

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 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:
 - research and feasibility studies;
 - training and skills needs analyses; and
 - the design and development of customised systems, programs and resources as well as accreditation services;
- providing individualised training in more than 80 languages; and
- co-ordinating CIT's international activities including marketing, student recruitment, student pastoral care, student accommodation and off-shore education activities.

2007-08 Priorities

Strategic and operational issues to be pursued in 2007-08 include:

- improving the profitability of business lines through regular reviews to assess viability, market position and the cost of programs being delivered;
- delivering quality programs and services through the development of new programs and the integration of e-learning principles into program delivery;
- strengthening working relationships to win and successfully deliver new commercial projects;
- enhancing our capacity to do business by providing high quality facilities; and
- supporting our staff and contractors to optimise their job satisfaction, work outputs, and capability to interact with clients through professional development activities, and better succession planning.

Estimated Employment Levels

	2006-07 Est. Outcome	2007-08 Budget
Staffing (FTE)	64	64

CIT Solutions Operating Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
7,320	User Charges - Non ACT Government	8,008	8,274	3	8,507	8,768	8,911
1,804	User Charges - ACT Government	1,059	1,113	5	1,162	1,212	1,247
151	Interest	126	180	43	196	199	201
0	Other Revenue	10	10	-	10	10	10
9,275	Total Revenue	9,203	9,577	4	9,875	10,189	10,369
Gains							
0	Total Gains	0	0	-	0	0	0
9,275	Total Income	9,203	9,577	4	9,875	10,189	10,369
Expenses							
4,034	Employee Expenses	4,316	4,474	4	4,567	4,659	4,716
618	Superannuation Expenses	351	369	5	378	389	397
3,440	Supplies and Services	3,139	3,259	4	3,370	3,484	3,578
82	Depreciation and Amortisation	50	57	14	64	74	74
395	Other Expenses	395	402	2	408	414	424
8,569	Total Ordinary Expenses	8,251	8,561	4	8,787	9,020	9,189
706	Operating Result	952	1,016	7	1,088	1,169	1,180

CIT Solutions Balance Sheet

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
Current Assets							
3,076	Cash and Cash Equivalents	2,833	2,908	3	3,060	3,287	3,556
912	Receivables	1,075	1,075	-	1,075	1,075	1,075
97	Other	82	82	-	82	82	82
4,085	Total Current Assets	3,990	4,065	2	4,217	4,444	4,713
Non Current Assets							
248	Property, Plant and Equipment	144	201	40	248	290	302
0	Intangibles	3	0	-100	0	0	0
248	Total Non Current Assets	147	201	37	248	290	302
4,333	TOTAL ASSETS	4,137	4,266	3	4,465	4,734	5,015
Current Liabilities							
727	Payables	447	447	-	447	447	447
368	Employee Benefits	505	516	2	524	524	524
436	Other	650	650	-	650	650	650
1,531	Total Current Liabilities	1,602	1,613	1	1,621	1,621	1,621
Non Current Liabilities							
183	Employee Benefits	36	38	6	41	41	42
183	Total Non Current Liabilities	36	38	6	41	41	42
1,714	TOTAL LIABILITIES	1,638	1,651	1	1,662	1,662	1,663
2,619	NET ASSETS	2,499	2,615	5	2,803	3,072	3,352
REPRESENTED BY FUNDS EMPLOYED							
2,599	Accumulated Funds	2,479	2,595	5	2,783	3,052	3,332
20	Reserves	20	20	-	20	20	20
2,619	TOTAL FUNDS EMPLOYED	2,499	2,615	5	2,803	3,072	3,352

CIT Solutions Cash Flow Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
9,124	User Charges	8,640	9,387	9	9,669	9,980	10,158
151	Interest Received	126	180	43	196	199	201
0	Other Revenue	10	10	-	10	10	10
9,275	Operating Receipts	8,776	9,577	9	9,875	10,189	10,369
Payments							
4,624	Related to Employees	4,514	4,830	7	4,934	5,048	5,112
3,440	Related to Supplies and Services	3,133	3,259	4	3,370	3,484	3,578
395	Other	395	402	2	408	414	424
8,459	Operating Payments	8,042	8,491	6	8,712	8,946	9,114
816	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	734	1,086	48	1,163	1,243	1,255
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
294	Proceeds from Sale/Maturities of Investments	2,094	0	-100	0	0	0
294	Investing Receipts	2,094	0	-100	0	0	0
Payments							
176	Purchase of Property, Plant and Equipment	28	111	296	111	116	86
645	Purchase of Investments	94	0	-100	0	0	0
821	Investing Payments	122	111	-9	111	116	86
-527	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	1,972	-111	-106	-111	-116	-86
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments							
400	Dividends to Government	900	900	-	900	900	900
400	Financing Payments	900	900	-	900	900	900
-400	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-900	-900	-	-900	-900	-900

**CIT Solutions
Cash Flow Statement**

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
-111	NET INCREASE/(DECREASE) IN CASH HELD	1,806	75	-96	152	227	269
1,068	CASH AT BEGINNING OF REPORTING PERIOD	1,027	2,833	176	2,908	3,060	3,287
957	CASH AT THE END OF THE REPORTING PERIOD	2,833	2,908	3	3,060	3,287	3,556

CIT Solutions
Statement of Changes in Equity

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
2,313	Opening Balance	2,447	2,499	2	2,615	2,803	3,072
	Accumulated Funds						
706	Operating Result for the Period	952	1,016	7	1,088	1,169	1,180
	Reserves						
706	Total Income And Expense For The Period	952	1,016	7	1,088	1,169	1,180
	Transactions Involving Equity Holders Affecting Accumulated Funds						
-400	Dividend Approved	-900	-900	-	-900	-900	-900
2,619	Closing Balance	2,499	2,615	5	2,803	3,072	3,352

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges – non ACT Government: the increase of \$0.688 million in the 2006-07 estimated outcome from the original budget and the increase of \$0.266 million in the 2007-08 Budget from the 2006-07 estimated outcome relate to an increase in training programs provided to Australian Government agencies.
- user charges – ACT Government: the decrease of \$0.745 million in the 2006-07 estimated outcome from the original budget relates to a reduction in revenue from ACT Government agencies.
- employee expenses:
 - the increase of \$0.282 million in the 2006-07 estimated outcome from the original budget relates to the reclassification of salary sacrifice superannuation contributions from superannuation expenses and some additional recruitment of staff to manage new programs; and
 - the increase of \$0.158 million in the 2007-08 Budget from the 2006-07 estimated outcome relates to wage increases for employees.
- superannuation expenses: the decrease of \$0.267 million in the 2006-07 estimated outcome from the original budget is due to the superannuation expense being over-estimated in the original budget by the inclusion of salary sacrificed superannuation contributions.

- supplies and services:
 - the decrease of \$0.301 million in the 2006-07 estimated outcome from the original budget is due to lower expenditure on company overheads; and
 - the increase of \$0.120 million in the 2007-08 Budget from the 2006-07 estimated outcome relates to projected increases in the cost of contracts for training consultants and office services.
- depreciation and amortisation: the decrease of \$0.032 million in the 2006-07 estimated outcome from the original budget reflects delays in the replacement of some assets and an increase in leased IT equipment.

Balance Sheet

- current assets: the decrease of \$0.095 million in the 2006-07 estimated outcome from the original budget reflects the lower level of cash held due to a higher than originally budgeted dividend payment to CIT, partially offset by the company increasing its estimate of account receivables at the end of financial year.
- property, plant and equipment:
 - the decrease of \$0.104 million in the 2006-07 estimated outcome from the original budget relates to an increase in leased IT equipment and delayed replacement of some assets; and
 - the increase of \$0.057 million in the 2007-08 Budget from the 2006-07 estimated outcome relates to the purchase of equipment due for replacement.
- total liabilities: the decrease of \$0.076 million in the 2006-07 estimated outcome from the original budget relates to a reduction in the level of payables through improved processing (\$0.280 million) offset by an increase in the level of revenue held in advance for training programs expected to be partially complete as at 30 June 2007 (\$0.214 million).

Cash Flow Statement

- purchase of property plant and equipment:
 - the decrease of \$0.148 million in the 2006-07 estimated outcome from the original budget relates to delays in the replacement of some equipment; and
 - the increase of \$0.083 million in the 2007-08 Budget from the 2006-07 estimated outcome provides for the purchase of equipment due for replacement.
- investing receipts and payments: the variations in the 2006-07 estimated outcome from the original budget and the 2007-08 Budget from the 2006-07 estimated outcome primarily represent a change in accounting practices that reclassifies the company's short-term bank bills to cash. The 2007-08 Budget for investments has been reduced to a 'nil' balance.
- dividends to Government: the increase of \$0.5 million in the 2006-07 estimated outcome from the original budget reflects the managing board's decision to increase the payment based on improved operating performance.