

Manufacturing Skills Queensland Limited

ABN 89 663 505 191

**Financial Statements
For the year ended 30 June 2024**

Manufacturing Skills Queensland Limited
Contents
For the year ended 30 June 2024

Director's Report	2
Auditor's Independence Declaration	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Director's Declaration	25
Independent Auditor's Report	26

Manufacturing Skills Queensland Limited

Directors' Report

For the year ended 30 June 2024

The directors present their report, together with the financial statements, on the Manufacturing Skills Queensland Ltd for the year ended 30 June 2024.

Directors

The following persons were directors of Manufacturing Skills Queensland (MSQ) Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Glover (Chair)	(Resigned: 25 October 2023)
Paul Cooper (Chair)	(Appointed: 14 November 2023)
Steven Koch	
Bernadette Zerba	
Desmond Watkins	(Resigned: 25 October 2023)
Natalene Carter	
Ann-Marie Allan	
James Wilson	(Resigned: 25 October 2023)
Sheree Taylor	(Appointed: 14 November 2023)
Stacey Schinnerl	(Appointed: 14 November 2023)

All directors are non-executive directors.

Michael Glover (Chair - former)

Michael, was the former Chair of MSQ's board 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. Michael resigned 25 October 2023.

Paul Cooper (Chair - current)

Paul was appointed as chair of Manufacturing Skills Queensland in November 2023 due to his experience in governance and manufacturing. Paul is majority owner and chairman of the industrial electronics manufacturing company Rinstrum. Paul is chair of the Advanced Manufacturing Growth Centre and a founder and partner of the Private Equity firm Horizon Two Capital Partners. In addition, Paul is chair of Vadain Pty Ltd and the Qld Department of Premier and Cabinet Audit & Risk Management Committee. Paul is a qualified accountant and has served on a number of boards including the Board of CPA Australia. He is a fellow of CPA Australia and was the recipient of the National President's Award and Award for Meritorious Service from CPA Australia. He is a Chartered Tax Advisor and a Graduate member of the Australia Institute of Company Directors.

Steven Koch

Steve is the Deputy Director-General, Employment, Small Business and Training in the Department of 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.

Manufacturing Skills Queensland Limited Directors' Report For the year ended 30 June 2024

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. Des resigned as a Director 25 October 2023.

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.

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. James resigned as Director 25 October 2023.

Sheree Taylor

Sheree has close to 20 years' experience across supply chain, manufacturing and construction projects. Sheree is a seasoned professional in customer-facing roles and is passionate about local jobs, sustainability and advancing women's careers in construction. Sheree is the Bluescope Business Development Manager for Queensland Major Projects and immediate past President of NAWIC QLD; she sits on the Manufacturing Ministerial Council and was very pleased to be part of the Queensland Women's Strategy. Sheree enjoys the Queensland lifestyle with her children and combines a dynamic career with motherhood. Sheree stands as a dedicated force for industry progress and community impact.

Stacey Schinnerl

Stacey is the Secretary of The Australian Workers' Union of Employees, Queensland and the Branch Secretary of The Australian Workers' Union (Queensland Branch). In both industrial advocacy and elected union positions, Stacey has represented the interests of Queensland workers for nearly 20 years. Stacey has previously served on the Executive of the Australian Council of Trade Unions and is a current Director on the Board of Chifley Services Pty Ltd, WorkCover Queensland and Service and Creative Skills Australia. She holds a Bachelor of Business degree majoring in Human Resource Management and Employment Relations.

Manufacturing Skills Queensland Limited

Directors' Report

For the year ended 30 June 2024

Company secretary

Ailsa Page (Company Secretary – former)

Ailsa held the role of Company secretary until the 27 March 2024. Ailsa is highly experienced in operational business management within the private and education sectors across diverse industries.

Darryl James (Company Secretary)

Darryl held the role of Company Secretary from 26 March 2024. Darryl has over 35 years' experience in commercial roles across both the private and public sectors and holds a Bachelor of Commerce.

Objectives

The long-term objective of MSQ is to future-proof manufacturing capability in Queensland. This includes providing training, skills and workforce solutions that enable manufacturers to grow, attract and retain a sustainable workforce and adapt to changes within the industry.

The short-term objective of MSQ is to implement its Annual Training Plan, which contains 19 programs across the four focus areas of attraction and engagement, transformation and leadership, skills and training and diversity in manufacturing.

Strategy for achieving the objectives

MSQ's Board has an established strategic plan with key focus areas and deliverables which guide the day-to-day operations of the organisation. As part of our commitment to government, and supporting delivery of our long-term objective, MSQ will deliver a training plan for industry each year, to direct investment aligned with industry needs.

MSQ is working with research and data collection agencies to inform our strategies and plans. In addition, MSQ is implementing a digital supply chain and skills mapping tool to provide visibility across Queensland's manufacturing supply chains, enabling the organisation to provide strategic advice to government and industry to inform investment.

MSQ is also working with the Queensland Government to enable the delivery of long-term objectives through the identification and agreement to a model of sustainability for the organisation. The manufacturing industry in Queensland has and will continue to see growth, and direct investment into training and the skills profile of manufacturers will enable them to keep pace and optimise economic output.

MSQ would like to thank employers, peaks, unions, training organisations, schools, universities and government for their ongoing support and engagement that helps inform our programs and services.

Principal activities

During the financial year, the principal activities for the organisation aligned with the company objectives, including engagement with industry and other stakeholders, provision of expert information to the state about the national and state-based skills framework, workforce planning, connecting employers and stakeholders with government funding and incentives, delivery of training, and development of our first annual training plan.

Performance measures

MSQ measures its performance by the delivery of initiatives outlined in the annual training plan and contract delivery KPI's. The key performance measures for delivery of initiatives include the amount of revenue generated from co-contributions, participant numbers, customer satisfaction, school, student and teacher participation, development and uptake of products by industry. Our strategic plan guides our overarching company strategy, which includes success measures such as the establishment of core strategies, systems and processes, ongoing engagement targets and broad industry success targets.

Dividends

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

Significant changes of state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Manufacturing Skills Queensland Limited
Directors' Report
For the year ended 30 June 2024

Events since the end of the financial year

There have been no events 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.

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

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

Directors	Full Meetings of Directors		Remuneration Committee		Audit and Risk Management Committee	
	Attended	Held (during Tenure)	Attended	Held (during Tenure)	Attended	Held (during Tenure)
Michael Glover - Chair	5	5	1	1		
Paul Cooper - Chair	4	4				
Steven Koch	7	9			3	4
Bernadette Zerba	8	9			4	5
Desmond Watkins	2	5	1	1		
Natalene Carter	8	9			4	5
Ann-Marie Allan	8	9	1	1	0	1
James Wilson	2	5				
Sheree Taylor	4	4				
Stacey Schinnerl	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.

Indemnity and insurance of officer

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.

During the financial year insurance premiums to ensure 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.

Manufacturing Skills Queensland Limited
Directors' Report
For the year ended 30 June 2024

Contributions on winding up

In the event of the company being wound up, ordinary members are required to contribute a maximum of \$10 each.

The total amount that members of the company are liable to contribute if the company is wound up is \$20 based on 2 current ordinary members.

Auditor's independence declaration

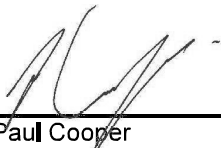
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

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.

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



Paul Cooper
Chair

23rd September 2024

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 financial year ended 30 June 2024, 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.

A handwritten signature in black ink, appearing to read 'BD' followed by a stylized flourish.

Bhavik Deoji
as delegate of the Auditor-General

23 September 2024

Queensland Audit Office
Brisbane

Manufacturing Skills Queensland Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Note	2024 \$	31 October 2022 to 30 June 2023 \$
Revenue and Other Income			
Revenue and Other Income	2	8,052,683	3,767,470
Total Revenue and Other Income		8,052,683	3,767,470
Expenses			
Employee expenses	3	1,749,910	479,072
Supplies and services	4	1,873,232	1,236,559
Depreciation and amortisation		77,507	22,876
Finance costs		6,729	2,456
Other expenses		58,117	22,679
Total expenses		3,765,495	1,763,642
Profit for the year attributable to the Members of Manufacturing Skills Queensland Limited		4,287,188	2,003,828
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the Members of Manufacturing Skills Queensland Limited		4,287,188	2,003,828

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 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	5	6,679,096	2,312,359
Receivables		55,587	42,046
Other current assets		37,138	21,263
Total current assets		6,771,821	2,375,668
Non-current assets			
Right of Use Asset	6	182,259	183,004
Lease Deposit		35,000	-
Total non-current assets		217,259	183,004
Total assets		6,989,080	2,558,672
Liabilities			
Current liabilities			
Payables	7	464,849	364,520
Employee benefits		51,393	5,181
Lease liabilities	6	101,779	64,810
Total current liabilities		618,021	434,511
Non-current liabilities			
Lease liabilities	6	80,043	120,333
Total non-current liabilities		80,043	120,333
Total liabilities		698,064	554,844
Net assets		6,291,016	2,003,828
Equity			
Accumulated surplus		6,291,016	2,003,828
Total equity		6,291,016	2,003,828

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 year ended 30 June 2024

	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	2,003,828	2,003,828
Profit for the year	<u>4,287,188</u>	<u>4,287,188</u>
Balance at 30 June 2024	<u>6,291,016</u>	<u>6,291,016</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 year ended 30 June 2024

	Note	2024	31 October 2022 to 30 June 2023
		\$	\$
Cash flows from operating activities			
Grants and contributions		8,017,809	3,767,470
Proceeds from interest received		31,801	-
GST received from customers		786,293	376,747
Payments to suppliers and employees		(3,664,116)	(1,407,909)
GST paid to suppliers		(198,672)	(116,956)
GST refunded from ATO		200,153	88,447
GST paid to ATO		(687,792)	(372,247)
Net cash provided by operating activities	8	4,485,476	2,335,552
Cash flows from financing activities			
Repayment of lease liabilities		(118,739)	(23,193)
Net cash used in financing activities		(118,739)	(23,193)
Net increase in cash and cash equivalents		4,366,737	2,312,359
Cash and cash equivalents at the beginning of the financial year		2,312,359	-
Cash and cash equivalents at the end of the financial year	5	6,679,096	2,312,359

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 year ended 30 June 2024

1 Basis of Preparation	13
2 Revenue and other income	15
3 Employee expenses	15
4 Supplies and services	16
5 Cash and cash equivalents	16
6 Leases	17
7 Payables	18
8 Reconciliation of profit/(loss) from net cash flow from operating activities	18
9 Remuneration of auditor	18
10 Financial instruments	19
11 Key management personnel & remuneration	21
12 Related party transactions	24
13 Contingent liabilities and events after balance date	24

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

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 2, Ground Level, 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, comparatives are for the year 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 year ended 30 June 2024

(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.

(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 23 September 2024.

(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 2024 reporting year 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 years.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

2. Revenue and other income

	2024	31 October 2022 to 30 June 2023
	\$	\$
Grants and other contributions	8,017,809	3,767,470
Interest Received	31,801	-
Gain on Disposal of Lease	3,073	-
Total	8,052,683	3,767,470

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	1,305,291	322,813
Sick leave expenses	13,627	5,366
Annual leave expenses	103,979	17,737
Employer superannuation contributions	168,492	44,653
Termination expenses	58,707	56,038
Allowances	6,000	-
Directors' and committee fees	37,770	27,916

Total	1,693,866	474,523
--------------	------------------	----------------

Employee related expenses

Workers' compensation premiums	18,234	4,549
Payroll tax	21,566	-
Fringe Benefits Tax	6,588	-
Other	9,656	-

Total	56,044	4,549
--------------	---------------	--------------

Total	1,749,910	479,072
--------------	------------------	----------------

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Manufacturing Skills Queensland Employees	15.5	3.8
---	-------------	------------

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

3. Employee expenses (continued)

Wages and salaries

Wages and salaries are recognised in the reporting year 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.

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 year 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.

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 year.

4. Supplies and services

	2024	31 October 2022 to 30 June 2023
	\$	\$
Contractors	1,165,822	708,924
Legal Fees	41,791	211,584
Branding, Marketing, events	243,833	86,833
Telecommunications & ICT	237,236	76,325
Occupancy costs	30,830	49,385
Travel	31,483	7,373
Other supplies and consumables	122,237	96,135
Total	1,873,232	1,236,559

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

5. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank	6,679,096	2,312,359
Total	6,679,096	2,312,359

Cash and cash equivalents comprise of cash at bank.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

6. Leases

Right-of-use Assets

	2024	2023
	\$	\$
<i>Buildings</i>		
Opening Balance	183,004	-
Additions at cost	208,296	205,880
Disposals	(131,534)	-
Less: Amortisation	(77,507)	(22,876)
	<hr/>	<hr/>
Closing Balance	182,259	183,004

Lease Liabilities

<i>Buildings</i>		
Current	101,779	64,810
Non-current	80,043	120,333
	<hr/>	<hr/>
Total	181,822	185,143
	<hr/>	<hr/>
Interest expense	6,729	2,456

The company engages in leasing activities to the extent needed to secure office space. Under AASB 16, these leases are accounted for by recognising right-of-use assets and lease liabilities on the balance sheet. Although these leases are operational in nature, they are reported in accordance with the finance lease model under AASB 16, which requires the recognition of the right-of-use asset and corresponding lease liability.

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 year ended 30 June 2024

7. Payables

	2024	2023
	\$	\$
Trade creditors	302,891	159,822
Accrued expenses	19,797	158,653
GST payable	45,571	-
Other payables	96,590	46,045
Total	464,849	364,520

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.

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

	2024	31 October 2022 to 30 June 2023
	\$	\$
Profit for the year	4,287,188	2,003,828
<i>Non-cash items included in operating result:</i>		
Amortisation expense	77,507	22,876
Gain on Revaluation of Lease	(3,073)	-
Finance Costs	6,729	2,456
Change in assets and liabilities:		
Increase in receivables	(13,541)	(42,046)
Increase in other current assets	(15,875)	(21,263)
Increase in payables	100,329	364,520
Increase in employee benefits	46,212	5,181
Net cash provided by operating activities	4,485,476	2,335,552

9. Remuneration of auditors

Total audit fees quoted by the Queensland Audit Office relating to the audit of these financial statements was \$36,500 (2023: \$26,500) excluding GST.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

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:

	2024	2023
	\$	\$
Financial assets		
Cash and cash equivalents (at amortised cost)	6,679,096	2,312,359
Deposits (at amortised cost)	40,000	-
Receivables (at amortised cost)	55,587	42,046
Total	6,774,683	2,354,405
Financial liabilities		
Payables (at amortised cost)	464,849	364,520
Lease liabilities (at amortised cost)	181,822	185,143
Total	646,671	549,663

(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 from a financial instrument will fluctuate due to changes in market interest rates. The company earns interest income through investing its surplus funds with financial institutions at market rates.

Any reductions in interest income posed by the fluctuation of market interest rates is not anticipated to affect the operations of the company.

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.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

2024:

	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$
Payable in:				
Categorisation of financial instruments				
Payables (at amortised cost)	464,849	-	-	464,849
Lease liabilities (at amortised cost)	107,693	81,462		189,155
	572,542	81,462	-	654,004

2023:

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

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.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

11. Key management personnel & remuneration

(a) Key management personnel

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

	<i>Appointed</i>	<i>Resigned/ Removed</i>	<i>Responsibilities</i>
<i>Members</i>			
Hon Dianne Farmer	31/10/2022	17/12/2023	Member, Minister for Employment and Small Business, Minister for Training and Skills Development and Minister for Youth Justice
Hon Lance McCallum	18/12/2023		Member, Minister for Employment and Small Business, Minister for Training and Skills Development
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	25/10/2023	Chair Board and Chair Remuneration Committee
Paul Cooper	14/11/2023		Chair Board
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	25/10/2023	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	25/10/2023	Director
Sheree Taylor	14/11/2023		Director
Stacey Schinnerl	14/11/2023		Director
<i>Other</i>			
Rebecca Andrews	10/07/2023		Chief Executive Officer

@ The final Remuneration Committee meeting was held 9 August 2023

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

(b) Key management personnel remuneration

The following disclosures focus on the expenses incurred by MSQ that is attributable to key management positions during the respective reporting years. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Profit or Loss and Other Comprehensive Income.

2023-24

Position	Short-term employee benefits		Long-term employee benefits	Post-employment benefits	Termination benefits	Total benefits
	Monetary benefits	Non-monetary benefits				
	\$	\$	\$	\$	\$	\$
Directors						
Michael Glover	6,500	-	-	-	-	6,500
Paul Cooper	11,262	-	-	-	-	11,262
Desmond Watkins	1,333	-	-	-	-	1,333
Natalene Carter	4,000	-	-	-	-	4,000
Ann-Marie Allan	4,000	-	-	-	-	4,000
James Wilson	333	-	-	-	-	333
Sheree Taylor	1,877	-	-	-	-	1,877
Stacey Schinnerl	1,877	-	-	-	-	1,877
Other						
Rebecca Andrews	330,885	-	-	27,097	-	357,982
Total	362,067	-	-	27,097	-	389,164

*Members are not remunerated.

** Directors are paid \$3,000 per term (Chair \$18,000 per term). Directors who sit on a sub-committee are entitled to \$500 per committee per term. If meeting attendances are greater than 3 this payment increases to \$1,000.

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

2022-23

For the period 31 October 2022 – 30 June 2023

Position	Short-term employee benefits		Long-term employee benefits	Post-employment benefits	Termination benefits	Total benefits
	Monetary benefits	Non-monetary benefits				
	\$	\$	\$	\$	\$	\$
Directors						
Michael Glover	13,000	-	-	-	-	13,000
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.

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.

Manufacturing Skills Queensland Limited
Notes to the Financial Statements
For the year ended 30 June 2024

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 year ended 30 June 2024

12. Related party transactions

Transactions with people/entities related to KMP for the year ended 30 June 2024

Type of Entity	Relationship	Transactions (excluding GST)	Nature of Transactions
Customer	Controlled by one KMP	\$6,347,809 received in 2023-24.	The company received its primary grant funding from the Department of Employment, Small Business and Training
Customer	Controlled by one KMP	\$180,000 received in 2023-24	The company received grant funding for the Industry Workforce Advisory Program from the Department of Employment, Small Business and Training
Customer	Controlled by one KMP	\$200,000 received in 2023-24	The company received grant funding for the VET Emerging Industries Initiatives from the Department of Employment, Small Business and Training
Customer	Controlled by one KMP	\$180,000 received in 2023-24	The company received grant funding for the Industry Workforce Advisory Program from the Department of Employment, Small Business and Training
Customer	Controlled by one KMP	\$948,500 received in 2023-24	The company received grant funding for the Women in Trades Mentoring Program from the Department of Employment, Small Business and Training
Customer	Controlled by one KMP	\$71,500 received in 2023-24	The company received grant funding for the Qld Clean Energy Workforce Roadmap from the Department of Employment, Small Business and Training

Transactions with people/entities related to KMP for the period ended 30 June 2023

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
Customer	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 2024. There are no events subsequent to reporting date requiring disclosure in the financial report.

Manufacturing Skills Queensland Limited
Directors' Declaration
For the year ended 30 June 2024

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 2024 and of its performance for the financial year 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



Paul Cooper
Chair

23rd September 2024

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.

The financial report comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the directors' declaration.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2024, and its financial performance for the year then ended; and
- b) complies with Australian Accounting Standards.

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 (including Independence Standards)* (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*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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 identified above 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 directors 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.



Bhavik Deoji
as delegate of the Auditor-General

24 September 2024

Queensland Audit Office
Brisbane