

CIT SOLUTIONS PTY LTD

Objectives

CIT Solutions Pty Ltd is a company owned by the Canberra Institute of Technology (CIT), and operates under the 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 is committed to adding value to its clients' organisations through the provision of a range of services that include:

- training, on a commercial basis, for nationally accredited qualifications and non-accredited personal development and leisure programs;
- developing customised solutions and programs which are both sensitive to client needs and competitively priced;
- providing consultancy services to clients in Australia and overseas;
- marketing CIT's onshore international student programs and establishing CIT as an international education provider of choice; and
- extending and multiplying CIT's capability to respond to the needs of industry, commerce, government and the community.

2006-07 Priorities

Strategic and operational issues to be pursued in 2006-07 include:

- focussing marketing efforts on business with key clients in areas of proven capability;
- expanding business in online courses and modules in key areas;
- winning new offshore projects with minimal risk exposure;
- maintaining and growing inbound international student activity;
- reducing commercial risk and improving efficiency through the introduction of integrated systems and quality audit processes; and
- completing an organisational restructure that achieves quality commercial outputs and provides the required range of services to CIT.

CIT Solutions Operating Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
Income							
Revenue							
7,150	User Charges - Non ACT Government	7,100	7,320	3	7,531	7,686	7,901
1,857	User Charges - ACT Government	1,757	1,804	3	1,851	1,900	1,950
132	Interest	132	151	14	164	177	178
9,139	Total Revenue	8,989	9,275	3	9,546	9,763	10,029
Gains							
0	Total Gains	0	0	-	0	0	0
9,139	Total Income	8,989	9,275	3	9,546	9,763	10,029
Expenses							
3,700	Employee Expenses	3,900	4,034	3	4,122	4,144	4,195
526	Superannuation Expenses	601	618	3	630	633	640
4,235	Supplies and Services	3,135	3,440	10	3,550	3,661	3,775
150	Depreciation and Amortisation	69	82	19	119	176	246
239	Other Expenses	389	395	2	401	407	413
8,850	Total Ordinary Expenses	8,094	8,569	6	8,822	9,021	9,269
289	Operating Result	895	706	-21	724	742	760

CIT Solutions Balance Sheet

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
Current Assets							
103	Cash	1,068	957	-10	881	856	919
1,777	Receivables	912	912	-	912	912	912
1,648	Investments	1,768	2,119	20	2,476	2,826	3,151
82	Other	97	97	-	97	97	97
3,610	Total Current Assets	3,845	4,085	6	4,366	4,691	5,079
Non Current Assets							
145	Property, Plant and Equipment	154	248	61	320	365	365
145	Total Non Current Assets	154	248	61	320	365	365
3,755	TOTAL ASSETS	3,999	4,333	8	4,686	5,056	5,444
Current Liabilities							
707	Payables	727	727	-	727	727	727
474	Employee Benefits	367	368	..	368	368	368
597	Other	436	436	-	436	436	436
1,778	Total Current Liabilities	1,530	1,531	..	1,531	1,531	1,531
Non Current Liabilities							
201	Employee Benefits	156	183	17	212	240	268
201	Total Non Current Liabilities	156	183	17	212	240	268
1,979	TOTAL LIABILITIES	1,686	1,714	2	1,743	1,771	1,799
1,776	NET ASSETS	2,313	2,619	13	2,943	3,285	3,645
REPRESENTED BY FUNDS EMPLOYED							
1,756	Accumulated Funds	2,293	2,599	13	2,923	3,265	3,625
20	Reserves	20	20	-	20	20	20
1,776	TOTAL FUNDS EMPLOYED	2,313	2,619	13	2,943	3,285	3,645

CIT Solutions Cash Flow Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
9,007	User Charges	8,857	9,124	3	9,382	9,586	9,851
132	Interest Received	132	151	14	164	177	178
9,139	Operating Receipts	8,989	9,275	3	9,546	9,763	10,029
	Payments						
4,187	Related to Employees	4,512	4,624	2	4,723	4,749	4,807
4,235	Related to Supplies and Services	3,135	3,440	10	3,550	3,661	3,775
239	Other	389	395	2	401	407	413
8,661	Operating Payments	8,036	8,459	5	8,674	8,817	8,995
478	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	953	816	-14	872	946	1,034
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
194	Proceeds from Sale/Maturities of Investments	194	294	52	294	294	294
194	Investing Receipts	194	294	52	294	294	294
	Payments						
81	Purchase of Property, Plant and Equipment	81	176	117	191	221	246
369	Purchase of Investments	162	645	298	651	644	619
450	Investing Payments	243	821	238	842	865	865
-256	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-49	-527	-976	-548	-571	-571
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Payments						
218	Dividends to Government	800	400	-50	400	400	400
218	Financing Payments	800	400	-50	400	400	400
-218	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-800	-400	50	-400	-400	-400
4	NET INCREASE/(DECREASE) IN CASH HELD	104	-111	-207	-76	-25	63
99	CASH AT BEGINNING OF REPORTING PERIOD	964	1,068	11	957	881	856
103	CASH AT THE END OF THE REPORTING PERIOD	1,068	957	-10	881	856	919

CIT Solutions
Statement of Changes in Equity

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
1,705	Opening Balance	2,218	2,313	4	2,619	2,943	3,285
	Accumulated Funds						
289	Operating Result for the Period	895	706	-21	724	742	760
	Reserves						
289	Total Income And Expense For The Period	895	706	-21	724	742	760
	Transactions Involving Equity Holders Affecting Accumulated Funds						
-218	Dividend Approved	-800	-400	50	-400	-400	-400
1,776	Closing Balance	2,313	2,619	13	2,943	3,285	3,645

Notes to the Budget Statements

Operating Statement

- user charges – non ACT Government: the increase of \$0.220 million in the 2006-07 Budget from the 2005-06 estimated outcome relates to expected new contracts being obtained in 2006-07;
- user charges – ACT Government: the decrease of \$0.1 million in the 2005-06 estimated outcome from the original budget relates to a reduction in revenue from CIT associated with the management of student accommodation, combined with decreased project activity in the first semester of 2006 due to a small reduction in the number of programs delivered;
- employee expenses:
 - the increase of \$0.2 million in the 2005-06 estimated outcome from the original budget relates to the recruitment of additional staff to manage new projects; and
 - the increase of \$0.134 million in the 2006-07 Budget from the 2005-06 estimated outcome relates to an expected increase in contract activity;
- superannuation expenses: the increase of \$0.075 million in the 2005-06 estimated outcome from the original budget relates to the anticipated recruitment of additional staff to manage new projects;

- supplies and services:
 - the decrease of \$1.1 million in the 2005-06 estimated outcome from the original budget is due to lower expenditure on corporate overheads and reduced student accommodation management costs as these properties are now being managed by CIT; and
 - the increase of \$0.305 million in the 2006-07 Budget from the 2005-06 estimated outcome relates to expected increases resulting from new contract work to be commenced in 2006-07;
- depreciation and amortisation: the decrease of \$0.081 million in the 2005-06 estimated outcome from the original budget reflects a revision to depreciation schedules and the temporary use of operating leases for some fleet and office equipment; and
- other expenses: the increase of \$0.150 million in the 2005-06 estimated outcome from the original budget relates to higher than expected international student recruitment commissions.

Balance Sheet

- current assets:
 - the increase of \$0.235 million in the 2005-06 estimated outcome from the original budget reflects higher levels of cash flowing from the 2005 audited result, partially offset by an increased dividend payment to CIT; and
 - the increase of \$0.240 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects increased cash and investments associated with the projected profitability of the company.
- property, plant and equipment: the increase of \$0.094 million in the 2006-07 Budget from the 2005-06 estimated outcome relates to an anticipated increase in the vehicle fleet, the purchase of office equipment and the enhancement of training facilities; and
- total liabilities: the decrease of \$0.293 million in the 2005-06 estimated outcome from the original budget relates to reduced employee benefits due to the retirement of a senior staff member, an increase in long service leave being taken by staff, and a reduction in revenue held in advance for tendered projects.

Cash Flow Statement

- purchase of property plant and equipment: the increase of \$0.095 million in the 2006-07 Budget from the 2005-06 estimated outcome relates to an anticipated increase in the vehicle fleet and the purchase of equipment; and
- dividends to Government:
 - the increase of \$0.582 million in the 2005-06 estimated outcome from the original budget reflects the managing board's decision to increase the payment based on improved operating performance; and
 - the decrease of \$0.4 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects a reduction in the dividend payment to a more modest level.