,742	Operating Payments	17,514	15,356	-12	15,626	15,952	16,279
1,232	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	956	1,114	17	1,132	1,150	1,162
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
360	Purchase of Property, Plant and Equipment and Capital Works	360	360	-	360	360	360
360	Investing Payments	360	360	-	360	360	360
-360	NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	-360	-360	-	-360	-360	-360
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments							
500	Dividends to Government	500	250	-50	500	500	500
500	Financing Payments	500	250	-50	500	500	500
-500	NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	-500	-250	50	-500	-500	-500
372	NET INCREASE / (DECREASE) IN CASH HELD	96	504	425	272	290	302
1,470	CASH AT THE BEGINNING OF REPORTING PERIOD	1,749	1,845	5	2,349	2,621	2,911
1,842	CASH AT THE END OF REPORTING PERIOD	1,845	2,349	27	2,621	2,911	3,213

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges – non ACT Government:
 - the decrease of \$0.844 million in the 2012-13 estimated outcome from the original budget is due to all CIT commercial training activities previously managed by CIT Solutions (\$1.5 million) now being managed by CIT, which is partially offset by higher revenue generated through increased language training delivered in 2012-13; and
 - the decrease of \$1.721 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to CIT commercial training activities being managed by CIT.
- user charges – ACT Government: the \$0.3 million increase in the 2012-13 estimated outcome from the original budget is due to increased demand for courses from ACT Government agencies mainly through the ACT Government 2012-13 training calendar program.
- employee expenses:
 - the increase of \$1.091 million in the 2012-13 estimated outcome from the original budget is due to increased hours delivered by casual language tutors and revised wage parameters and employee benefits paid to staff; and
 - the decrease of \$1.017 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to an expected reduction in hours for the delivery of language training compared to the high demand experienced in 2012-13.
- supplies and services: the decrease of \$1.360 million in the 2012-13 estimated outcome from the original budget and the decrease of \$1.199 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to lower contractor payments related to CIT Solutions no longer managing commercial training activities on behalf of CIT.

Balance Sheet

- cash and cash equivalents: the increase of \$0.504 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to all cash being held in the operating account earning higher interest than currently available through short term deposits.
- receivables: the increase of \$0.388 million in the 2012-13 estimated outcome from the original budget is mainly due to an increased value of invoicing for language training at year end.
- investments: the decrease of \$1 million in the 2012-13 estimated outcome from the original budget is due to no term deposits being held at year end due to a lower level of cash held and lower interest rates offered.

- payables:
 - the decrease of \$0.467 million in the 2012-13 estimated outcome from the original budget is due to a reduced dividend payable to CIT and reduced inter-entity related transactions; and
 - the increase of \$0.301 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to an increased dividend payable to CIT.

Statement of Changes in Equity

- dividend approved: the decrease of \$0.550 million in the 2012-13 estimated outcome from the original budget and the increase of \$0.250 million in the 2013-14 Budget from the 2012-13 estimated outcome is due to a lower than estimated operating result for the 2012 calendar year.

Cash Flow Statement

Variations in the statement are explained in the notes above.