

Manufacturing Skills Queensland Limited

ABN 89 663 505 191

Financial Statements

For the period 31 October 2022 to 30 June 2023

Manufacturing Skills Queensland Limited
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Manufacturing Skills Queensland Limited

Directors' Report

For the period 31 October 2022 to 30 June 2023

The directors present their report, together with the financial statements, on the Manufacturing Skills Queensland Ltd for the period ended 30 June 2023.

Directors

The following persons were directors of Manufacturing Skills Queensland Ltd during the period 31 October 2022 to 30 June 2023 and up to date of this report, unless otherwise stated:

Michael Glover (Chair)	(Appointed: 31 October 2022)
Steven Koch	(Appointed: 31 October 2022)
Bernadette Zerba	(Appointed: 31 October 2022)
Desmond Watkins	(Appointed: 31 October 2022)
Natalene Carter	(Appointed: 31 October 2022)
Ann-Marie Allan	(Appointed: 31 October 2022)
James Wilson	(Appointed: 31 October 2022)

All directors are non-executive directors.

Michael Glover

Michael, as the Chair of MSQ's board and with over 20 years working across executive roles within the public and private sectors, including exposure to major civil and regional development projects. Michael brings a wealth of expertise in strategic leadership, governance, and transformative project management which has fostered growth and innovation in Queensland's manufacturing sector. Notable achievements include integrating agencies to form the Department of Regional Development Manufacturing and Water, advancing public vocational education to support Queensland Manufacturing, and orchestrating the delivery of major infrastructure projects.

Steven Koch

Steve is the Associate Director-General, Employment, Small Business and Training in the Department of Youth Justice, Employment, Small Business and Training. Steve has over 20 years' experience in designing and delivering economic development programs and initiatives for government. Steve has a strong background in vocational education and training (VET), employment, and small business, having held executive roles in departments responsible for these sectors over the past decade. He is also a member of the Board of Directors of the Building and Construction Industry Training Fund (BCITF Qld). Steve holds a Bachelor of Economics and a Bachelor of Business Management from the University of Queensland and is a Graduate of the Australian Institute of Company Directors.

Bernadette Zerba

Bernadette is the Deputy Director-General, Regional Economic Development in the Department of Regional Development, Manufacturing and Water. Bernadette has worked in government for more than 20 years, holding leadership roles in multiple agencies across state government. She specialises in leading regional economic development initiatives across the state, including policy development, strategic analysis, interdepartmental and interjurisdictional engagement, and negotiation.

Desmond Watkins

Des is owner and Managing Director of Watkins Steel has over 30 years of experience within the steel manufacturing industry. He is a strong advocate for the Australian Steel Industry and also an active member for the Australian Steel Institute, AI Group and the Queensland Manufacturing Institute. Des joins MSQ Board of directors as one of its two employer representatives and has a diploma of teaching and a Bachelor of Applied Science in construction management.

Natalene Carter

Natalene is currently a Director at RID Australia and member of the Executive team for DyMark (Aust) Pty Ltd with over 10 years of experience with manufacturing consumable products for the FMCG and industrial sectors. Natalene has a Bachelor of Commerce and is a QLD Advisory Councillor with the AI Group. Natalene is actively involved with all aspects of manufacturing including new product development, supply chain management and logistics. Natalene joins the MSQ Board of directors as one of its two employer representatives.

Manufacturing Skills Queensland Limited

Directors' Report

For the period 31 October 2022 to 30 June 2023

Ann-Marie Allan

Ann-Marie shares the leadership of the AMWU in her role as Executive Officer of the Australian Manufacturing Workers' Union and has over forty-nine years' experience with the trade union movement. Ann-Marie has extensive organisational and operational experience with background in industrial relations, representing the social, economic, and industrial interests of workers in manufacturing. Ann-Marie is a strong advocate for nationally accredited and portable skills that address the expanding needs of industry. A key focus for Ann-Marie is creating and delivering a world class, competitive skills and training environment to future proof manufacturing in Queensland. Ann-Marie also represents the AMWU on a number of Boards, peak bodies and advisory Councils. Ann-Marie joins the MSQ Board as one of its two employee representatives.

James Wilson

Jim Wilson of the Australian Workers Union has over 16 years' experience in representing employees in the manufacturing sector, including aluminium extrusion, petrochemical refining and dairy. In his time with the AWU Jim has developed a passion for training workplace delegates and developing workplace leaders, He is also a strong advocate for men's mental health issues. Jim joins the MSQ Board as one of its two employee representatives.

Principal activities

The company was registered on 31 October 2022 to carry out the following activities:

- engaging with industry stakeholders to provide evidence-based advice and local insights on the manufacturing needs across Queensland;
- to assist manufacturing businesses, including those in regional areas, to grow and attract talent to the manufacturing sector and to encourage and promote diversity within the manufacturing workforce;
- to track and analyse manufacturing supply chains, industry trends and needs to inform future skilling strategies and funding;
- to combine both industry engagement and research to define annual training plans and recognised skills pathways;
- to pursue the potential revenue streams identified with both government and industry to realise future sustainable funding pathways to support the Company's mandate;
- to engage the market of Registered Training Organisations to design and deliver skills training and career pathways as defined under the sectors annual training plan requirements.
- to deliver value adding commercial opportunities, products and services (seminars, workshops, forums, conferences etc.) supporting specific industries across the sector.

Future projects may be entered into with the approval of the State Government.

Review of operations and financial results

The profit (loss) of the company for the year amounted to **\$2,003,828** which resulted from the receipt of funding in periodic instalments to fund future expenditure.

Dividends

No dividends were paid or provided for during the financial period.

Significant changes of state of affairs

The company was established on 31 October 2022, this report presents the company's first year of operations.

Events since the end of the financial year

The company appointed a new Chief Executive Officer, Rebecca Andrews, on 10 July 2023. Rebecca brings a wealth of experience in driving economic development initiatives and delivering impactful outcomes, especially within the Manufacturing Sector. Rebecca has held pivotal leadership roles, including her position as the Queensland State Head of the Australian Industry Group and Deputy Director-General of the Department of Youth Justice, Employment, Small Business and Training. She has also contributed her insights and expertise to various boards and advisory groups including the Ministerial Manufacturing Council.

No other events have arisen since the end of the financial year which would significantly or could significantly affect the operations of the company, or the state of affairs of the company in future financial years.

Manufacturing Skills Queensland Limited
Directors' Report
For the period 31 October 2022 to 30 June 2023

Likely development and expected results of operations

The company continues to progress its principal activities to build a sustainable and skilled workforce for a future-proofed manufacturing industry in Queensland. The company has secured \$16.5 million in funding from the Queensland Government over 3 years to support its principal activities.

Meetings of Directors

For the period 31 October 2022 to 30 June 2023

Directors	Full Meetings of Directors		Remuneration Committee		Audit and Risk Management Committee	
	Attended	Held	Attended	Held	Attended	Held
Michael Glover - Chair	4	4	2	2		
Steven Koch	4	4			2	2
Bernadette Zerba	4	4			2	2
Desmond Watkins	3	4	2	2		
Natalene Carter	4	4			2	2
Ann-Marie Allan	4	4	2	2		
James Wilson	2	4				

Directors' remuneration

Directors' remuneration is disclosed in the section on Key Management Personnel, note 11 of the financial statements.

Shares under option

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Insurance of officers

During the financial year insurance premiums to insure the directors and officers of the company were paid. Further disclosure of the details of the policy, including the nature of the liability covered or the premium paid, is prohibited by the terms of the contract.

Indemnity of officers

The board of directors has resolved to enter a deed of access, insurance and indemnity with each of the relevant directors and officers. The deed indemnifies officers in respect of liability incurred whilst acting for MSQ. The indemnity does not extend to include all claims brought or prosecuted by officers.

The company may assume conduct of relevant claims and is obligated to maintain insurance.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding-off' of amounts in the directors' report. Amounts in this report have been rounded off in accordance with that instrument to the nearest dollar.

Manufacturing Skills Queensland Limited
Directors' Report
For the period 31 October 2022 to 30 June 2023

This report is signed in accordance with a resolution of the board of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Glover
Chair

4th October 2023

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Manufacturing Skills Queensland Limited

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Manufacturing Skills Queensland Limited for the period ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Bhavik Deoji
as delegate of the Auditor-General

4 October 2023

Queensland Audit Office
Brisbane

Manufacturing Skills Queensland Limited
Statement of Profit or Loss and Other Comprehensive Income
For the period 31 October 2022 to 30 June 2023

	31 October 2022 to 30 June 2023
	Note \$
Revenue and Other Income	
Revenue and Other Income	2 <u>3,767,470</u>
Total Revenue and Other Income	<u>3,767,470</u>
Expenses	
Employee expenses	3 479,072
Supplies and services	4 1,236,559
Depreciation and amortisation	22,876
Finance costs	2,456
Other expenses	<u>22,679</u>
Total expenses	<u>1,763,642</u>
Profit for the period attributable to the Members of Manufacturing Skills Queensland Limited	<u>2,003,828</u>
Other comprehensive income for the period	<u>-</u>
Total comprehensive income for the period attributable to the Members of Manufacturing Skills Queensland Limited	<u>2,003,828</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Manufacturing Skills Queensland Limited
Statement of Financial Position
As at 30 June 2023

	Note	30 June 2023 \$
Assets		
Current assets		
Cash and cash equivalents	5	2,312,359
Receivables		42,046
Other current assets		21,263
Total current assets		<u>2,375,668</u>
Non-current assets		
Leases	6	183,004
Total non-current assets		<u>183,004</u>
Total assets		<u>2,558,672</u>
Liabilities		
Current liabilities		
Payables	7	364,520
Employee benefits		5,181
Lease liabilities	6	64,810
Total current liabilities		<u>434,511</u>
Non-current liabilities		
Lease liabilities	6	120,333
Total non-current liabilities		<u>120,333</u>
Total liabilities		<u>554,844</u>
Net assets		<u>2,003,828</u>
Equity		
Accumulated surplus		<u>2,003,828</u>
Total equity		<u>2,003,828</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Manufacturing Skills Queensland Limited
Statement of Changes in Equity
For the period 31 October 2022 to 30 June 2023

	Accumulated surplus \$	Total \$
Balance at 31 October 2022	-	-
Profit for the period	<u>2,003,828</u>	<u>2,003,828</u>
Balance at 30 June 2023	<u>2,003,828</u>	<u>2,003,828</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Manufacturing Skills Queensland Limited
Statement of Cash Flows
For the period 31 October 2022 to 30 June 2023

	31 October 2022 to 30 June 2023
	Note \$
Cash flows from operating activities	
Grants and contributions	3,767,470
GST received from customers	376,747
Payments to suppliers and employees	(1,407,909)
GST paid to suppliers	(116,956)
GST refunded from ATO	88,447
GST paid to ATO	<u>(372,247)</u>
Net cash provided by operating activities	8 <u>2,335,552</u>
Cash flows from financing activities	
Repayment of lease liabilities	<u>(23,193)</u>
Net cash provided by financing activities	<u>(23,193)</u>
Net increase in cash and cash equivalents	2,312,359
Cash and cash equivalents at the beginning of the financial period	<u>-</u>
Cash and cash equivalents at the end of the financial period	5 <u>2,312,359</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Manufacturing Skills Queensland Limited
Content of the Notes to the Financial Statements
For the period 31 October 2022 to 30 June 2023

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Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the period 31 October 2022 to 30 June 2023

1. Basis of Preparation

(a) General Information

Manufacturing Skills Queensland Ltd "the company" is an unlisted company limited by guarantee and incorporated and domiciled in Australia. The company is a not-for-profit entity for the purpose of preparing the financial statements.

The address of the registered office and principal place of business is Suite 4, Level 8, 87 Wickham Terrace, Spring Hill, Queensland.

(b) Compliance with prescribed requirements

The financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 (Cth).

(c) Basis of accounting

These general purpose financial statements are prepared on an accrual basis (except for the statement of cash flow which is prepared on a cash basis).

(d) Presentation

(i) Historical cost convention

The historical cost convention is used unless otherwise stated.

(ii) Currency

The financial statements are presented in Australian dollars, with all amounts in the financial report being rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 to the nearest dollar, unless otherwise indicated.

(iii) Comparatives

The company was established on 31 October 2022 as such, no comparatives are available and the current year represent balances for the period 31 October 2022 to 30 June 2023.

(iv) Current and Non-Current

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the company does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

(e) Going concern

The financial statements have been prepared on a going concern basis. The Board considers the going concern basis to be appropriate as there is a reasonable expectation that the company will be able to pay its debts as and when they fall due.

Further, it is expected that the company will remain a going concern for at least 12 months from the signing of the financial statements.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the period 31 October 2022 to 30 June 2023

(f) Income Tax Equivalents

No provision for income tax has been raised as the entity is a State Body as defined under the Income Tax Assessment Act 1936 and exempt from income tax.

The company may be required to be a participant in the Australian Taxation Office (ATO) National Tax Equivalent Regime (NTER) in the future.

NTER broadly utilises the provisions of the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997 and associated legislation, the NTER Manual as well as Rulings and other pronouncements by the Australian Taxation Office (ATO), in order to determine the tax payable by the company. As a result, an "equivalent" or "notional income tax" liability may be payable to Queensland Treasury for payment into the consolidated fund in the future.

(g) GST

GST receivable from, and GST payable to the ATO are recognised as the net in either payables or receivables.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

GST cash flows have been identified separately in the Statement of Cash Flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority are presented as operating cashflows.

(h) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to understanding of the financial statements are provided throughout the notes to the financial statements.

(i) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated for factors such as expectations of future events that may have financial impact on the company and are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes to which they relate.

(j) Authorisation of financial statements for issue

The financial statements were authorised for issue by the Directors on 4th October 2023.

(k) New and revised accounting standards

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period and have not been early adopted by the company. These standards, amendments or interpretations are not expected to have a material impact on the company in the current or future reporting periods.

Manufacturing Skills Queensland Limited
Content of the Notes to the Financial Statements
For the period 31 October 2022 to 30 June 2023

2. Revenue and other income

**31 October
2022 to 30
June 2023**
\$

Grants and other contributions	<u>3,767,470</u>
Total	<u>3,767,470</u>

Grants and other contributions arise from transactions that are non-reciprocal in nature (i.e. do not require any goods or services to be provided in return).

Where the grant agreement is enforceable and contains sufficiently specific performance obligations (e.g. transferring goods or services), the grant is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred as unearned revenue (contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant or other contributions is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding.

The company has reviewed its relevant funding agreements and concluded that it did not receive any specific grants and other contributions which contained sufficiently specific performance obligations this financial year. Accordingly, grant funding has been recorded as income when received.

3. Employee expenses

Employee benefits

Wages and salaries	322,813
Sick leave expenses	5,366
Annual leave expenses	17,737
Employer superannuation contributions	44,653
Termination expenses	56,038
Directors' and committee fees	<u>27,916</u>

Total	<u>474,523</u>
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Employee related expenses

Workers' compensation premiums	4,549
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Total	<u>4,549</u>
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Total	<u>479,072</u>
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The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis at 30 June 2023 is:

Manufacturing Skills Queensland Employees	3.8
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Wages and salaries

Wages and salaries are recognised in the reporting period in which the employees rendered the related service. Wages and salaries due but unpaid at reporting date are recognised in the statement of Financial Position at the current salary rates.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the period 31 October 2022 to 30 June 2023

3. Employee expenses (continued)

Sick leave

Sick leave entitlements are non-vesting and are only paid upon valid claims for sick leave by employees. Sick leave expense is expensed in the reporting period in which the leave is taken by the employee.

Annual leave expenses

Liabilities for annual leave due but unpaid at the reporting date are recognised as a liability at the remuneration rates expected to apply at the time of settlement.

Long service leave expenses

Liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage levels and experience of employee departures and terms of service. Expected future payments are discounted using market yields with terms and currencies that match as closely as possible the estimated future cash outflows.

Employer superannuation contributions

Contributions are made to eligible complying superannuation funds based on the rates specified in the conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

4. Supplies and services

	31 October 2022 to 30 June 2023 \$
Contractors	708,924
Legal Fees	211,584
Marketing, events and communications	86,833
Telecommunications & ICT	76,325
Occupancy costs	49,385
Travel	7,373
Other supplies and consumables	<u>96,135</u>
Total	<u>1,236,559</u>

Supplies and services are recognised when goods have been received or services provided.

5. Cash and cash equivalents

	2023 \$
Cash at bank	<u>2,312,359</u>
Total	<u>2,312,359</u>

Cash and cash equivalents comprise of cash at bank.

Manufacturing Skills Queensland Limited
Notes To The Financial Statements
For the period 31 October 2022 to 30 June 2023

6. Leases

Right-of-use Assets

	2023
	\$
<i>Buildings</i>	
At cost	205,880
Less: Amortisation	<u>(22,876)</u>
Total	<u>183,004</u>

Lease Liabilities

<i>Buildings</i>	
Current	64,810
Non-current	<u>120,333</u>
Total	<u>185,143</u>

Future lease payments in relation to lease liabilities as at 30 June are as follows:

Within one year	64,810
Later than one year but not later than five years	120,333
Later than five years	<u>-</u>
Total	<u>185,143</u>

At the inception of a contract, the company assesses whether it contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset.

As a lessee, the company:

- recognise right-of-use assets and lease liabilities at the lease commencement date in the Statement of Financial Position, initially measured at the present value of future lease commitments using the company's incremental borrowing rate which applies in the year of application;
- separate the total amount of cash paid into the principal portion and interest portion in the Statement of Cashflow;
- recognise lease incentives as part of the measurement of the right-of-use assets and lease liabilities.

The estimated useful lives of right-of-use assets are based on the non-cancellable contract life and any 'reasonably' certain contract extensions.

Short-term leases of less than 12 months and leases of low-value assets (less than AUD\$10,000) are recognised as a lease expense on a straight-line basis.

Lease payments are discounted using the company's incremental borrowing rate which is the 3-year P&I rate applied by Queensland Treasury Corporation.

Lease liabilities are secured by the assets leased and represent the discounted future rental payments payable by the company. Excluding short-term leases and leases of low-value assets, each lease is reflected on the Statement of Financial Position as a right-of-use lease asset and a lease liability.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the period 31 October 2022 to 30 June 2023

7. Payables

	2023
	\$
Trade creditors	159,822
Accrued expenses	158,653
Other payables	<u>46,045</u>
Total	<u>364,520</u>

Trade creditors and accrued expenses are recognised when the goods are received or the service is performed, at the amount owed. Amounts owing are unsecured and are paid within the terms agreed with the supplier which is normally within seven to 30 days.

Accrued expenses are primarily costs to be reimbursed to the Department of Youth Justice, Employment, Small Business and Training for expenditure they incurred on behalf of MSQ.

8. Reconciliation of profit/(loss) to net cash flow from operating activities

	31 October
	2022 to 30
	June 2023
	\$
Profit for the period	2,003,828
<i>Non-cash items included in operating result:</i>	
Amortisation expense	22,876
Accrued expense	-
Interest Expense	2,456
Change in assets and liabilities:	
Increase in receivables	(42,046)
Increase in other current assets	(21,263)
Increase in payables	364,520
Increase in employee benefits	<u>5,181</u>
Net cash provided by operating activities	<u>2,335,552</u>

9. Remuneration of auditors

Total audit fees quoted by the Queensland Audit Office relating to the audit of these financial statements was \$25,000 excluding GST.

Manufacturing Skills Queensland Limited
Notes To The Financial Statements
For the period 31 October 2022 to 30 June 2023

10. Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes party to the contractual provisions of the financial instrument. The company has the following categories of financial assets and financial liabilities:

	2023
	\$
Financial assets	
Cash and cash equivalents (at amortised cost)	2,312,359
Receivables (at amortised cost)	42,046
Total	<u>2,354,405</u>
Financial liabilities	
Payables (at amortised cost)	364,520
Lease liabilities (at amortised cost)	185,143
Total	<u>549,663</u>

(a) Financial risk management objectives and policies

The main purpose of the company's financial instruments (primarily cash and cash equivalents) is to provide adequate financial capability to support the company's operations.

The company activities expose it to a variety of risks including market risk (such as interest rate and price risk), credit risk and liquidity risk. The company's financial risk management activities seek to minimise potential adverse effects of the unpredictability of financial markets on financial performance. Risk management parameters are reviewed regularly by the board to reflect changes in the market condition and changes to the company's activities.

(b) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk through its cash.

Price risk

The company does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.

(c) Liquidity risk

Liquidity risk refers to the ability for the company to meet its financial obligations as and when they fall due. The company is exposed to liquidity risk in respect to its payables. The company manages this risk by ensuring there are sufficient funds available to meet its employee and supplier obligations as they fall due.

This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table discloses the contractual maturity of the company's financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at the reporting date.

Payable in:	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$
Categorisation of financial instruments				
Payables (at amortised cost)	364,520	-	-	364,520
Lease liabilities (at amortised cost)	64,810	120,333	-	185,143
	<u>429,330</u>	<u>120,333</u>	<u>-</u>	<u>549,663</u>

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the period 31 October 2022 to 30 June 2023

10. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that the company may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. The company is exposed to credit risk in respect of its receivables.

This exposure is managed by ensuring the company invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

11. Key management personnel & remuneration

(a) Key management personnel & remuneration

The following people were key management personnel of Manufacturing Skills Queensland Limited during the financial period:

	<i>Appointed</i>	<i>Resigned/ Removed</i>	<i>Responsibilities</i>
<i>Members</i>			
Hon Dianne Farmer	31/10/2022		Member, Minister for Employment and Small Business, Minister for Training and Skills Development and Minister for Youth Justice
Hon Glenn Butcher	31/10/2022		Member, Minister for Regional Development and Manufacturing and Minister for Water
<i>Directors</i>			
Michael Glover	31/10/2022		Chair Board and Chair Remuneration Committee
Steven Koch	31/10/2022		Director and Member Audit and Risk Committee
Bernadette Zerba	31/10/2022		Director and Member Audit and Risk Committee
Desmond Watkins	31/10/2022		Director and Member Remuneration Committee
Natalene Carter	31/10/2022		Director and Member Audit and Risk Committee
Ann-Marie Allan	31/10/2022		Director and Member Remuneration Committee
James Wilson	31/10/2022		Director
<i>Other</i>			
Brett Kapernick	30/11/2022	27/06/2023	Chief Executive Officer

**Members are not remunerated.*

^ Directors Steven Koch and Bernadette Zerba were not remunerated as they are government employees.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the period 31 October 2022 to 30 June 2023

11. Key management personnel & remuneration (continued)

Key management personnel remuneration

Position	Short-term employee benefits		Long-term employee benefits	Post-employment benefits	Termination benefits	Total benefits
	Monetary benefits	Non-monetary benefits				
	\$	\$	\$	\$	\$	\$
Members*						
Hon Dianne Farmer	-	-	-	-	-	-
Hon Glenn Butcher	-	-	-	-	-	-
Directors						
Michael Glover	13,000	-	-	-	-	13,000
Steven Koch [^]	-	-	-	-	-	-
Bernadette Zerba [^]	-	-	-	-	-	-
Desmond Watkins	2,416	-	-	251	-	2,667
Natalene Carter	2,667	-	-	-	-	2,667
Ann-Marie Allan	2,667	-	-	-	-	2,667
James Wilson	2,667	-	-	-	-	2,667
Other						
Brett Kapernick	187,094	-	-	29,811	56,038	272,943
Total	210,511	-	-	30,062	56,038	296,611

*Members are not remunerated.

[^] Directors Steven Koch and Bernadette Zerba were not remunerated as they are government employees.

There were no loans to or from related parties at the current and previous reporting date.

Short-Term employee benefits

Short-term employee benefits are made up of salary and wages, annual leave expense, sick leave and directors fees, which are outlined in note 3.

Long-Term employee benefits

Long-term employee benefits are made up of long service leave, which is outlined in note 3.

Post-employment benefits

Post-term employee benefits are made up of superannuation which is outlined in note 3.

Termination benefits

Termination benefits are made up of payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Manufacturing Skills Queensland Limited
Notes To The Financial Statements
For the period 31 October 2022 to 30 June 2023

12. Related party transactions

Transactions with people/entities related to KMP

Type of Entity	Relationship	Transactions (excluding GST)	Nature of Transactions
Customer	Controlled by one KMP	\$3,722,470 (\$3,065,837 net of expenditure reimbursed to the Department, in relation to incurring costs on behalf of MSQ) received in 2022-23.	The company received its primary grant funding from the Department of Youth Justice, Employment, Small Business and Training
Customer	Controlled by one KMP	\$45,000 received in 2022-23	The company received grant funding for the Industry Workforce Advisory Program from the Department of Youth Justice, Employment, Small Business and Training
Vendor	Related party to one KMP	\$10,653 paid in 2022-23	Payments made for the provision of electrical services to the company's office headquarter.

13. Contingent liabilities and events after balance date

There are no known contingent liabilities as at 30 June 2023. There are no events subsequent to reporting date requiring disclosure in the financial report.

Manufacturing Skills Queensland Limited
Directors' Declaration
For the period 31 October 2022 to 30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Glover
Chair

4th October 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Manufacturing Skills Queensland Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Manufacturing Skills Queensland Limited.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2023, and its financial performance and cash flows for the period then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes to the financial statements including material accounting policy information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) included in the company's annual report.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the company.
- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report.

However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



4 October 2023

Bhavik Deoji
as delegate of the Auditor-General

Queensland Audit Office
Brisbane