

CIT SOLUTIONS PTY LTD

Purpose

CIT Solutions Pty Ltd (CIT Solutions) is a company owned by the Canberra Institute of Technology (CIT), and which operates under CIT's status as a Registered Training Organisation (RTO). CIT Solutions is focussed on providing customised training, education and consultancy services in the ACT, Australia and internationally. To provide these services, it draws on the expertise of the academic staff of CIT, as well as carefully selected contractors and consultants from industry and academia.

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 analyses.
- 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.

2011-12 Priorities

Strategic and operational issues to be pursued in 2011-12 include:

- implementing the 'Putting People First' strategy to support our people to build the capability, diversity and flexibility of our workforce;
- continuing to grow the core business by strengthening working relationships with key clients;
- accessing a wider range of funding sources for training places offered to clients;
- enhancing innovation in courses, administration and marketing of company products;
- building company wide capability by promoting other business lines to existing clients; and
- enhancing communications with clients.

Business and Corporate Strategies

The strategies to be employed to achieve the 2011-12 priorities are 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 for 2011-12 include the engagement of a dedicated Human Resources manager, publication of a Capability Framework of our people, review of all employment policies and introduction of a series of leadership seminars for our people;
- optimise the use of a client relationship database in order to establish and maintain an internal culture of sharing intelligence and collaboration to better meet the needs of clients;
- investigate eligibility of prospective students for government funded training places;
- research new learning and development trends and apply ‘good practice’ models in order to develop innovative training programs to grow CIT Solutions’ capability;
- enhance the flexibility of products and services through appropriate use of e-learning and online administration;
- promote successful projects as an opportunity for marketing company-wide products to existing clients;
- gain a better understanding of clients’ motivations and needs through regular networking and positive representation at meetings to market CIT Solutions’ capability and be responsive to client preferences;
- enhance the company’s website to communicate the company’s success and capability to potential clients; and
- support becoming members and associates of professional bodies to build communication networks with potential clients.

Estimated Employment Levels

2009-10 Actual Outcome	2010-11 Budget	2010-11 Est. Outcome	2011-12 Budget
85 Staffing (FTE) ¹	83	87 ¹	87

Note:

1. The increase of four FTEs in the 2010-11 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

2010-11 Budget \$'000		2010-11 Est.Outcome \$'000	2011-12 Budget \$'000	Var %	2012-13 Estimate \$'000	2013-14 Estimate \$'000	2014-15 Estimate \$'000
Income							
Revenue							
12,338	User Charges - Non ACT Government	13,919	14,183	2	14,488	14,727	14,975
4,069	User Charges - ACT Government	4,044	4,085	1	4,128	4,182	4,262
126	Interest	136	135	-1	136	136	136
130	Other Revenue	130	131	1	133	135	137
16,663	Total Revenue	18,229	18,534	2	18,885	19,180	19,510
Gains							
0	Total Gains	0	0	-	0	0	0
16,663	Total Income	18,229	18,534	2	18,885	19,180	19,510
Expenses							
6,994	Employee Expenses	7,879	8,008	2	8,152	8,233	8,328
614	Superannuation Expenses	729	689	-5	704	712	720
7,010	Supplies and Services	7,585	7,729	2	7,878	8,046	8,233
127	Depreciation and Amortisation	176	193	10	200	192	164
647	Other Expenses	537	548	2	559	571	588
15,392	Total Ordinary Expenses	16,906	17,167	2	17,493	17,754	18,033
1,271	Operating Result	1,323	1,367	3	1,392	1,426	1,477
1,271	Total Comprehensive Income	1,323	1,367	3	1,392	1,426	1,477

**CIT Solutions
Balance Sheet**

Budget as at 30/6/11 \$'000		Est.Outcome as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000	Var %	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000
Current Assets							
3,432	Cash and Cash Equivalents	847	998	18	1,674	2,375	3,099
2,256	Receivables	3,659	3,710	1	3,761	3,812	3,863
0	Investments	1,000	1,000	-	1,000	1,000	1,000
95	Other	101	101	-	101	101	101
5,783	Total Current Assets	5,607	5,809	4	6,536	7,288	8,063
Non Current Assets							
391	Property, Plant and Equipment	450	399	-11	337	277	231
33	Intangibles	58	34	-41	14	0	0
424	Total Non Current Assets	508	433	-15	351	277	231
6,207	TOTAL ASSETS	6,115	6,242	2	6,887	7,565	8,294
Current Liabilities							
561	Payables	660	711	8	762	813	864
737	Employee Benefits	822	829	1	829	829	829
1,117	Other	1,572	1,572	-	1,572	1,572	1,572
2,415	Total Current Liabilities	3,054	3,112	2	3,163	3,214	3,265
Non Current Liabilities							
121	Employee Benefits	174	176	1	178	179	180
23	Other Provisions	0	0	-	0	0	0
0	Other	33	33	-	33	33	33
144	Total Non Current Liabilities	207	209	1	211	212	213
2,559	TOTAL LIABILITIES	3,261	3,321	2	3,374	3,426	3,478
3,648	NET ASSETS	2,854	2,921	2	3,513	4,139	4,816
REPRESENTED BY FUNDS EMPLOYED							
3,628	Accumulated Funds	2,834	2,901	2	3,493	4,119	4,796
20	Reserves	20	20	-	20	20	20
3,648	TOTAL FUNDS EMPLOYED	2,854	2,921	2	3,513	4,139	4,816

CIT Solutions
Cash Flow Statement

2010-11 Budget \$'000		2010-11 Est.Outcome \$'000	2011-12 Budget \$'000	Var %	2012-13 Estimate \$'000	2013-14 Estimate \$'000	2014-15 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
16,437	User Charges	18,013	18,252	1	18,521	18,811	19,138
126	Interest Received	136	135	-1	136	136	136
130	Other Revenue	130	131	1	133	135	137
16,693	Operating Receipts	18,279	18,518	1	18,790	19,082	19,411
Payments							
6,782	Related to Employees	7,698	7,749	1	7,829	7,909	8,003
608	Related to Superannuation	728	680	-7	687	694	702
7,056	Related to Supplies and Services	7,481	7,625	2	7,774	7,942	8,129
642	Other	682	693	2	704	716	733
15,088	Operating Payments	16,589	16,747	1	16,994	17,261	17,567
1,605	NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	1,690	1,771	5	1,796	1,821	1,844
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
320	Purchase of Property, Plant and Equipment and Capital Works	415	320	-23	320	320	320
320	Investing Payments	415	320	-23	320	320	320
-320	NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	-415	-320	23	-320	-320	-320
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments							
900	Dividends to Government	2,000	1,300	-35	800	800	800
900	Financing Payments	2,000	1,300	-35	800	800	800
-900	NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	-2,000	-1,300	35	-800	-800	-800
385	NET INCREASE/ (DECREASE) IN CASH HELD	-725	151	121	676	701	724
3,047	CASH AT BEGINNING OF REPORTING PERIOD	1,572	847	-46	998	1,674	2,375
3,432	CASH AT THE END OF THE REPORTING PERIOD	847	998	18	1,674	2,375	3,099

CIT Solutions
Statement of Changes in Equity

Budget as at 30/6/11 \$'000		Est.Outcome as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000	Var %	Planned as at 30/6/13 \$'000	Planned as at 30/6/14 \$'000	Planned as at 30/6/15 \$'000
	Opening Equity						
3,257	Opening Accumulated Funds	3,511	2,834	-19	2,901	3,493	4,119
20	Opening Other Reserve	20	20	-	20	20	20
3,277	Balance at the Start of the Reporting Period	3,531	2,854	-19	2,921	3,513	4,139
	Comprehensive Income						
1,271	Operating Result for the Period	1,323	1,367	3	1,392	1,426	1,477
1,271	Total Comprehensive Income	1,323	1,367	3	1,392	1,426	1,477
	Transactions Involving Owners Affecting Accumulated Funds						
-900	Dividend Approved	-2,000	-1,300	35	-800	-800	-800
-900	Total Transactions Involving Owners Affecting Accumulated Funds	-2,000	-1,300	35	-800	-800	-800
	Closing Equity						
3,628	Closing Accumulated Funds	2,834	2,901	2	3,493	4,119	4,796
20	Closing Other Reserve	20	20	-	20	20	20
3,648	Balance at the End of the Reporting Period	2,854	2,921	2	3,513	4,139	4,816

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges — non ACT Government: the increase of \$1.581 million in the 2010-11 estimated outcome from the original budget and the increase of \$0.264 million in the 2011-12 Budget from the 2010-11 estimated outcome relates to an increase in training provided to Commonwealth Government agencies under contracts for international language training and public sector vocational programs.
- interest: the increase of \$0.010 million in the 2010-11 estimated outcome from the original budget is due to higher interest rates applying to bank deposits compared to the previous year.
- employee expenses: the increase of \$0.885 million in the 2010-11 estimated outcome from the original budget relates to increased staffing levels in the international language training centre and public sector training unit to meet increased demand.
- superannuation expenses: the increase of \$0.115 million in the 2010-11 estimated outcome from the original budget is due to an increase in staffing levels.
- supplies and services:
 - the increase of \$0.575 million in the 2010-11 estimated outcome from the original budget is due to support for increased language training (\$0.07 million), higher contractor expenses for an increase in public sector training programs (\$0.350 million) and leasing of new premises to conduct language training to the Commonwealth Government (\$0.150 million); and
 - the increase of \$0.144 million in the 2011-12 Budget from the 2010-11 estimated outcome mainly relates to an increase in contractor expenses (\$0.064 million) and operating expenses (\$0.042 million) through maintenance and support of additional training rooms.
- depreciation and amortisation: the increase of \$0.049 million in the 2010-11 estimated outcome from the original budget is due to leasehold improvements to additional rooms leased for training purposes during 2010-11.
- other expenses: the decrease of \$0.110 million in the 2010-11 estimated outcome from the original budget is due to lower commission payments to international agents for recruitment of CIT international students.

Balance Sheet

- cash and cash equivalents: the decrease of \$2.585 million in the 2010-11 estimated outcome from the original budget is due to the payment of a special dividend of \$1.1 million to CIT in 2010-11 to contribute to the cost of the Sustainable Skills Building on Bruce Campus. The increase of \$0.151 million in the 2011-12 Budget from the 2010-11 estimated outcome reflects retained cash surpluses.
- Current receivables: the increase of \$1.403 million in the 2010-11 estimated outcome from the original budget results from a greater number of training programs commencing mid-year (June/July).

- property, plant and equipment: the increase of \$0.059 million in the 2010-11 estimated outcome from the original budget is due to leasehold improvements to additional rooms leased for training purposes in 2010-11.
- The decrease of \$0.051 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to accumulated depreciation on leasehold improvements.
- intangibles: the increase of \$0.025 million in the 2010-11 estimated outcome from the original budget is due to further development of an on-line cultural awareness program used for language training purposes.
- The reduction of \$0.024 million in the 2011-12 Budget from the 2010-11 estimated outcome is due to the increased accumulated amortisation with no new acquisitions.
- payables: the increase of \$0.099 million in the 2010-11 estimated outcome from the original budget mainly relates to a higher GST liability resulting from an increase in the value of receivables being invoiced in June.
- employee benefits current: the increase of \$0.085 million in the 2010-11 estimated outcome from the original budget is due to an increase in the employee long service leave liability from having additional staff and wage increases.
- other current liabilities: the increase of \$0.455 million in the 2010-11 estimated outcome from the original budget is due to an increase in the number of training programs being delivered at year end which are paid in advance.
- employee benefits non-current: the increase of \$0.053 million in the 2010-11 estimated outcome from the original budget is due to an increase in the average years of service attained by employees.

Cash Flow Statement

Variances in the statement are explained in the notes above.

Statement of Changes in Equity

Variances in the statement are explained in the notes above.