

Annual Report & Financial Statements

2020



A National Education Network for Shared IT Services

National Network

HEAnet provides high speed, resilient Internet connectivity and associated ICT services to education and research organisations throughout Ireland:

www.heanet.ie/the-network

Global Connectivity

HEAnet also provides its clients with international connectivity via GÉANT - the pan-European network; facilitating research collaboration around the world:

www.geant.org

HE and Research Services

HEAnet provides an extensive portfolio of shared services; delivering economies of scale and more cost-effective ways of working for the education and research community:

www.heanet.ie/services

Schools

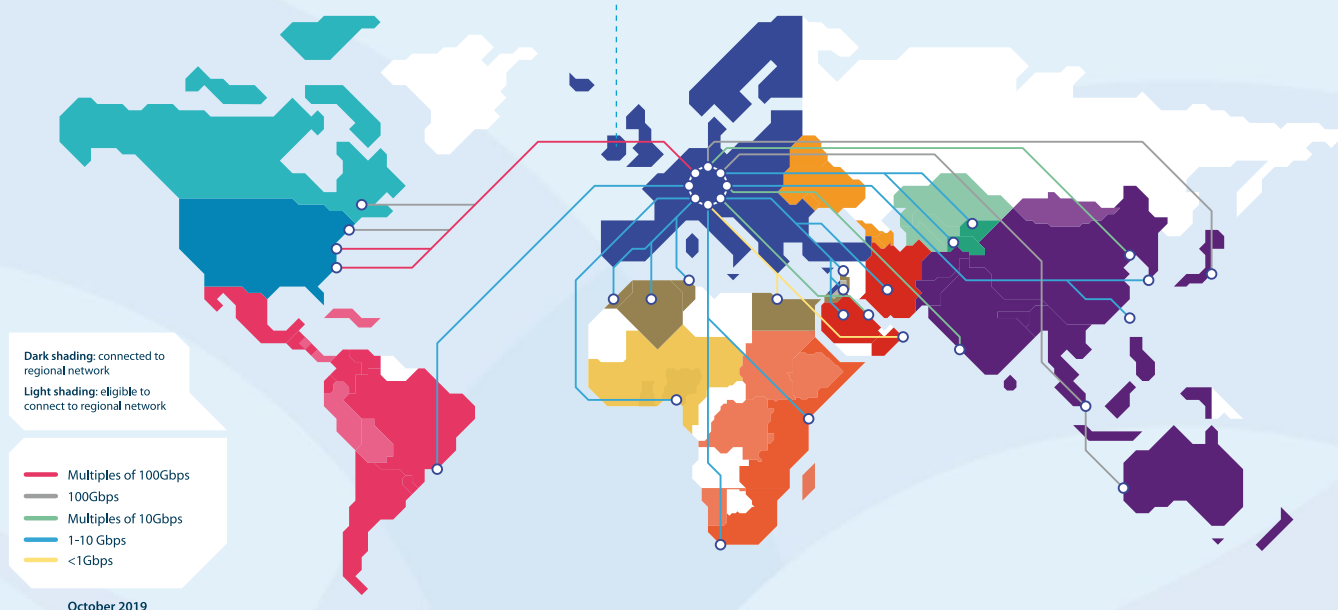
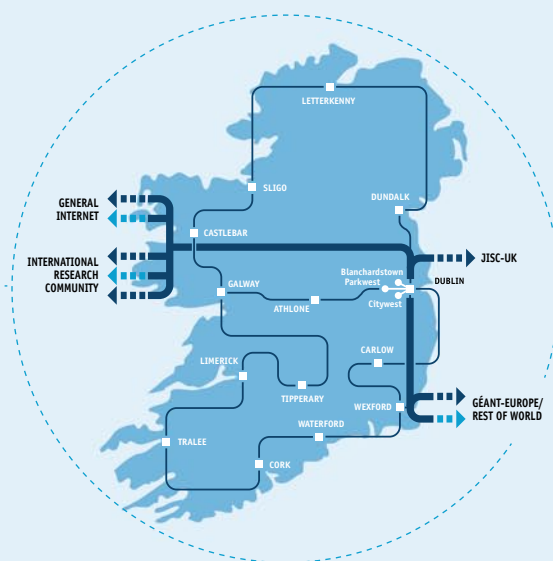
HEAnet provides Internet connectivity and associated services to all primary and post-primary schools in Ireland:

www.heanet.ie/schools

EduCampus

EduCampus Services, a subsidiary of HEAnet, provides MIS shared services to the higher education sector:

www.educampus.ie



This map is produced as part of the GÉANT Specific Grant Agreement GN4-3 (No. 856726), that has received funding from the European Union's 2020 research and innovation programme under the GÉANT2020 Framework Partnership Agreement (No. 653998). The content of this document is the sole responsibility of GÉANT and can under no circumstances be regarded as reflecting the position of the European Union.

geant.org

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Chairperson's Report



On behalf of the HEAnet Group, it is my privilege to submit a copy of the annual report and financial statements for 2020 to you for your consideration.

The last year has been a year like no other due to the global pandemic. Every one of us has had to adapt and change our working environments. In what has been a challenging year, HEAnet has forged ever-stronger relationships with our clients, partners and affiliates. Despite the challenges, we have continued to deliver common, repeatable and shareable solutions for all levels of Ireland's education and research community.

As highlighted in the CEO foreword, HEAnet has gone through a significant transformation in recent years, from organisational restructuring to the delivery of new services and a new strategic plan. During this period of change, the Board made it a priority to support its staff by ensuring all parties were living by our recently-established core values and could continue to meet our strategic objectives.

HEAnet and its staff have been active participants in the response to the pandemic. We have extended connectivity beyond the campus and purchased laptops for institutions at aggregated and national level. 2020 was a year that raised the profile of HEAnet, highlighted the value HEAnet brings to Ireland and demonstrated how agile this organisation is.

Furthermore, HEAnet continues to maintain strong collaborative relationships across Europe with representation on both the GÉANT's Board of Directors and GÉANT Network Infrastructure Advisory Committee (NIAC).

HEAnet is a recognised and trusted provider of common, repeatable and shareable IT services for all levels of the Irish education system, connecting some 1.1 million users to the internet via its 100 Gbps-capable network.

This representation provides us with opportunities to positively impact decisions that will affect the future direction of e-infrastructure and digital research facilities around the world. HEAnet is successfully leading the way in articulating the sectors' needs and influencing future outcomes.

In accordance with the 2016 Code of Practice for the Governance of State Bodies, I wish to report to you on the company's compliance with the requirements as set out in the code, and specifically on the following matters relating to the reporting period January to December 2020:

- There were no commercially significant developments. No new subsidiaries or joint ventures were established. There were no share acquisitions or disposals relating to the subsidiary company.
- No off-balance sheet financial transactions took place.
- I affirm that all appropriate financial reporting procedures, internal audit, travel, procurement and asset disposals are being carried out.
- HEAnet has policies and procedures in place to strive for compliance with public procurement requirements. We appointed a dedicated Procurement and Contracts Specialist to oversee compliance in this area.
- HEAnet Group strives to comply with Government travel policy in all respects as far as possible.
- I acknowledge our responsibility for ensuring effective internal financial control and maintaining a robust system for this purpose. A statement on the system of internal controls is included with the annual report, pages 29 – 30.
- HEAnet Group has a code of business conduct for directors in place.

- HEAnet is a private company; the CEO and other staff are not public or civil servants. Salary and compensation decisions are calculated using a formalised internal performance management system against benchmarked salary bands. As such, HEAnet does not strictly follow Government policy on the CEO and other employees' pay.
- Board members are not paid any salary or remuneration for their services. Expenses payments to directors and staff are in accordance with rates sanctioned by the Department.
- There are no post-balance sheet events to report.
- HEAnet Group and its subsidiary companies follow the Public Spending Code's principles as interpreted and agreed with its funders.
- HEAnet Group has implemented procedures for the making of protected disclosures in accordance with S. 21 (1) of the Protected Disclosures Act 2014. The annual report for 2020 was published in May 2021.
- HEAnet Group has complied with its obligations under tax law.
- HEAnet Group is not involved in any legal disputes with any other State Bodies. HEAnet's subsidiary company, EduCampus, is not engaged in any legal disputes with any other State Bodies.
- As far as possible, HEAnet is taking all necessary steps to comply with the 2016 Code of Practice for the Governance of State Bodies. In 2019, a 'compliance gap analysis' was carried out. The analysis identified sections of the 2016 Code that HEAnet cannot meet. The Department was made aware of the instances of non-compliance and these will be formalised as a schedule of derogations in the draft Performance Delivery Agreement (PDA).
- HEAnet has a single subsidiary company, EduCampus Services DAC, and this company continues to operate for the purpose for which it was established.

I would like to acknowledge the work of the members of the Boards of HEAnet and EduCampus, along with the Chief Executives and staff of both companies. Their combined efforts and commitment ensures that we continue to achieve our goal of providing network infrastructure and common, repeatable and shareable solutions for higher education and research in Ireland.

2020 was a challenging year for everyone. We, as a Board, would like to acknowledge how proud we are of HEAnet and its dynamic team for staying true to the core values of the organisation and adjusting, developing and supporting its clients during the global pandemic.

Early in 2021, Kerrie Power announced her resignation as HEAnet's Chief Executive Officer and resigned as a director from the Board of Educampus, effective May 7th, to pursue another professional opportunity.

She has had a huge impact on strategic and operational matters within HEAnet. Her most recent achievement is the eduroam Everywhere initiative. She raised the profile of this critical service and secured government support for its wider deployment. Kerrie leaves HEAnet with a really positive legacy to build upon.

The Board of Directors would like to thank Kerrie for her leadership and service to HEAnet since 2017 and wish her well in all future endeavours.

Pending the recruitment of a new CEO, the Board has appointed Ronan Byrne; currently HEAnet's Deputy CEO/ Chief Technology Officer, to act as CEO on an interim basis.

Ronan is a highly capable and experienced leader and has been with HEAnet since 2004.

He will work closely with the board and continue to lead HEAnet to deliver its commitment to provide clients and customers with excellent service.

As we look forward to the future, HEAnet will continue to work collaboratively with our stakeholders to provide quality digital solutions on shared services across all levels of Ireland's education and research community.

Professor Anne Scott

Chairperson, Board of HEAnet, and
Vice-President for Equality & Diversity, NUI Galway

Message from the Chief Executive



HEAnet has become a leaner, more agile organisation, ensuring we are in excellent condition to embrace the future and deliver a positive impact across all of education.

2020 was, without doubt, one of the most challenging years for everyone, not just in Ireland but globally. Not just for organisations trying to adjust to a remote world, but for individuals, families, and society at large. We in HEAnet, like many other organisations, needed to rethink, adjust, move remotely, be agile and find solutions to support education at this time. We rose to those challenges and I think we have laid the groundwork very effectively and set ourselves up for success.

Over the past number of years, HEAnet has gone through a significant transformation, from organisational restructuring to delivering new services and a new strategic plan. During this period of change, we took time to reflect on who we were, what we do, why we do and what gets us up in the morning. We created core values we live by every day in HEAnet, these being:

- **Positive Impact**
- **Fairness and Equality**
- **Empowered Decision Making**
- **We Share**
- **Future Focus**
- **Enjoy It**

These values and a clear strategy and direction for the organisation allowed us to be flexible to meet the new challenges, empowering our people to make decisions that helped us be more effective remotely. We were invited to the table to contribute at a national level to support the pandemic response, where we shared our knowledge and offered support and advice. With the values of Positive Impact and Equality and Fairness always at the fore of our thinking, we at HEAnet recognised the need to do more for those who may not have access to a device or good connectivity at home.

We needed to rethink how our services were being used. How could we do more of our services in the off-campus world? This led us to a number of national initiatives. One being a bulk laptop purchase scheme supported and funded by the Department of Education and championed by Minister Simon Harris. HEAnet, on behalf of Higher and Further Education institutes, in partnership with Dell, Microsoft and others, procured close to 17,000 laptops; these were manufactured and delivered at a time when there was a global shortage of component parts. These machines were delivered to individual institutes who then distributed them to vulnerable and disadvantaged students.

Another large-scale initiative which will remain a focus in 2021 and into the future, is bringing the on-campus Wi-Fi Off-Campus. In a world where students and staff are educating remotely, our world-class on-campus infrastructure was lying idle. It became clear we needed to bring our resources off-campus, just where learning has gone. This was so important in narrowing the digital divide which has become so apparent in the age of COVID-19. Therefore, we started a program of work called “eduroam everywhere”. This will bring on-campus Wi-Fi off campus to locations around Ireland. Utilising the already-existing public and private infrastructure and building new infrastructures makes sense. It offers students and staff off-campus access to eduroam to give them more options to connect to learning materials. It is already proving to be a great success during its pilot phase. eduroam is now live in many off-campus locations including libraries, coffee shops, sports stadiums, transport, and outdoor locations. This program will transform the eduroam footprint and prove a nationwide asset for years to come, as blended learning will be with us well into the future.

While 2020 was a challenging year, we learned a lot, created new opportunities to utilise our existing services and expertise, and rose to the challenge in supporting Ireland’s National COVID-19 response. My journey with HEAnet, a highlight of my career, finishes on the 7th May 2021. I am very proud of what we have achieved together and I believe HEAnet’s brightest and most successful days are ahead of it. 2021 is going to bring many changes to the organisation and I look forward to watching its continuing success in the future.

Kerrie Power ,
Chief Executive, HEAnet

Board of Directors and Other Information

Members of the Board of Directors as at 31 December 2020

Prof Anne Scott
Ms Sheena Duffy
Ms Dearbhla O'Reilly
Mr Sean O'Farrell
Ms Colette McKenna
Dr Gerard Culley
Ms Rosemary Fogarty
Prof Noel O'Connor
Mr Patrick Magee
Dr Orla Flynn
Prof Michael Murphy
Mr Phillip Fischer
Mr Billy Bennett
Mr Paul Feldman

Secretary and Registered Office

Ms Rhian Williams
5 George's Dock
IFSC
Dublin 1
Ireland

Parent Company Number:	275301
Subsidiary Company Number:	560681
Parent CHY Number:	12414
Subsidiary CHY Number:	21490
Parent CRA Registration Number:	20036270
Subsidiary CRA Registration Number:	20105242

Executive Management Team

Kerrie Power	(Chief Executive)
Ronan Byrne	(Deputy Chief Executive & Chief Technology Officer)
Brian Boyle	(Technical Services Director)
John Creaven	(Client Services Director)
Susie Leacy	(People Operations Director)
Dónal Ó Cearbhaill	(Schools Network Director)

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Bankers

Bank of Ireland
IFSC Branch
La Touche House
Customs House Dock
Dublin 1

Allied Irish Bank
1 - 4 Lower Baggot Street
Dublin 2

Solicitors

O'Connor Solicitors
8 Clare Street
Dublin 2
Ireland

Trustees' Report

(Incorporating Director's Report)

The directors of HEAnet CLG, Ireland's National Education and Research Network, hereby present their report and the audited group financial statements for the financial year ended 31 December 2020.

HEAnet was incorporated as a Company Limited by Guarantee and not having a share capital in November 1997. It operates on a non-profit basis, has been granted charitable tax-exempt status by the Revenue Commissioners and is registered with the Charities Regulatory Authority (CRA).

A subsidiary company, EduCampus Services DAC was incorporated in April 2015 to deliver on the evolution of shared services to the higher education sector including student records management, payroll, HR management, finance and library management. 92% of EduCampus share capital is held by HEAnet.

HEAnet is managed by a board comprising members from third level institutions, the Higher Education Authority and the Department of Business, Enterprise and Innovation. Costs are met largely from government grants and charges to HEAnet members and services are provided to clients on a cost recovery basis.

The Directors confirm that the financial statements of the company comply with the current statutory requirement of the companies governing documents and with the provisions of Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice - Accounting for Further and Higher Education 2015 applicable to all further and higher education institutions and providers preparing their accounts in accordance with the financial reporting standard applicable in the Republic of Ireland (FRS102) hereafter denoted as the FE/HE SORP (FRS102).

The FE/HE SORP (FRS102) is not yet mandatory in the Republic of Ireland and the Irish Charity Regulator has not yet prescribed accounting regulations for Irish Charities. In the absence of such prescriptive guidance this Board has adopted the FE/HE SORP (FRS102) as it is considered to be most appropriate to the circumstances of the organisation.

OBJECTIVES AND ACTIVITIES

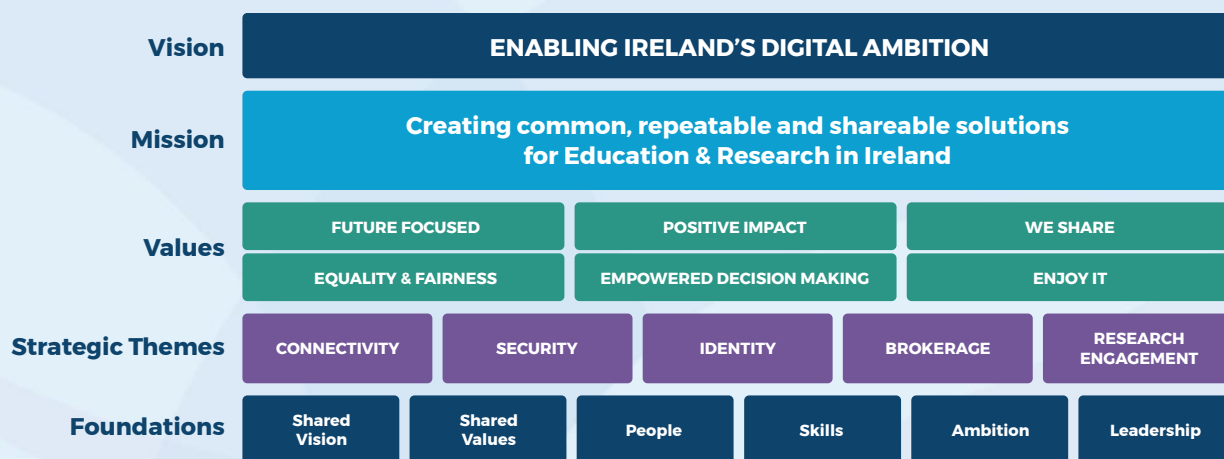
Strategic Direction

Executing on the HEAnet Strategy 2020-22 has been central to our focus and orientation this year.

Embedding our core values and aligning the delivery of our services to our five strategic themes (Connectivity, Security, Identity, Brokerage, and Research Engagement) has shaped both our approach and performance over the year.

Notably, our five strategic themes remained relevant as we adjusted to the fall-out of the COVID-19 pandemic. The accelerated shift to remote and blended learning on foot of COVID-19 restrictions highlighted fundamental connectivity challenges for many, with students impacted by a lack of quality broadband coverage in their local area and the cost of broadband presenting as a real challenge to continued participation in the education system.

In the advent of the pandemic, HEAnet worked closely and tirelessly with the Department of Education and other stakeholders in devising creative solutions to ameliorate these connectivity and access challenges.





Ronan Byrne,
Deputy CEO, HEAnet

One such connectivity initiative proposed by HEAnet, and endorsed by Minister Simon Harris and his Department, is 'eduroam Everywhere'.



This initiative can extend the availability of eduroam WiFi coverage beyond the perimeter of the college campus. eduroam is a WiFi

service designed specifically for the higher education community, which offers students free access to the eduroam WiFi hotspot wherever available, domestically and internationally.

The 'eduroam Everywhere' programme aims to make eduroam WiFi more widely available across public buildings, such as public libraries and civic buildings, and across commercial premises such as retail outlets, conference centres, and coffee shops.

HEAnet also worked closely and successfully with IBEC, COMREG and a range of telecoms providers to reduce the financial burden of mobile broadband costs for the student cohort. We thank them for their support in this regard.

In tandem with our efforts to improve connectivity for students, HEAnet leveraged its procurement strength and expertise in expediting the delivery of 16,700 laptops to disadvantaged students across the breadth of Ireland as part of the July COVID-19 Stimulus-Response. Against a backdrop of an unprecedented global shortage of laptop components due to a global shift to home working, HEAnet worked with DELL, Microsoft and Intel to prioritise shipment of 16,700 laptops. This unprecedented bulk order of laptops was expedited across the DELL supply chain, with assembly, testing and shipping all concluded over an eight-week period.

HEAnet co-ordinated the shipments to arrive ahead of respective academic term commencement across the participant Universities, Institutes of Technology, and ETBs.

Our strategy execution also extended to further expanding our ICT Security Services with four more clients subscribing to the service over 2020.

This expansion recognises the relevancy of this service to our client base. It reflects the continuous challenge of keeping users and systems safe from security threats and malware attacks.

We also bolstered our Research Engagement strategic pillar, with HEAnet representation on the National Open Research Forum (NORF) domestically, and the European Open Science Cloud (EOSC) Governance Board at European level.

HEAnet resources remained active across a range of GÉANT projects with Kerrie Power, CEO, appointed to the GÉANT Board since 2019. We are pleased to report that Ronan Byrne, our Deputy CEO, was elected to the Board of the newly constituted EOSC Association at the inaugural General Assembly meeting in December.

And to further strengthen our research engagement capacity, we are also delighted to welcome Roberto Sabatino, as a dedicated HEAnet Research Engagement Officer, who joined the company in November.



ACHIEVEMENTS AND PERFORMANCE

HEAnet's work in pursuit of our strategic focus is delivered through six distinct areas of activity:

- Connectivity
- Identity and Access (Authentication)
- ICT Security
- MIS Services and Solutions
- Brokerage and Procurement
- Schools (Primary and Post-Primary)

The detail of that work is set out in the following pages, highlighting the value of the collaborative approach and of applying shareable and repeatable solutions to the common challenges of facilitating Irish education and research across multiple locations.

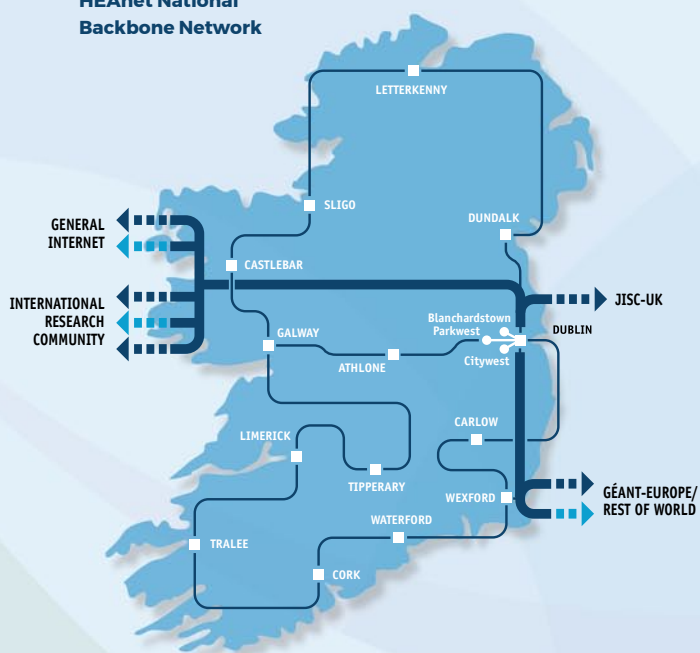
Connectivity

Providing essential infrastructure to the Education and Research Sector

Education is fundamentally about sharing information. The ability to do this effectively, at scale, is realised by the connectivity that HEAnet provides. It links teachers, learners and researchers to digital resources that enable them to perform their duties across the world stage.

Enabling connections through accessible, reliable, high-quality infrastructure is one of HEAnet's principal obligations as set out in its vision statement. HEAnet is the primary provider of the network connections that make this possible throughout Irish education.

HEAnet National Backbone Network



HEAnet works as an advisor and partner across the first, second, third and fourth level sectors to provide an essential daily service to over one million users (learners, researchers and staff) across every school, college, university and research lab in the country.

From simple animations in primary school to pioneering international research projects, ultra-high-speed, robust and reliable online connectivity are essential for their success. The dependency on connectivity and the continuing demand for greater capacity means that forward planning and proactive provisioning of additional bandwidth is a key function for HEAnet.

In 2020, we were delighted to add new clients to the network – Inland Fisheries Ireland and the Irish College of General Practitioners. We also engaged with existing clients to upgrade their connectivity to deal with increasing demands on our infrastructure. We completed this activity with University College Cork, University College Dublin, National University of Ireland, Galway, Letterkenny Institute of Technology, Institute of Technology, Carlow, and the Medical Council of Ireland.

The key to providing such widespread upgrades and new connections is the flexible multi-layered national fibre network that HEAnet operates. In 2019 we successfully rolled out a new national backbone network. This new backbone enabled us to start 2020 with upgrades to the Dublin Core Optical network which will accommodate significant traffic growth projections over the next 10 years. The upgrade gives our existing and new clients internet and cloud connectivity that will scale smoothly and closely in line with their requirements, at a highly competitive cost of delivery.

Our clients are also keenly interested in the quality and nature of the network's traffic. HEAnet enables them to visualise this in detail with the development of the Client Network Portal. This tool provides an intuitive, graphical overview of traffic to and from their networks. It provides the capability to deep-dive into traffic analysis for individual applications and protocols. It is particularly useful for troubleshooting security and technical concerns, providing valuable insights into network utilisation patterns.

As cloud services have been adopted widely throughout our client base, the importance of resilient network connectivity is paramount. To ensure we can carry out maintenance on our network in parallel with normal client operations, we maintain a separate "Out-Of-Band" network. This network allows our engineers to troubleshoot issues remotely when they arise. 2020 also saw this network replaced and upgraded to provide multiple alternative transmission technologies to help us stay connected to our large estate of geographically distributed national network elements.

Identity and Access (Authentication)

The new HEAnet Strategy 2020-22 commits to being the driver of Identity Federation across the education sector. Edugate's shared Single Sign On (SSO) meets this commitment. It enables our clients to provide seamless integrated access to over 760 different services freeing up local managers to focus on the critical task of securely provisioning and deprovisioning user accounts.

Following our efforts to add additional secure authentication protocols, we have seen strong uptake of HEAnet's Managed IdP service support of Microsoft's Azure Multi-Factor Authentication (MFA) and Cisco's Duo MFA during 2020. HEAnet also established a framework for adding support for other third-party MFA solutions. Similarly, we added support for Microsoft's cloud-based user directory management platform for those institutions planning to move away from on-premise user management software.



Edugate, in particular, enables institutions to harness the use of cloud-based services, removing the service management overhead by securely translating user credentials into vendor-specific credentials.

In practice, this means that our clients use our secure, reliable identity services to make content available to students and staff through a single integrated and simple sign-on process. This has enabled our clients to meet the challenge of dealing with the pandemic. They have changed their practices and systems to grow their provision of online and blended educational content delivery to students and staff regardless of their physical location or network provider.

ICT Security

ICT and online security represent a substantial, growing, and constant risk overhead to the higher education & research sector. HEAnet clients may face challenges in maintaining a currency in their knowledge and ability to respond to a diverse range of disruptive technologies. As a shared services provider, HEAnet delivers a sector-wide, shared ICT Security Services portfolio to augment our client Institutions' ICT Departmental resources. It supplies our clients with an improved view of their risk profile, threat defence readiness, and up-to-date intelligence on future threats for both the ICT department experts and their key staff.

We developed our comprehensive suite of services through a process of client collaboration and executive sponsorship. Working with the client community ensures that we design ICT Security Services to meet their needs and mitigate the security threats' ever-changing nature.

In late 2019, we reached an agreement that THEA (encompassing THEA and the eleven Institutes of Technology) - would subscribe to the service, making HEAnet their sectoral security service provider. Progress on this initiative was impacted throughout 2020 by the pandemic, and the contract remains to be signed. We will progress this in 2021 with THEA and their client community.

In 2020 our service experienced strong growth with four new clients, expanding the client base to ten. We also gave our clients a three-month extension to help them through the uncertain times of 2020. We did this to ensure each client had sufficient time to avail of the services while dealing with the challenges and disruption due to the pandemic.

What are the services provided?

HEAnet's ICT Security Service delivers a range of individual ICT Security Services including:

- ICT security and risk assessment.
- ICT policy review & development.
- Provision of network security perimeter assessments, including penetration testing and vulnerability scanning.
- Phishing simulation campaigns and reporting.
- Security awareness training.
- Collaboration and provision of a Security Forum.

A dedicated HEAnet ICT Security Services team provides these services. Their objective is to create and maintain a standardised set of core and complementary security services which are common, repeatable and shareable across the HEAnet client community. HEAnet is uniquely positioned to deliver and develop these services in a cost-effective, shareable, and repeatable manner.

HEAnet's ICT Security Services offering will continue to evolve to meet our client community's IT security challenges. The pandemic impacted how our clients accessed the ICT Security Services in 2020. The lack of physical access to their campus sites was a challenge. In response, the team delivered security awareness training online, changing the mode of delivery from on-campus to accommodate their needs.

Data Centre Consolidation

HEAnet initiated a multi-year Data Centre Consolidation project in 2020. It follows on from a strategic review of HEAnet's data centre utilisation conducted during 2019. The remit of the Data Centre Consolidation development is to consolidate and optimise data centre space over the five years from 2020 to 2025.

Currently, HEAnet provide services out of five data centre locations; however, recent trends evidence a gradual change in data centre usage and demand. HEAnet and HEAnet clients are increasingly migrating applications out of traditional data centres to commercial cloud platforms. Further, there is a miniaturisation trend. New generations of equipment are physically smaller and require less real estate to accommodate.

This project scope aims to end PoP (Point of Presence) operations at one data centre location with migration and consolidation of services across remaining data centre locations. Data centre rental and associated energy usage represent a very significant recurrent cost item.

This consolidation project will deliver very substantial savings when concluded from mid 2022.

MIS Services and Solutions

EduCampus' vision is to "Empower higher education through quality IT shared services". A subsidiary of HEAnet, EduCampus is a shared services initiative that provides business critical ICT application services and Management Information Systems (MIS) systems to the Higher Education and Research sectors in Ireland. EduCampus act as a broker for clients by engaging with relevant service providers and suppliers in negotiating software licensing, application, hosting and support agreements in addition to providing implementation services and business operations support to the client base.

EduCampus manages the following portfolio applications on behalf of clients:

Banner

Student Records Management System

CoreHR

HR & Payroll Management System

Digitary

Student Credentials

Unit4 ERP

Finance Management System

Koha

Library Management System

During 2020, EduCampus achieved a significant milestone when it completed a fifth year as a provider of quality shared services to Higher Education sector in Ireland. The client community has continued to grow. In addition to the IOTs, EduCampus also provides services to Technological University Dublin (TU Dublin), Munster Technological University (MTU), University of Limerick (UL), the Houses of the Oireachtas and through a partnership with Education Shared Business Services (ESBS), to Trinity College Dublin (TCD), Marino Institute of Education (MIE), NUI Galway (NUIG) and University College Cork (UCC).

Throughout 2020, EduCampus played a key role in supporting the National Strategy for Higher Education to 2030 recommendations for the creation of Technological Universities (TUs). It has evolved its governance model to incorporate the unique requirements of the TU consolidation projects to deliver enterprise-wide systems change ensuring the successful operation of the TUs. Additionally,

EduCampus have developed a transparent programme management methodology in collaboration with our clients and suppliers to validate the design and feasibility of the consolidated MIS systems. EduCampus continues to support both the existing and proposed TU's in achieving consolidated systems which underpin the operations of a university.



In 2020, EduCampus Strategic Plan 2020-2024 was finalised. This sets out the strategic direction and priorities over the next number of years. The EduCampus mission is to provide leadership to the

Higher Education sector by delivering a range of innovative systems and services to meet the needs of the client community. The strategic direction for 2020-2024 is presented under the following themes:



Going forward, EduCampus will continue to evolve and adapt to the changing needs of its ever-expanding client base, providing transformational leadership and harnessing new and emerging concepts to support the Education and Research sector.

Brokerage and Procurement

2020 was a very active and productive year in terms of Brokerage activity. Again, the advent of COVID-19 featured strongly as we leveraged our procurement strengths to assist stakeholders and students in the sudden shift to remote teaching and learning.

In summary, the key Brokerage highlights for 2020 include:

- Renewal of the Oracle Community Agreement which extends and enhances the benefits of this agreement for a further five-year period.
- Brokerage of a new VMWare Enterprise License Agreement which offers significant added benefits to those HEAnet clients that are users of VMWare technology.
- HEAnet played a significant role in supporting GÉANT in the establishment of a new Cloud IaaS framework. This framework has a pan-European scope and attracted a vast number of providers. HEAnet helped evaluate the large volume of tender responses to enable the framework to be established before year-end. From early 2021, Irish institutions will be able to procure from a wider selection of qualified vendors across the Cloud IaaS market. This activity is supported by European Commission funding to the 'Open Clouds for Research Environments (OCRE)' initiative.
- HEAnet proposed and managed the bulk purchase of 16,700 laptops for disadvantaged students as part of the COVID-19 July Stimulus-Response. This procurement was facilitated by DELL, Intel and Microsoft and required considerable stakeholder management across the participant institutions. The ultimate order volume of 16,700 consisted of a range of laptop models and specifications with shipments organised by institute to coincide with their respective academic year commencement dates. HEAnet greatly appreciates the prioritisation of this order by DELL, against a backdrop of intense global demand for laptops and associated components.

An independent Value for Money Study of our Brokerage service was conducted by Mazars during 2020. HEAnet was delighted to receive the report that found that HEAnet delivers savings to the sector in excess of €7M annually.

Schools (Primary & Post-Primary)

2020 saw a dramatic shift to online platforms and blended learning in schools. Demand for connectivity in schools increased substantially due to the extensive use of tools such as Microsoft Teams and Google Classroom to facilitate social distancing. HEAnet provides universal high-speed connectivity to Ireland's post-primary schools, which, combined with content filtering, is key to delivering on the Department of Education's Digital Strategy to enable schools to integrate ICT and learning platforms into their teaching plans.

Circular 0074/2020 issued by the Department requires all schools to have contingency measures to provide a communication and learning platform in the event of school closures. The shift to online platforms and continued demand for higher bandwidth means that connectivity is more important than ever.

Upgrades

Almost 350 post-primary schools received bandwidth upgrades in 2020, resulting in over 70% of post-primary schools having connectivity speeds of 200-500 Mbit/s. HEAnet monitored individual connections and targeted upgrades to those schools most in need. We upgraded almost half the schools in Dublin, Meath and Kildare, as part of their contract renewal last year.

The pandemic briefly suspended the upgrade programme. When restrictions were lifted, we resumed work and followed the Department of Education's directive to prioritise new schools that opened in September. Schools have been closed to students since early 2021; the connections and upgrades delivered in 2020 have enabled teachers to deliver online classes from their schools successfully.

National Broadband Plan

The Department of the Environment, Climate and Communications and the Department of Rural and Community Development launched an initiative to connect schools to the National Broadband Plan (NBP) network by the end of July. In the first phase, 75 schools in the intervention area were chosen as Broadband Connection Points for connection by the end of quarter one, 2021.

In December, the Government announced an acceleration of the NBP plan, given the strategic importance of connectivity to schools. The initial seven-year strategy was replaced by a fast-track two year programme to connect 679 primary schools by the end of 2022. Faithlegg National School in Waterford was the first school to connect, with others following quickly on to receive upgrades from around 10 Mbit/s to 150 Mbit/s - a transformational change.

Speaking about the initiative, the Taoiseach, Micheál Martin TD said:

"Some 50,000 children in almost 679 primary schools will be connected with high-speed broadband by end-2022. This is an investment in education, technology and rural Ireland. The National Broadband Plan will allow all parts of the State to take full advantage of the opportunities that lie ahead. Fast-tracking connectivity for schools is a great first step."

Group COVID-19 Guidelines

2020 proved to be a challenging year. Responding to the COVID-19 pandemic required agility and a new way of working, not just organisationally, but from our people, individually, as well. Previous Business Continuity Planning exercises and flexible working policies gave us the support we needed to adjust to the sudden necessity to work remotely from the middle of March 2020.

HEAnet fully implemented the Government guidelines and restrictions throughout 2020 to ensure that all employees could safely work at home. A key support for our people was the development and implementation of our Group COVID-19 Guidelines. We shared them with all employees in April 2020:

1. We are not 'Working From Home', we are all "At home during a crisis, trying to work".
2. Our personal physical, mental, and emotional health is always the most important thing.
3. We urge us all to not try to compensate for lost productivity by working longer hours, especially bearing in mind point two.
4. Try to be kind to yourself and not judge how you are coping based on how you see others coping.
5. Be as kind to others, as you are to yourself and not to judge how they are coping based on how you are coping.
6. Our success and performance this year will not be measured the same way it was when things were normal, we all will be taking stock and consideration to the circumstances we find ourselves in.

Remote COVID-19 Engagement and Supports

The challenge facing all companies in 2020 was creating opportunities to promote meaningful social connections while working remotely. HEAnet created initiatives to bring people together for positive social contact. We organised activities such as quizzes and bingo challenges, weekly step and exercise challenges, and regular well-being supports such as remote workshops and seminars. These helped bring our people together and encouraged us to prioritise our physical and mental well-being.

HEAnet continued to focus on providing training and development for our people with a range of courses such as Managing Your Teams Remotely, Enhancing Resilience, Thinking with Critical Insight, and Effective Communication Skills. These provided opportunities for personal development and promoted engagement and contact with one another.

HEAnet continued to be mindful of our peoples' Health and Safety during 2020. We were all given independent online ergonomic assessments to ensure our working from home arrangements were safe.

The KeepWell Mark



The KeepWell Mark is a two year accreditation with a requirement for a mid-term review after the first year as part of the two year process. Ibec awards the KeepWell Mark under license from the Workplace Wellbeing Charter. In 2020, the HEAnet group successfully completed a remote accreditation process and was successfully accredited with the Ibec KeepWell mark.

People Operations directed the assessment process for the HEAnet Group (which covers both HEAnet CLG and EduCampus DAC). It was a particularly significant achievement for both companies, given that the accreditation took place remotely.

The report specifically noted that 'HEAnet is committed to improving the well-being of its staff. There is strong support from senior management in promoting wellness throughout the company, as evidenced by the documentation reviewed and meetings with senior management and staff. A consistent theme from the focus groups was that staff regards HEAnet as a good employer and acknowledges the efforts the company is making in promoting wellness'.

Following re-accreditation, HEAnet achieved the following levels:

- **Leadership:**
Excellence (increased from Achievement in 2018)
- **Absence Management:**
Commitment
- **Health and Safety:**
Achievement (increased from Commitment in 2018)
- **Mental Health:**
Commitment
- **Smoke-Free:**
Commitment
- **Physical Activity:**
Achievement
- **Healthy Eating:**
Commitment
- **Intoxicants:**
Commitment

HEAnet Culture and Values

HEAnet continued to invest time in getting our people together remotely to engage with our culture and values. There were many Values-focused sessions during 2020 which resulted in wonderful engagement across the company. Our Values groups established a range of activities that engaged us in bringing our values to life, which was more important than ever in a remote context.

HRIS

A new Human Resource Information System was implemented in 2020 to support HR's functional development and gain efficiencies. This was successfully completed during quarter three 2020 for HEAnet.

PLANS FOR FUTURE PERIODS

While the core mission and strategic objectives remain the same, the shift to remote learning and the impact of rapid technological change in the education sector has highlighted the key role of HEAnet Group in the changing education landscape. HEAnet's core service offering of connectivity, identity and authentication, MIS systems and security will continue to be key national objectives for all education stakeholders, and HEAnet's plans for future periods are to continue to deliver high quality services for its community.

FINANCIAL REVIEW

Group turnover in 2020 increased compared to 2019 to €36,883,120 (2019: €32,699,646) and this was largely driven by a 50% increase in headline turnover in the subsidiary company. Group income continues to be earned from a combination of state grants, with the majority of grant funding coming from the Department of Education, and client charges comprising membership fees as well as a number of optional services. The total grant funding recognised in income in 2020 was €28,004,646 (2019: €26,971,593) although, as a proportion of total income, this is a fall to 76% compared to 82% in 2019. State grant funding is booked as a deferred grant, and recognised as income in the profit and loss in line with the costs for which it is expected to compensate

Development and performance throughout the financial year and position at the end of the year

Income earned from the provision of services to clients increased to €7,500,606 (2019: €5,727,736), an increase of 30%. This represents bigger client numbers and take up of services, but the single biggest change arises from the provision of MIS services to new clients, where income earned was €1,697,500 (2019: €646,814).

An exceptional gain of €1,376,434 (2019: €0) was recognised in the year relating to a one-off distribution of funds that remained on the conclusion of the liquidation of the An Chéim company. (An Chéim was a business that formerly provided some of the services taken over by Educampus). In prior years this was described as a contingent asset in the annual report but was not recognised in the financial statements.

The surplus realised in 2020 was €1,424,066 (2019: €356,911), of which €1.3M related to the one-off gain described above, and the remainder was a gain on operations of €47,632. As per the constitution, the company is prohibited from making any distribution of funds to members.

Closing balance sheet position at end of year

The group's total assets at year-end were €27,894,466 (2019: €19,939,998). Tangible fixed assets at year-end were €2,371,979 (2019: €1,396,167) and this included capex of €2,000,283 during 2020. Significant fixed asset investments included €687,766 in the virtual machine infrastructure, a project for €166,062 to upgrade the out of band network management equipment, and expenditure of €1,013,251 on optical networking kit for a planned upgrade of the Dublin core optical ring. Despite the restrictions imposed due to the pandemic, the majority of planned capital projects proceeded as planned. One project activity that was somewhat curtailed related to the installation and upgrade of managed circuits. A government grant of €142,000 that was available for this project was not drawn down.

Within current assets, debtors and grant receivable increased to €1,497,309 (2019: €546,445). The cash balance at year end was €19,482,332 (2019: €14,041,003) an increase of €5.4M. Cash balances were boosted by the one-off gain of €1.3M but were also affected by movements in working capital including an increase in creditors of €2.16M to €3,352,403 (2019: €1,189,937), an increase in accruals of €1.45M to €2,877,445 (2019: €1,370,021) and a net increase in deferred grants of €767,873 to €12,386,195 (2019: €11,618,322)

All cash was held in demand deposit accounts during 2020. HEAnet continues to pay negative interest on some bank accounts, although this is minimised wherever possible.

The group does not have any loans or other borrowings outstanding. (2019: €0m)

Key performance indicators

HEAnet CLG	2020	2019
Non-direct exchequer income/ total income	24.1%	23%
Additional services income/ total invoiced income	24.4%	26.8%
Debtors days at year end	18.8	8.6
Capital expenditure/ total expenditure	10.8%	5.7%
Payroll cost/total cost	29.4%	25.6%
Staff turnover in %	2.9%	8.9%
Training days per staff member per year	2	4.5
Number of clients	77	62
Average number of employees	76	67
Customer satisfaction (Net Promoter Score)	+71	+62

EduCampus Services DAC	2020	2019
MIS Project expenditure/ total expenditure	20.12%	8%
Payroll cost/total cost	17.1%	17%
Staff turnover in %	0%	6%
Training days per staff member per year	1.5	1.5
Number of client instances	20	17
Average number of employees	23.7	19

Principal risks and uncertainties

The directors consider the major risks facing HEAnet Group and risk management is a standing agenda item at meetings of the Group Audit and Risk Committee throughout the year. There is a corporate risk register that identifies and classifies risks into one of seven enterprise-wide risk categories. Risks are scored according to likelihood of occurrence and potential impact, and this tool is used to identify gaps and design an appropriate control environment. The risk categories defined by the Board are:

- Funding
- Business Continuity
- Reputational
- Value for Money
- Orientation to Market
- Organisation and People
- Governance and Compliance

The impact to the business of the COVID-19 global pandemic

Compared to the initial assessment in 2020, the impact to the business is considered to be lesser in 2021 and beyond given the demonstrated flexibility of the business to adapt to the changed business practices, and the continued cooperation and hard work of all staff. While the company business continuity plan was initially activated in March 2020, this state was stood down not long afterwards as the business adapted to full time remote working.

Being in a pandemic, the risk of a losing any of our key staff for a sustained period due to personal or family illness is still an undesirable prospect, albeit it one that will hopefully diminish as the national vaccination campaign continues.

From an operational perspective, certain activities proved challenging, particularly technical site visits where staff, clients and third-party contractors needed to be present. It is expected that these scenarios will continue to be affected while restrictions remain in place.

Notwithstanding the challenges we are all familiar with, the directors remain satisfied that the Group will continue to play a key role in the modernisation of the technological landscape in the education sector that this pandemic has accelerated. They are confident that state grants (specifically the delivery of MIS services, connectivity and authentication, and other associated IT services) will continue to be provided for the foreseeable future and that the Group can continue as a going concern at least 12 months.

Risk of difficulties with staff recruitment

The pandemic affected the labour market as there was a reduction in turnover in staff, which intensified competition in an already challenging sector for recruitment. Staff recruitment and retention policies were considered in light of this risk, and succession planning was identified as an area to focus on in the short term.

Online safety and the Digital Services Act, and the HEAnet network

The compliance risks arising from current and future legislation regarding digital services and online safety, and the resulting impacts on HEAnet Group services are being considered closely. Another consideration is the risk of inappropriate content being transmitted on the HEAnet network and management continue to maintain effective controls in this area.

Funding and credit risk

The risk of downward pressure on state funding, as a result of the pandemic but also competing needs across the education sector, continues to be a high priority risk. In the near-term funding is committed at levels that will ensure continued service provision. Relationships with stakeholders in the Department of Education are supportive and productive as we continue to collaborate to meet the technology demands of the education sector.

This risk heading was expanded by the directors to include a credit risk that reflected the funding challenges across the sector.

The business continuity category includes cyber-attacks

Cyber-attack remains a high-profile risk, as highlighted in early 2021 by a number of 'ransomware' attacks on institutions in the higher education sector. In addition to the formal business continuity plans, preventative measures include on-going security awareness and training and the deployment of adequate security software.

The impact on the company following the withdrawal of the UK from the EU

The number of transactions with UK based suppliers is quite small, so no disruption to operations has been experienced in 2021. Strategically, management have recognised the risk that new trading arrangements with the UK could make the objective of an 'all-island approach' to education difficult to achieve at a national level. A number of potential issues have been identified and are being actively monitored, including any disruption to 'all-island connectivity' and access to network points in Northern Ireland; risks to data transfer or data processing across national boundaries; or in the working relationship with colleagues in HEAnet's UK counterpart, JISC.

Long Term Financial Risks and Commitments

HEAnet Group has in place processes to review the financial implications and risks arising out of the group's long-term contractual commitments for all major funded project activity. This is a standing agenda item at the annual budget setting meeting of the finance sub-committee.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of systems and procedures and the employment of competent and appropriate persons.

The accounting records of the group and company are kept at 5 George's Dock, IFSC, Dublin 1.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Introduction

HEAnet CLG, Ireland's National Education and Research Network, was incorporated in November 1997 and provides Internet connectivity and associated ICT services to education and research organisations throughout Ireland, including all primary and post-primary schools. EduCampus Services DAC was incorporated in April 2015 as a subsidiary company of HEAnet to implement, maintain and support business-critical systems to clients in the education sector.

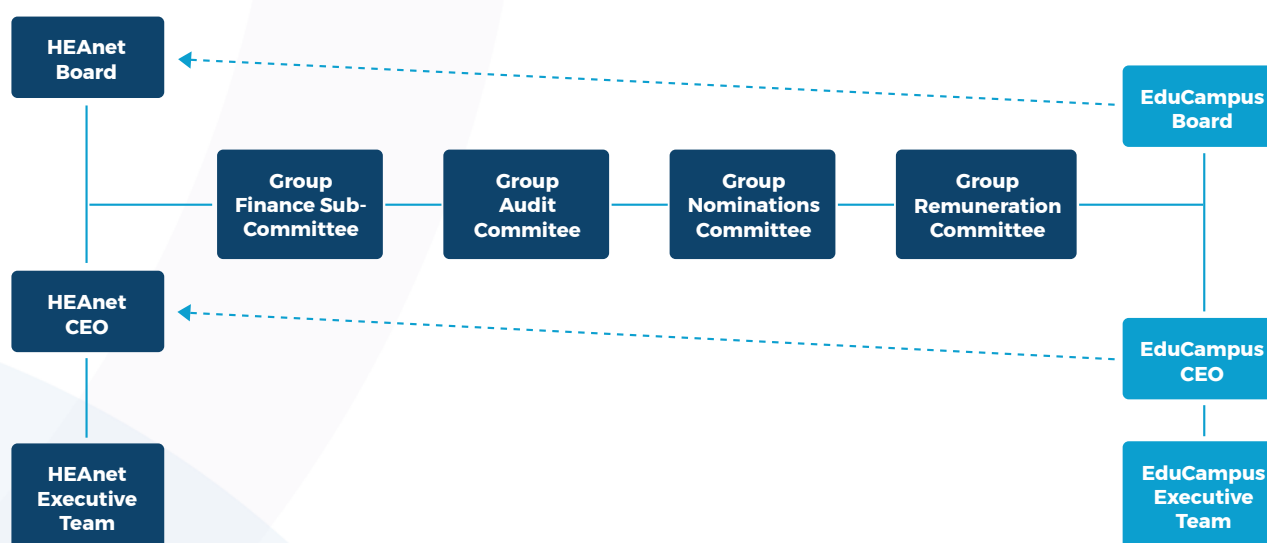
HEAnet is a Company Limited by Guarantee and Not Having a Share Capital. EduCampus is a subsidiary company and is a Designated Activity Company, with a 92% share capital held by HEAnet. Each company has charitable tax status, and are registered with the Charities Regulatory Authority (CRA).

Both companies are governed by the Companies Act 2014 and the specific legal obligations set out in the legislation. The Boards are committed to following best practice corporate governance and comply with the Code of Practice for the Governance of State Bodies as far as practical and possible.

As registered charities, HEAnet and EduCampus comply with the Charities Act 2009, make an annual return to the Charities Regulator, file annual financial statements, and adhere to the Charities Governance Code. The Boards of Directors of HEAnet and EduCampus Services are collectively responsible for promoting their companies' success by leading and directing their activities. The Boards provide strategic guidance to their organisations, monitor and review their activities, and the effectiveness of management.

The ordinary members and directors of HEAnet and EduCampus Services are appointed in accordance with their Constitutions and the Companies Acts. Directors are appointed for a term of four years and may be re-appointed for a second term of four years but may not be appointed for more than two consecutive terms of four years, at the end of which a director must retire from office. No director may be appointed for a third consecutive term. A Director may be re-appointed to the Board of Directors after a period of four years has elapsed since that director's last term of office.

The Boards of HEAnet and EduCampus Services share group committees. The group governance structure is illustrated as follows:



HEAnet Board of Directors

Board Structure

The composition of the HEAnet Board of Directors is determined by Article 42 of the Constitution.

The Higher Education Authority (HEA), the seven university members and TU Dublin can appoint one director each to the HEAnet Board. In addition, the HEA, following consultation with the Technological Higher Education Association (THEA), the Council of University Librarians (CONUL), and the Department of Business, Enterprise & Innovation, are entitled to appoint:

- Two persons to be Directors of the Company to represent the Institutes of Technology.
- One person to be a Director of the Company to represent the Council of University Librarians.
- One person to be a Director of the Company to represent the Department of Business, Enterprise & Innovation.

Article 42(c) allows the directors to appoint one director as an addition to the existing directors appointed by the Ordinary members and the Higher Education Authority. However, the director appointed under article 42(c) must retire from office at each Annual General Meeting and can then be eligible for re-election by the directors.

The following HEAnet directors served during the financial year ending 31st December 2020:

Name	Resigned/Retired	Appointed
Mr Billy Bennett		
Dr Gerard Culley		
Ms Sheena Duffy		
Dr Paul Feldman ¹	Sept. 2020	Sept. 2020
Mr Phillip Fischer		
Dr Orla Flynn		
Ms Rosemary Fogarty		
Mr Patrick Magee (Deputy Chairperson)		
Ms Colette McKenna		
Professor Michael Murphy		
Professor Noel O'Connor		
Mr Sean O'Farrell		
Ms Dearbhla O'Reilly		
Professor Anne Scott (Chairperson)		

As at 31st December 2020, the HEAnet Board had six (6) / 43% female and eight (8) / 57% male members, with no vacant positions².

The Board is guided by and exceeds the Government target of a minimum of 40% representation of each gender in its membership³.

The Group Nomination Committee will propose plans to maintain and support gender balance on the HEAnet and EduCampus Boards and group committees in 2021.

Board Responsibilities

The HEAnet Board met seven times during 2020 - in February, March, May, July, September, October and December.

Apart from the February Board meeting, which was held at 5 George's Dock, IFSC, Dublin, all other meetings were held online due to the COVID-19 pandemic.

The work and responsibilities of the Board are set out in⁴:

- The HEAnet Board Charter.
- The Schedule of Reserved Functions which also contains the matters specifically reserved for Board Decisions.
- The HEAnet Group Code of Business Conduct for Directors & Employees.

A schedule of standing agenda items to be considered by the Board includes the following, of which some are included at every meeting, others are included on a quarterly basis or as stated:

- Report from the Chief Executive.
- Report from the Chairperson of the subsidiary EduCampus (biannually).
- Declaration of interests.
- Reports from group committees.
- Financial reporting and budgeting.
- Corporate Governance.

¹ Dr Paul Feldman is appointed in accordance with Article 42(c) of the Constitution.

² Code of Practice for the Governance of State Bodies - Annex on Gender Balance, Diversity & Inclusion - Code Provision 2.6

³ As per guide for State Boards in the Code of Practice for the Governance of State Bodies.

⁴ Code of Practice for the Governance of State Bodies - Business & Financial Reporting Requirements Section 1.3 - "The Annual Report and Financial statements to include a statement of how the Board operates, including a statement of types of decisions to be taken by the Board and to be delegated to management."

As in most companies, the COVID-19 pandemic challenged HEAnet and EduCampus to consider new ways of working. The facility to hold Board and Committee meetings online ensured that strategic oversight and corporate governance continued effectively. The impact of the pandemic on the business and the well-being of employees were high on both boards' agendas.

At the September HEAnet Board meeting, Ms Kerrie Power, HEAnet CEO, and Dr Paul Feldman, HEAnet Director/JISC⁵ CEO, presented a paper on "UK/Ireland NREN⁶ response to COVID-19".

As part of its oversight of HEAnet company matters and ongoing support of its subsidiary EduCampus Services, the Board focused on the following:

- Considered and approved the company budget for 2020 to 2022 and approved the 2021 Client Contribution model.
- Reviewed and approved capital grants projects application for 2020.
- Approved the Group audited statutory accounts for financial year ending 31st December 2019 and met with the external auditors.
- Reviewed the recommendations from the internal audits conducted in 2020 and noted progress made on implementing recommendations from previous internal audits.
- Received the Group Audit & Risk Committee's quarterly and Annual Report for 2020 and reviewed the HEAnet Group's Risk Management Framework.
- Met with the professional pension Trustee of the HEAnet Group Pension Plan to discuss and review the Trustee Annual Report for the period 1st September 2018 to 31st August 2019.
- In accordance with Section 225(2)(a) of the Companies Acts, the directors reviewed the Directors Compliance Statement and acknowledged their responsibilities in respect of securing compliance with its "relevant obligations."
- Dr Joseph Ryan, Chairperson of the EduCampus Board of Directors attended the HEAnet Board meetings in May and December 2020 to present a strategic update on the work undertaken by EduCampus during the year.

Corporate Governance

Governance Codes

Code of Practice for the Governance of State Bodies

HEAnet and EduCampus are proactively working to achieve compliance where possible with the requirements of the Code of Practice for the Governance of State Bodies, noting *"The provisions of this Code do not override existing statutory requirements and other obligations imposed by the Companies Act 2014... or any other relevant legislation⁷."*

Ms Penelope Kenny of Arts Governance provided a report to clarify the regulatory environment for both companies and the governance environment. The report describes the major areas where compliance can be achieved; where compliance can be achieved but only over time; where compliance cannot be achieved; and where compliance is not applicable.

The Department of Education acknowledges the challenges both companies face in this respect and are working with HEAnet and EduCampus to finalise the Oversight Agreement.

Charities Governance Code

During the year, the Boards and executive of both companies worked to ensure compliance with the Charities Governance Code.

A workshop was held in January 2020 to explain and discuss the requirements of the Charities Governance Code and how it will work alongside and complement the Code of Practice for the Governance of State Bodies. The workshop was facilitated by Penelope Kenny of Arts Governance and attended by the directors and executive of both companies.

During 2020, HEAnet and EduCampus directors completed the Charities Governance Code Compliance Form. The HEAnet Board approved the Compliance Form at its September Board meeting, and EduCampus approved the form at its December Board meeting. A copy of the compliance form is available on each company's website.

HEAnet and EduCampus confirm their compliance with the Charities Governance Code.

⁵ JISC - UK higher, further education & skills sectors' not-for-profit organisation for digital services & solutions <https://www.jisc.ac.uk/>

⁶ NREN National Research & Education Network

⁷ Code of Practice for the Governance of State Bodies page 6

Group Governance Review

During the first half of 2020, the HEAnet Board reviewed progress to implement the December 2018 Deloitte Governance Review Report's recommendations. In particular, they reviewed progress to implement option one "to enhance the current group structure".

Mr Tom Boland, of BH Associates, was appointed in June 2020 to conduct a review of progress to date and advise the HEAnet Board on further processes and structures to enhance transparency and accountability in the Group.

Mr Boland consulted with a wide range of stakeholders as part of the review, including representatives of the HEAnet and EduCampus Boards of Directors and executive, the Department of Education, and a number of representatives from client bodies.

In his report Mr Boland observed:

"Ireland's capacity to be successful nationally and in global higher education and research depends upon being digitally smart and innovative, developing next-generation tools and a national education platform and an open ecosystem across education, research and engagement. In addressing these challenges HEAnet and EduCampus occupy a central place. The need for close and effective working relationships could not be greater".

The review concluded that a merger of the two companies was not the optimal solution at this time. He proposed 12 recommendations to enhance clarity in operationalising the parent/subsidiary relationship and achieve a fully co-ordinated operational model between the companies. These were based on the clearest possible understanding of roles, responsibilities and accountabilities, mutual respect and trust.

The Boland Governance Review Report was accepted by the HEAnet Board in July 2020, and following a joint meeting of the HEAnet and EduCampus Boards in November, the EduCampus Board committed "to work constructively and collaboratively with the Board of HEAnet to implement them as fully as practicable, with the objective of ensuring the highest standards of corporate governance in both entities."

The Boards agreed the establishment of a Joint Implementation Steering Group, with representation from each Board and the Chief Executives of each company, to progress the implementation of the 12 recommendations. The Group met in November and December 2020, and work will continue in 2021 to implement the recommendations.

Strategy

HEAnet Group Strategy

As referenced under the Group Committees section, a HEAnet Group Strategy Steering Committee was formed in 2019 and met several times during 2019 and 2020 to develop a Group Strategy.

The EduCampus Board approved the Group Strategy at its April meeting, and the HEAnet Board at its May 2020 meeting. Both Boards acknowledge that the Group Strategy will enable HEAnet and EduCampus to move into new areas of collaborative work.

Work will continue during 2021 to develop and implement group objectives.

HEAnet Strategy

The HEAnet Strategy 2020-2022 was formally approved by the HEAnet Board at its May 2020 meeting following the approval of the Group Strategy (having been previously approved in principle at the December 2019 Board meeting).

Mr Ronan Byrne, Deputy CEO, HEAnet gave a presentation on the alignment of the HEAnet Strategy with the Group Strategy at the HEAnet Board meeting in September.

Company Objectives for 2021 in HEAnet were developed and approved by the HEAnet Board in February 2021.

EduCampus Strategy

The EduCampus Strategy 2020-2024 was formally approved by the EduCampus Board at its April 2020 meeting and sets out the company's ambition to realise the vision to empower higher education through quality IT Shared Services.

Risk Management

Risk and control functions in HEAnet and EduCampus are overseen by the Group Audit & Risk Committee.

A Board-level risk register is actively maintained in each company. They are reviewed at each Committee meeting during the year to ensure new risks are identified and expended risks deleted. Each Board receives quarterly updates from the Committee on risk management in its respective company and approves updates as required.

In addition, Corporate-level risk registers are supported by both function risk registers, and team risk registers, within each company. They are reviewed on a regular basis by the executive.

The Group Risk Management Policy ensures that the two companies are equipped to monitor and manage key risks in line with good practice. The policy is intended to support compliance with the Code of Practice for the Governance of State Bodies (2016).

As HEAnet and EduCampus operate within a group structure, it is appropriate that there is a common approach to risk management and the HEAnet Group Risk Appetite⁸ statement is as follows:

As public interest organisations, HEAnet Group companies seek to mitigate risk as far as possible. It is recognised, however, that to successfully achieve their core missions, both companies must be prepared to accept some risk and avail of opportunities where the potential reward justifies the acceptance of a certain level of additional risk.

Procurement

As publicly funded companies, HEAnet and EduCampus adhere to national and EU rules governing public procurement.

Office of Government Procurement frameworks are utilised extensively as required.

HEAnet appointed a Procurement and Contracts Specialist in 2020 to strengthen the internal function further and support employees involved in procurement and contract management.

EduCampus Services Board of Directors

As per its Constitution, a minimum of four directors and a maximum of twelve directors serve on the EduCampus Services Board, unless otherwise required by a majority of the members of the Company.

The appointment of each director of the Company is subject to the prior written approval of the members in conjunction with their voting rights. The Chairperson of the Board of Directors of HEAnet and the Chief Executive of HEAnet serve as ex-officio directors on the Board of EduCampus Services.

The Board of EduCampus Services comprises an equal number of directors appointed by the HEAnet Board without consultation with any other party, organisation or body and an equal number of directors appointed by the HEAnet Board after consultation with the Technological Higher Education Association (THEA).

The directors of EduCampus Services who served during the financial year ended 31st December 2020

Name	Resigned/Retired	Appointed
Ms Sheena Duffy		
Ms Mary Kerr		
Ms Barbara McConalogue		
Dr Aidan McGrath		March 2020
Professor Mike Murphy		
Ms Kerrie Power		
Dr Joseph Ryan (Chairperson)		
Professor Anne Scott		
Mr David Smith		Nov. 2020
Mr Thomas Stone	June 2020	

⁸ The Orange Book: Management of Risk: Principles and Concepts - Risk appetite refers to "the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time".

As at 31st December 2020, the EduCampus Board had five (5) / 56% female and four (4) / 44% male members⁹. As per the EduCampus Constitution a maximum of 12 directors may be appointed to the Board¹⁰.

The Board is guided by and exceeds the Government target of a minimum of 40% representation of each gender in its membership¹¹.

The EduCampus Board met six times during 2020 - in March, May, twice during September, October and December. In addition to its usual oversight of company matters, the Board undertook the following major activities in 2020:

- Approved the EduCampus Services audited statutory accounts for financial year ending 31st December 2019 and met with the external auditors.
- Reviewed the quarterly financial statements.
- Discussed and considered project and funding updates in relation to the EduCampus MIS Refresh Project.
- Received and discussed the EduCampus CEO and Operations update reports.
- Discussed and approved major contracts.
- Reviewed the EduCampus Services board-level Risk Register and risk management approach.
- Received and discussed quarterly and annual reports from the Group Audit & Risk Committee.
- Considered and approved the company budget for the period 2020 to 2022.

HEAnet Group Committees

HEAnet and EduCampus Services share the following group committees:

Group Audit & Risk Committee¹²

The purpose of the Group Audit & Risk Committee (GARC) is to assist and, where relevant, make recommendations to the Boards of HEAnet and EduCampus on the discharging of its responsibilities.

These particularly relate to:

- external and internal audits.
- ensuring that an effective system of internal control, comprising financial, operational controls, compliance and risk management, is maintained and operated.

An independent firm of auditors provide the internal audit function for both organisations. The GARC agrees an internal audit plan for a rolling three-year period. The internal auditors undertake an annual System of Internal Financial Control Audit and other risk-based audits that focus on key business areas identified in the Risk Registers.

During 2020, the Committee met on four occasions and considered the following matters:

- Reviewed the audited annual statutory accounts for the period ending 31st December 2019 and met with the external auditors.
- Reviewed the risk management framework, including the risk appetite statement, risk management policy and risk registers over the course of its four meetings and reported to both Boards on its findings and recommendations at year-end.
- The Committee reviewed and agreed the Internal Audit Plan 2020-2022.
- Reviewed the findings and recommendations of the 2020 Internal Audits and met with the internal auditors on several occasions during the year.
- As part of the Committee's responsibility to ensure the effectiveness of fraud management in HEAnet and EduCampus, the Committee commissioned a Group Anti-fraud Policy during the year¹³.

Mr Sean O'Farrell stepped down as Chairperson of the GARC in August 2020, having served the maximum of two three-year terms on the Committee. The HEAnet & EduCampus Boards expressed their sincere thanks and gratitude to Mr O'Farrell for his wise counsel and stewardship during his chairmanship. Ms Dearbhla O'Reilly was appointed Chairperson in September 2020.

Members of the Group Audit & Risk Committee:

HEAnet:

- Mr Billy Bennett - appointed September 2020
- Dr Gerard Culley
- Mr Sean O'Farrell - Chairperson (resigned August 2020)
- Dr Michael O'Malley (Ordinary member Maynooth University)
- Ms Dearbhla O'Reilly - appointed Chairperson September 2020

EduCampus:

- Ms Mary Kerr

⁹ Code of Practice for the Governance of State Bodies - Annex on Gender Balance, Diversity & Inclusion - Code Provision 2.6

¹⁰ EduCampus Constitution - Article 46.

¹¹ As per guide for State Boards in the Code of Practice for the Governance of State Bodies.

¹² Code of Practice for the Governance of State Bodies – Section 7.2 “establishing an Audit and Risk Committee to give an independent view in relation to risks and risk management systems;”

¹³ The Group Anti-fraud Policy was approved by the HEAnet Board at its March 2021 meeting.

Group Finance Sub-Committee

The Committee considers all financial matters relating to HEAnet and EduCampus and reports its findings and recommendations to the respective Boards.

The Group Finance Sub-committee met on four occasions during 2020 and considered the following matters:

- Reviewed the quarterly financial and non-financial metrics, management financial statements and considered the general financial state of HEAnet and EduCampus.
- Reviewed the HEAnet and EduCampus audited statutory accounts for year ending 31st December 2019.
- Reviewed and approved the HEAnet budget for the period 2020 to 2022, and EduCampus budget for 2020 to 2023, including major capital grant applications for both organisations.
- Considered the financial implications and risks of major funded project activity.
- Reviewed the HEAnet Client Contribution Model for 2021.
- Reviewed and recommended for approval to the EduCampus Board the updated EduCampus Client Contribution model.
- Determined and reviewed the long-term financial commitments of HEAnet and EduCampus.
- Reviewed HEAnet and EduCampus's reserves statements.
- Discussed how COVID-19 could impact on the short term finances in both HEAnet and EduCampus, and noted the work completed with the statutory auditors in respect of "going concern" as part of the annual report.

Members of the Group Finance Sub-committee:

HEAnet:

- Ms Sheena Duffy
- Ms Rosemary Fogarty - Chairperson
- Ms Colette McKenna
- Professor Anne Scott

EduCampus:

- Professor Mike Murphy - appointed September 2020

Group Remuneration Committee

The Group Remuneration Committee meets annually at the beginning of the year to review and consider the performance and remuneration of the Chief Executives of HEAnet and EduCampus and make recommendations to the respective Boards.

Members of the Group Remuneration Committee:

HEAnet Remuneration Committee:

- Professor Anne Scott - Chairperson of the HEAnet Board of Directors
- Mr Sean O'Farrell - Chairperson of the Audit Committee
- Ms Sheena Duffy - member of the Finance Sub-committee

EduCampus Remuneration Committee:

In addition to the above membership, the following members are part of the Committee in respect of the EduCampus CEO:

- Dr Joseph Ryan - Chairperson of EduCampus Services Board of Directors
- Ms Kerrie Power - HEAnet CEO

HEAnet Group Strategy Steering Committee

The purpose of the HEAnet Group Strategy Steering Committee was to assist the Boards of HEAnet and EduCampus develop an overall group strategic plan.

As part of its work, the Committee considered the recommendations from the "Deloitte Group Governance Review (December 2018)", the initiatives and recommendations outlined in the "University Information System Report (December 2018)", and the outcomes of the "Collective Intelligence Report (March 2019)". The development of a Group Strategy took cognisance of the recommendation to enhance the current group structure and that the group focused on supporting the HEA, Department of Education and the National Shared Services (DES) to deliver on their strategies for the sector.

The Group Strategy was approved by the EduCampus Board at its April meeting and by the HEAnet Board at its May 2020 meeting.

The following are the members of the Group Strategy Steering Committee:

HEAnet:

- Professor Anne Scott, Chairperson of the HEAnet Board of Directors
- Ms Kerrie Power, CEO of HEAnet
- Professor Mike Murphy (director representing the Board of HEAnet)
- Mr Ronan Byrne, Deputy CEO, HEAnet

EduCampus:

- Ms Barbara McConalogue (director representing the Board of EduCampus) - Committee Chairperson
- Dr Joseph Ryan, Chairperson of the EduCampus Board of Directors
- Mr Paddy Naughton, CEO of EduCampus
- The Department of Education:
- Ms Deirdre McDonnell, Assistant Secretary, Department of Education/National Shared Services

HEA:

- Ms Sheena Duffy (representing the HEA)
- Independent External member:
- Mr Seamus Minogue, Enterprise Ireland

Client Community:

- Mr Patrick Magee (representing the IUA community)
- Dr Orla Flynn (representing THEA community)

Joint Implementation Steering Group

As referenced earlier under the Group Governance Review section, a Joint Implementation Steering Group was established at a joint meeting of the Boards of Directors of HEAnet and EduCampus on November 5th 2020. Their remit is to determine how to implement and mainstream the recommendations from the Governance Progress Review carried out by Mr Tom Boland, BH Associates.

Members of the Joint Implementation Steering Group:

HEAnet:

- Dr Paul Feldman - Director
- Mr Patrick Magee - Director
- Ms Kerrie Power - HEAnet CEO
- Professor Anne Scott - Director, Chairperson

EduCampus:

- Ms Barbara McConalogue - Director
- Dr Aidan McGrath - Director
- Mr Paddy Naughton - EduCampus CEO
- Dr Joseph Ryan - Director
- Ms Rhian Williams - Group Company Secretary

Work will continue during 2021 to fully implement the Boland Recommendations.

Group Nomination Committee

The Group Nomination Committee's Terms of Reference was updated and approved at the HEAnet Board meeting in March 2021 and will play a key role in reviewing the composition of both Boards in light of the recommendations from the original Deloitte Governance Report and the more recent recommendations from the Boland Governance Progress Report.

Induction and Training for Directors

Newly appointed directors receive guidance and information on their duties as directors and are given an introduction to corporate governance by the Company Secretary.

As part of an ongoing corporate governance development plan for the directors of HEAnet and EduCampus, the 2020 workshops focused on the new Charities Governance Code in January, "Culture and the Role of the Board" in March and Financial Governance in November 2020.

Two half-day governance workshops will be held in 2021 to provide general updates and the latest best practice on corporate governance to the directors.

Board and Sub-Committee Attendance and Expenses

HEAnet and EduCampus directorships are on a pro-bono basis, as stipulated in each company's Constitution.

Travel costs and expenses incurred by directors in connection with the business of the company are reimbursed in accordance with the rates approved by the Minister for Public Expenditure and Reform. The aggregate expenses paid to Board directors during 2020 was €2,565 (HEAnet: €2,565; EduCampus: €Nil).

The attendance of directors at HEAnet Board meetings during 2020 is noted below:

Meetings Attended 2020

HEAnet	HEAnet Board Meeting	Group Audit & Risk Committee	Group Finance Sub-Committee
Mr Billy Bennett	6/7	1/1	
Dr Gerard Culley	6/7	4/4	
Ms Sheena Duffy	7/7		4/4
Dr Paul Feldman	6/7		
Mr Phillip Fischer	7/7		
Dr Orla Flynn	6/7		
Ms Rosemary Fogarty	5/7		4/4
Mr Patrick Magee	6/7		
Ms Colette McKenna	6/7		4/4
Professor Mike Murphy	7/7		
Professor Noel O'Connor	5/7		
Mr Sean O'Farrell	7/7	3/3	
Ms Dearbhla O'Reilly	7/7	3/4	
Professor Anne Scott	7/7		3/4
Dr Michael O'Malley (external)		3/4	

EduCampus	EduCampus Board Meeting	Group Audit & Risk Committee	Group Finance Sub-Committee
Ms Sheena Duffy	6/6		
Ms Mary Kerr	6/6	4/4	
Ms Barbara McConalogue	5/6		
Dr Aidan McGrath	5/5		
Professor Mike Murphy	5/6		1/1
Ms Kerrie Power	6/6		
Dr Joseph Ryan	6/6		
Professor Anne Scott	6/6		
Mr David Smith	1/1		
Mr Thomas Stone	2/2		

REFERENCE AND ADMINISTRATIVE DETAILS

Ordinary members

The ordinary members of HEAnet CLG are:

- Trinity College Dublin
- University College Dublin
- University College Cork
- National University of Ireland Galway
- University of Limerick
- Dublin City University
- Maynooth University
- TU Dublin
- Technological Higher Education Association (two members)
- Department of Business, Enterprise and Innovation
- The Higher Education Authority

The ordinary members of the HEAnet also consist of persons appointed as members by the Higher Education Authority, after consulting with the Technological Higher Education Association Council of Directors and Department of Business, Enterprise and Innovation and are subject to the maximum of:

- Two persons to be members to represent the Technological Higher Education Association; and
- One person to be a member to represent the Department of Business, Enterprise and Innovation.

The appointed representatives to act on behalf of the ordinary members are:

• Trinity College Dublin	Mr John Coman
• University College Dublin	Mr David Kelly
• University College Cork	Ms Nora Geary
• National University of Ireland Galway	Ms Sharon Bailey
• University of Limerick	Professor Kerstin Mey
• Dublin City University	Dr Declan Raftery
• Maynooth University	Dr Mike O'Malley
• TU Dublin	Ms Bridget Gleeson
• Technological Higher Education Association	Vacant
• Technological Higher Education Association (Carlow IT)	Mr Cormac O'Toole
• Department of Business, Enterprise and Innovation	Vacant
• The Higher Education Authority	Dr Vivienne Patterson

The directors, secretary and their families had no beneficial interests in the group and company at 31 December 2020.

Directors' Compliance Statement

The directors, in accordance with Section 225(2) (a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations". Relevant obligations, in the context of the Company, are the Company's obligations under:

- the Act, where a breach of the obligations would be a category 1 or category 2 offence;
- the Act, where a breach of the obligation would be a serious market abuse or prospectus offence; and
- tax law.

Pursuant to Section 225(2)(b) of the Act, the directors confirm that:

- a compliance policy statement has been drawn up by the Company in accordance with Section 225(3) (a) of the Act setting out the Company's policies (that, in the directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures referred to in paragraph (ii).

Internal financial control

The Board acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained and operated. Such a system can provide only reasonable and not absolute assurances against material error, and the system in place is proportionate to the size and nature of the company.

The key procedures, which have been put in place by the Board, to provide effective internal financial control include the following:

- Adopting best practice corporate governance principles as described in the 2016 Code of Practice for the Governance of State Bodies.
- Clearly defined management responsibilities including segregation of duties and authorisation limits are in place for control of purchasing, payments, receipts and payroll.
- A comprehensive annual budgeting process that is reviewed and approved by the Group Finance Sub-committee and the Board. The Board reviews financial reports and performance against budget throughout the year.
- Establishing formal procedures to monitor the activities and safeguard the assets of the organisation.
- The Group Audit & Risk Committee meet on a regular basis to discuss risk management, including financial risks. They also receive periodic reports from an outsourced internal audit function, which always includes an annual review of the system of internal financial controls.
- Reserving a schedule of matters for decision of the Board.

Through the steps above, the Board has reviewed the effectiveness of the system of internal control in 2020.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that HEAnet CLG has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Board Fees

All fees paid to Board members are detailed in the governance section of the Trustees Report.

Board meetings and attendance

A record of the numbers of Board and committee meetings and the attendance records are described in the governance section of the Trustees Report.

Employee Short-Term Benefits Breakdown

The Code requires that the State bodies provide information concerning short-term employee benefits in relation to services rendered during the reporting period where those benefits exceed the threshold of €60,000 – the data should be provided in bands of €10,000. In accordance with DPER Circular 13/2014 Management of and Accountability for Grants from Exchequer Funds, this information is presented in note 9 in the Financial Statements.

Termination / severance payments and agreements

The code requires specific disclosures in relation to termination payments over €10,000. There were no termination or severance payments made in 2020 (2019: €81,000).

Disclosure of key management personnel compensation

The disclosure of key management personnel compensation is detailed in the financial statements in note 9.

Legal Costs and Settlements

There were no costs relating to fees for legal proceedings or settlements in 2020. This category does not include expenditure incurred in relation to general legal advice received by HEAnet which is disclosed in Consultancy costs below.

Consultancy Costs

The breakdown of Consultancy Costs is presented below:

	2020	2019
Tax and Financial advisory	€52,903	€100,722
Consultancy other	€70,964	€44,700
Pension and Human resources	€28,671	€37,864
Legal	€11,944	€38,949
Public relations and Marketing	€4,268	€7,720
Total	€168,750	€229,955

Travel and Subsistence and Hospitality Expenditure

Travel and subsistence and Hospitality expenditure are categorised as follows:

	2020	2019
International Travel	€7,161	€48,006
National Travel	€10,938	€32,690
Hospitality	€16,388	€38,343
Total	€34,487	€119,039

Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. HEAnet has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016.

Events since the end of the financial period

There were no significant events which occurred between 31 December 2020 and the date these financial statements were approved.

Political donations

There were no political donations made by the company during the financial period ended 31 December 2020.

Research and development

The company did not engage in research and development activities during the financial period ended 31 December 2020.

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

- as far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statutory auditors

The statutory auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On behalf of the Board

Ms Dearbhla O'Reilly

Dr Gerard Culley

14 May 2021

Statement of Internal Control

1. Responsibility

On behalf of the members of HEAnet, I acknowledge our responsibility for ensuring that an effective system of internal controls is put in place, maintained and operated.

2. Effectiveness

The system of internal controls can provide only reasonable and not absolute assurance that company assets are safeguarded, transactions are properly authorised and recorded, and that material errors, irregularities or fraud would be prevented or detected in a timely period.

3. Key control procedures

HEAnet's system of internal control is based on a framework of regular management information and an administrative system based on division of responsibilities, delegation and accountability. In practice, effective internal control is ensured by adhering to a formalised system of internal financial policies and procedures, of which the key controls are:

- clearly defined management responsibilities, including segregation of duties, and authorisation limits for approvals of payments,
- adopting best practice corporate governance principles, including implementing insofar as possible the requirements as described in the 2016 Code of Practice for the Governance of State Bodies,
- establishing formal procedures to monitor the activities and safeguard the assets of the organisation,
- an annual budgeting process that is reviewed and approved by the finance committee of the Board, and by the Board itself,
- financial reporting by management to the finance committee and the Board on performance against budgets,
- reserving a schedule of matters for decision of the Board.

Effective monitoring and reviewing of the systems of internal control by HEAnet's Board is informed by the work of the Audit and Risk Committee, the internal auditor and the external auditor. The management team, led by the CEO, are responsible for the development and maintenance of the internal controls framework.

The Board of HEAnet Group (including its subsidiary company EduCampus) are served by a common, permanent Audit and Risk Committee, comprising members from the Board of HEAnet, the Board of EduCampus, and an external member from HEAnet's ordinary member network. As described in the Audit and Risk Committee's terms of reference, the committee's duties include:

- responsibility for reviewing the effectiveness of internal controls,
- reviewing the risk management framework (including the risk appetite and risk register),
- reviewing the three-year internal audit plan, the internal audit charter and the internal auditor's work programme, and
- liaising with and receiving reports from the external auditor.

Risk management and internal audit

The internal audit work programme including the three-year internal audit plan is prepared having regard to HEAnet's risk register. The risk register is reviewed at each meeting of the Audit Committee, in February, April, September and November, and the outcome of the discussion of risk at the Audit and Risk Committee is reported at each board meeting. The Audit and Risk Committee met the external auditor in closed session in April and met the internal auditor in closed session in November. The external auditor also presented at a Board meeting in May.

Internal audit service in 2020 were provided on an outsourced basis by Mazars LLP under a contract awarded in 2019 under an OGP framework. At a minimum, the internal audit work programme always includes a review of the system of internal financial controls. At least one further internal audit review of another part of HEAnet's operations will also normally take place during the year. During 2020 two targeted internal audit reviews took place.

Review of the system of internal financial controls

This review took place during May 2020 and the final report was presented to the Audit and Risk Committee by the internal auditor at the third meeting of the year, in September 2020.

Review of the existence and adequacy of HR policies

The outcome of the review was that substantial assurance can be placed on the adequacy of HR policies. Having conducted the review in line with the following objectives:

1. To determine the existence and adequacy of the HR policies in place within HEAnet against relevant employment legislation;
2. To determine the existence and adequacy of the learning and development framework in HEAnet against relevant good practice; and
3. To determine the existence and adequacy of the recruitment and selection framework in HEAnet against relevant legislative provisions and good practice.

All outstanding recommendations made in internal audit reports are continually tracked by the Audit Committee, and the progress towards implementing recommendations in line with the deadlines agreed with the auditor are reviewed at every meeting of the Audit and Risk Committee.

4. Annual review of controls

I can confirm that for the year ended 31 December 2020 the Board of HEAnet carried out a targeted review of the effectiveness of systems of internal controls.

5. Control weaknesses identified and reported in these accounts

No control weaknesses have been identified that resulted in an instance of fraud, or a material loss, contingency, or uncertainty being disclosed in these financial statements or the auditor's report on the financial statements.

6. Corrective action for specified weaknesses

There is no specific remedy of any control weaknesses arising from section five above that is to be described here.

7. Procurement

HEAnet strives for full compliance with current public procurement rules and guidelines as set by the Office of Government Procurement.

Two instances of non-compliant procurement were identified in 2020. These related to the provision of consulting services where the amount of non-compliant expenditure was €7,195. This contract was terminated during 2020.

Another non-compliant contract for the provision of professional services was also in place and the amount of non-compliant expenditure in 2020 was €50,467. Management are aware of this contract and are working towards putting in place a compliant solution.

On behalf of the Board

Anne Scott

Chairperson, Board of HEAnet, and
Vice-President for Equality & Diversity,
NUI Galway

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the group financial statements in accordance with Irish law.

Irish company law requires the directors to prepare group financial statements for each financial year which give a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and the surplus and deficit for the financial year. Under company law the directors have prepared the group financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish Law) and with the Statement of Recommended Practice Accounting for further and higher education (FE/HE SORP).

Under Irish company law the directors shall not approve the group financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the surplus or deficit of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the group and company;
- enable, at any time, the assets, liabilities, financial position and surplus or deficit of the group and company to be determined with reasonable accuracy; and
- are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Companies Act 2014.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Ms Dearbhla O'Reilly

Dr Gerard Culley

14 May 2021

Independent auditors' report to the members of HEAnet CLG group

Report on the audit of the financial statements

Opinion

In our opinion, HEAnet CLG's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2020 and of the group's and the company's surplus and the group's cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (Irish GAAP) (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Group Financial Statements (the "Annual Report"), which comprise:

- the consolidated and company statement of comprehensive income and expenditure for the year then ended;
 - the consolidated and company statement of changes in equity for the year then ended;
 - the consolidated and company balance sheet as at 31 December 2020;
 - the consolidated statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report and Group Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Trustees' Report (incorporating Directors' Report), we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Report (incorporating Directors' Report) for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' Report (incorporating Directors' Report).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.



A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The balance sheet is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Aisling Fitzgerald

for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

14 May 2021

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Chartered Accountants

Consolidated and Company Statements of Comprehensive Income & Expenditure

Financial Year Ended 31 December 2020

		2020		2019	
	Notes	Consolidated €	Company €	Consolidated €	Company €
Income					
Funding body grants	5	28,004,646	16,147,870	26,971,593	17,681,589
Client connectivity income	6	4,006,714	4,017,388	3,739,132	3,749,805
Other client income	7	4,870,326	2,364,908	1,988,604	1,971,367
Investment income	8	1,434	792	317	317
		<u>36,883,120</u>	<u>22,530,958</u>	<u>32,699,646</u>	<u>23,403,078</u>
Expenditure					
Staff costs	9	(8,638,310)	(6,598,284)	(7,551,052)	(5,894,185)
Direct costs of delivering services	10	(17,398,934)	(13,587,482)	(15,428,766)	(14,347,066)
Administration expenses	10	(1,786,685)	(1,318,651)	(1,915,587)	(1,422,399)
Other operating expenses	10	(7,635,125)	(979,552)	(7,493,612)	(1,428,799)
		<u>(35,459,054)</u>	<u>(22,483,969)</u>	<u>(32,389,017)</u>	<u>(23,092,449)</u>
Surplus before other gains/losses		1,424,066	46,989	310,629	310,629
Gain on disposal of fixed assets	12	-	-	46,282	46,282
Total comprehensive income for the year		<u>1,424,066</u>	<u>46,989</u>	<u>356,911</u>	<u>356,911</u>
Represented by:					
- Restricted comprehensive income for the year		-	-	-	-
- Unrestricted comprehensive income for the year		1,424,066	46,989	356,911	356,911
- Attributable to the organisation		1,424,066	46,989	356,911	356,911
		<u>1,424,066</u>	<u>46,989</u>	<u>356,911</u>	<u>356,911</u>

All items of income and expenditure relate to continuing activities.

Consolidated and Company Statements of Changes in Equity

Financial Year Ended 31 December 2020

	Income and expenditure Account		Total excluding non-controlling interest	Non-controlling interest	Total
	Restricted	Unrestricted			
	€	€	€	€	€
CONSOLIDATED					
Balance at 1 January 2019	-	3,089,125	3,089,125	8	3,089,133
Surplus from the income and expenditure statement	-	356,911	356,911	-	356,911
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	356,911	356,911	-	356,911
Balance at 31 December 2019	-	3,446,036	3,446,036	8	3,446,044
Balance at 1 January 2020	-	3,446,036	3,446,036	8	3,446,044
Surplus from the income and expenditure statement	-	1,424,066	1,424,066	-	1,424,066
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	1,424,066	1,424,066	-	1,424,066
Balance at 31 December 2020	-	4,870,102	4,870,102	8	4,870,110
COMPANY					
Balance at 1 January 2019	-	3,089,125	3,089,125	-	3,089,125
Surplus from the income and expenditure statement	-	356,911	356,911	-	356,911
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	356,911	356,911	-	356,911
Balance at 31 December 2019	-	3,446,036	3,446,036	-	3,446,036
Balance at 1 January 2020	-	3,446,036	3,446,036	-	3,446,036
Surplus from the income and expenditure statement	-	46,989	46,989	-	46,989
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	46,989	46,989	-	46,989
Balance at 31 December 2020	-	3,493,025	3,493,025	-	3,493,025

Consolidated and Company Balance Sheet

As at 31 December 2020

		2020		2019	
	Notes	Consolidated €	Company €	Consolidated €	Company €
Non-current assets					
Intangible assets	11	17,892	17,892	5,752	5,752
Tangible assets	12	2,371,979	2,338,028	1,396,167	1,289,813
Financial assets	13	-	92	-	92
		<u>2,389,871</u>	<u>2,356,012</u>	<u>1,401,919</u>	<u>1,295,657</u>
Current assets					
Trade and other receivables (including €Nil (2019: €Nil) due after more than one year)	14	6,022,263	3,495,144	4,497,076	3,738,192
Cash and cash equivalents		<u>19,482,332</u>	<u>13,935,375</u>	<u>14,041,003</u>	<u>11,594,292</u>
		25,504,595	17,430,519	18,538,079	15,332,484
Less: Creditors (amounts falling due within one year)	15	(12,334,075)	(6,987,443)	(7,771,359)	(6,193,547)
Net current assets		<u>13,170,520</u>	<u>10,443,076</u>	<u>10,766,720</u>	<u>9,138,937</u>
Total assets less current liabilities		<u>15,560,391</u>	<u>12,799,088</u>	<u>12,168,639</u>	<u>10,434,594</u>
Creditors (amounts falling due after more than one year)					
Deferred grants	17	(8,303,267)	(6,953,000)	(7,321,683)	(5,694,000)
Capital grants	17	<u>(2,387,014)</u>	<u>(2,353,063)</u>	<u>(1,400,912)</u>	<u>(1,294,558)</u>
		(10,690,281)	(9,306,063)	(8,722,595)	(6,988,558)
Total net assets		<u>4,870,110</u>	<u>3,493,025</u>	<u>3,446,044</u>	<u>3,446,036</u>
Restricted reserves					
Income and expenditure reserve - restricted reserve	19	-	-	-	-
Unrestricted reserves					
Income and expenditure reserve - unrestricted	19	<u>4,870,102</u>	<u>3,493,025</u>	<u>3,446,036</u>	<u>3,446,036</u>
		4,870,102	3,493,025	3,446,036	3,446,036
Non-controlling interest	19	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>
Total reserves		<u>4,870,110</u>	<u>3,493,025</u>	<u>3,446,044</u>	<u>3,446,036</u>

The financial statements were approved by the Governing Body on 14 May 2021 and were signed on its behalf on that date by:

On behalf of the Board

Ms Dearbhla O'Reilly

Dr Gerard Culley

14 May 2021

Consolidated Statement of Cash Flows

Financial Year Ended 31 December 2020

	2020 €	2019 €
Cash flow from operating activities		
Surplus for the year	1,424,066	356,911
Adjustment for non-cash items		
Amortisation of intangible assets	15,815	250
Depreciation on tangible assets	1,024,471	1,926,201
Profit on sale of tangible assets	-	(46,282)
Investment income	(1,434)	(317)
(Increase)/decrease in prepayments	(696,642)	374,760
(Increase)/decrease in debtors	(828,545)	930,518
Increase/(decrease) in creditors	4,562,716	(6,493,379)
Increase/(decrease) in long term creditors	1,967,686	3,191,440
Net cash generated from operating activities	<u>7,468,133</u>	<u>240,102</u>
Cash flows from investing activities		
Proceeds from sales of tangible assets	-	46,282
Purchases of tangible fixed assets	(2,000,283)	(489,025)
Purchases of intangible assets	(27,955)	(6,002)
Interest received	1,434	317
Net cash used in investing activities	<u>(2,026,804)</u>	<u>(448,428)</u>
Cash flows from financing activities		
Issue of ordinary share capital	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents in the year	5,441,329	(208,326)
Cash and cash equivalents at beginning of the year	14,041,003	14,249,329
Cash and cash equivalents at end of the year	<u>19,482,332</u>	<u>14,041,003</u>
Components of cash and cash equivalents		
Cash and cash equivalents comprised:		
Cash at bank and in hand	19,482,332	14,041,003
Short term deposit accounts	-	-
Cash equivalents	<u>19,482,332</u>	<u>14,041,003</u>

Notes to the Financial Statements

1 General information

(a) Overview of principal activities

HEAnet CLG is Ireland's National Education and Research Network, providing internet connectivity and associated ICT services to education and research organisations throughout Ireland, including all primary and post primary schools. Its subsidiary, EduCampus Services DAC, represents a continued commitment to the delivery of MIS shared services to the higher education sector.

(b) Subsidiaries

HEAnet CLG has one subsidiary company EduCampus Services DAC. HEAnet holds 92% of the shares and has a controlling stake in that company.

(c) Details of incorporation and registered office

HEAnet CLG was incorporated on 12 November 1997. EduCampus Services DAC was incorporated on 20 April 2015. The registered office of the group and company is 5 George's Dock, IFSC, Dublin 1.

2 Statement of compliance

The Group financial statements of HEAnet Group have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council including Financial Reporting Standard 102, *(the Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish Law)*, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)' and with the Statement of Recommended Practice - Accounting for Further and Higher Education 2015 (HE SORP) and the Companies Act 2014.

3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of financial statements

These consolidated financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed in note 4.

(b) Going concern

The Group meets its working capital requirements by way of grant funding from the Department of Education, as well as membership contribution from clients. All necessary funding has been confirmed for 2021 and the importance of technology in education is appreciated now, more than ever. While the Government's financial position will be challenging next year and some downward budgetary pressure may be applied. The company's revised forecasts and projections, taking account of reasonably possible changes in trading performance, and having considered in detail the potential risks and likely impacts of the Coronavirus pandemic, continue to show that the company should be able to operate within the level of its current cash reserves. The directors are confident that adequate support will be made available for the Group to continue operations next year and into the future. The Group therefore continues to adopt the going concern basis in preparing Group financial statements.

(c) Basis of consolidation

The Group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 31 December 2020.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors, which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

(d) Foreign currencies

The Group financial statements are presented in Euro, denominated by the symbol '€'.

The Group functional and presentation currency is the Euro.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rates ruling at the dates of the transactions, except that where a transaction is covered by a forward exchange contract, the contracted exchange rate is used.

Profits and losses arising from foreign currency transactions and on settlement of amounts receivable and payable in foreign currency are dealt with in the profit and loss account. Monetary assets are money held and amounts to be received in money; all other assets are non-monetary assets. All foreign exchange gains and losses are presented in the profit and loss account within "other operating expenses".

(e) Income

Income is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered.

(i) Recognition of grant income

The HE SORP allows the accounting policy choice of applying the accruals model or the performance model when accounting for government grants. Non-exchange transactions are defined as those transactions whereby an entity receives value from another entity without directly giving approximately equal value in exchange. As all of HEAnet grants are considered to be government grants, no non-exchange grant transactions have been recognised in the financial statements and the option to apply the accruals model to the recognition of all grant income has been adopted.

Grant income is recognised in income on an accruals basis over the periods in which the entity recognised the related costs for which the grant was intended to compensate.

Grants related to assets shall be recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as long-term capital grants.

Income includes grants received from the Department of Education for Central and Service Provision, Core HEAnet Infrastructure and IoT Infrastructure. Income also includes grants received directly from the Department of Education for the Primary Schools Network, and grants received for the phased national rollout of the 100Mbps to the Post-Primary Schools project. This project is funded by the Department of Communications, Climate Action and Environment for the first two years, and by the Department of Education from the third year.

(ii) Client connectivity

Client contributions are a contribution from member clients based on a client charging model prepared annually and approved by the board of directors. Income is recognised in the period in which it is earned.

Core HEAnet infrastructure client income comprises client contribution to the set-up costs of new point to point circuits, multi-media services, and co-location charges for equipment housing/hosted data services at HEAnet out-sourced facilities, and is recognised when the service is provided.

(iii) Other Client income

Client service income relates to additional optional client services, which are invoiced separately to the annual Client Contribution, and is recognised when the service is provided.

Brokerage services/support income includes client contribution to the management of, and participation in, commercial agreements to secure savings on behalf of HEAnet clients and is recognised when the service is provided.

Intercompany SLA income includes the agreed cost of support (Finance, HR, & LAN Support) provided by HEAnet to EduCampus Services and is recognised when the service is provided.

(iv) Recognition of costs associated with grant income and client charges

The associated costs of grants and client contributions are recognised in the cost line titled "Direct costs of delivering services", with the exception of staff, overhead and other administrative costs relating to projects, which are recognised in administration costs. Other operating costs includes other central costs associated with provision of services to clients including data centres and IT costs.

(v) Bank interest receivable

Bank interest income is recognised using the effective interest rate method.

(f) Employee benefits

The Group provides a range of benefits to employees, company sponsored health insurance, sick pay, risk cover and defined contribution pension.

(i) Short term benefits

Short-term benefits including compensation for loss of employment, holiday pay, and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Pensions

The Group operates a defined contribution pension plan for its employees. The pension entitlements of the employees are secured by contributions to a separately administered defined contribution pension scheme and the assets of the plan are held separately from the Group. Once the contributions have been paid, the Group has no further payment obligations. The expected cost of providing pensions to employees is charged to the profit and loss account when they are due. Amounts not paid are included in accruals in the balance sheet.

(g) Intangible assets

Computer software is carried at cost less accumulated amortisation and accumulated impairment and is amortised over its estimated useful life as follows:

Computer software	2 years
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Intangible fixed assets are reviewed for impairment if there is an indication that the intangible asset may be impaired.

(h) Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and accumulated impairment. Cost includes the original purchase price and costs directly attributable to bringing the asset to use.

Depreciation is calculated in order to write off the cost of tangible fixed assets over their estimated useful lives using the straight-line method. The estimated useful lives of tangible fixed assets by reference to which depreciation has been calculated are as follows:

Computer hardware	3 years
Fixtures and fittings	4 years
Leasehold Improvements	Remainder of lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

Repairs and maintenance are accounted for through the profit and loss account.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Impairment of non-financial assets

At the end of each financial year, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount is estimated.

If the recoverable amount of the asset is less than the carrying amount of the asset, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

(j) Investments - Company

Investments in subsidiary company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

(l) Financial instruments

The Group has chosen to adopt the sections 11 and 12 of the FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in subsidiaries, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade and other debtors and cash and cash equivalents, which constitute financing transactions, are subsequently carried at amortised cost using the effective interest method.

At the end of each financial year, financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired, an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(m) Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

(n) Indefeasible Rights of Use (IRU's)

Expenditure on the purchased IRU capacity contracts are accounted for as service contracts, and accordingly, the prepaid balance is recorded as a prepayment and is amortised on a straight line basis as an expense over the life of the service level agreement.

(o) Funds

All transactions of the organisation have been recorded and reported as income into or expenditure from funds which are classified as "restricted", "designated" or "unrestricted".

(i) Restricted funds

Income is treated as restricted where the grant donor has specified that it may only be used for a particular purpose or where it has been raised for a particular purpose. All other income is treated as unrestricted.

Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor or the terms under which it was raised. All other expenditure is treated as unrestricted.

(ii) Unrestricted funds

Unrestricted funds are client contributions received for the general purpose of the organisation which have no explicit restrictions attaching to them.

The balance of the unrestricted fund at the end of the year represents the reserves held by the organisation for general use in furtherance of its work.

(iii) Designated reserves

On occasion the board designates certain elements of unrestricted funds to be used for a specific future purpose. The designated funds within unrestricted funds in place at the balance sheet date include infrastructure current expenditure. These funds have been designated by the board for the purpose of certain funds to cover the cost of infrastructure which are funded in arrears. As these funds are an internal matter designated by the organisation, these have not been called out on the face of the primary statements, however transfers within designated reserves are dealt with in note 19 of the financial statements.

4 Critical accounting judgement and estimation uncertainty

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. While there is always a risk where judgements and estimates are used, none of these is considered by the directors to pose a serious risk of requiring material restatement in the next financial year. This is addressed below:

Useful economic lives of tangible fixed assets

Depreciation is calculated in order to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments. The estimated useful lives of tangible fixed assets detailed in the accounting policies is considered appropriate.

Bad debt provision

The directors have assessed the recoverability of trade debtors at year end and decided that an impairment provision is not required. All debtor balances are considered recoverable at the balance sheet date.

5. Funding body grants

		2020		2019	
	Notes	Consolidated €	Company €	Consolidated €	Company €
(a) Recurrent grant					
HEAnet recurrent grants		6,799,508	6,799,508	7,266,115	7,266,115
Schools network infrastructure recurrent grants		1,541,643	1,541,643	1,497,141	1,497,141
Schools high speed recurrent grants		6,616,442	6,616,442	6,865,592	6,865,592
EduCampus operational recurrent grants		9,066,477	-	8,348,792	-
		<u>24,024,070</u>	<u>14,957,593</u>	<u>23,977,640</u>	<u>15,628,848</u>
(b) Specific grants					
European Commission grant		223,568	223,568	240,830	240,830
MIS refresh project grant		2,261,416	-	830,855	-
MTU Merge Project		402,306	-	-	-
e-Invoicing funding		54,174	-	-	-
		<u>2,941,464</u>	<u>223,568</u>	<u>1,071,685</u>	<u>240,830</u>
Total non-capital funding body grants	16(a)	<u>26,965,534</u>	<u>15,181,161</u>	<u>25,049,325</u>	<u>15,869,678</u>
(c) Capital grants					
Core HEAnet infrastructure capital amortisation	17(a)	714,392	714,392	1,394,810	1,394,810
Schools network infrastructure capital amortisation	17(a)	53,294	53,294	114,728	114,728
IoT infrastructure capital amortisation	17(a)	-	-	1,389	1,389
Schools high speed capital amortisation	17(a)	199,023	199,023	300,984	300,984
Operational capital amortisation	17(a)	35,698	-	41,131	-
Transition capital amortisation	17(a)	36,705	-	69,226	-
		<u>1,039,112</u>	<u>966,709</u>	<u>1,922,268</u>	<u>1,811,911</u>
Total funding body grants		<u>28,004,646</u>	<u>16,147,870</u>	<u>26,971,593</u>	<u>17,681,589</u>

6. Client connectivity income

	2020		2019	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Unrestricted client contribution charges	3,861,113	3,871,787	3,620,827	3,631,500
Unrestricted income from client connectivity charges	145,601	145,601	118,305	118,305
	<u>4,006,714</u>	<u>4,017,388</u>	<u>3,739,132</u>	<u>3,749,805</u>

7. Other client income

	2020		2019	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Client service income	2,830,892	1,100,857	1,802,217	1,169,527
ICT Procurement	663,000	971,774	186,387	456,809
Proceeds of liquidation of predecessor company	1,376,434	-	-	-
Intercompany SLA support	-	292,277	-	345,031
	<u>4,870,326</u>	<u>2,364,908</u>	<u>1,988,604</u>	<u>1,971,367</u>

8. Investment income

	2020		2019	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Bank interest	<u>1,434</u>	<u>792</u>	<u>317</u>	<u>317</u>

9. Staff costs

	2020		2019	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
(a) Staff costs				
Salaries	6,902,541	5,377,171	5,961,353	4,713,248
Seconded costs	189,000	-	144,449	-
Redundancy and termination payments	-	-	81,000	81,000
Social security costs	747,557	587,711	648,214	518,706
Retirement benefit costs	658,788	522,073	581,466	473,072
Company sponsored health insurance	88,052	69,285	86,483	68,895
Company sponsored risk	52,372	42,044	48,087	39,264
	<u>8,638,310</u>	<u>6,598,284</u>	<u>7,551,052</u>	<u>5,894,185</u>

9. Staff costs (continued)

		2020	2019
		Number	Number
(b) Remuneration			
Remuneration of other higher paid staff (company):			
€60,000 - €69,999		7	5
€70,000 - €79,999		13	11
€80,000 - €89,999		5	4
€90,000 - €99,999		5	8
€100,000 - €109,999		5	4
€110,000 - €119,999		2	-
€120,000 - €129,999		3	3
€130,000 - €139,999		-	-
€140,000 - €149,999		1	-
€150,000 - €159,999		1	1
		42	36
Remuneration of other higher paid staff (consolidated, including secondees):			
€60,000 - €69,999		11	7
€70,000 - €79,999		19	16
€80,000 - €89,999		7	6
€90,000 - €99,999		7	10
€100,000 - €109,999		5	5
€110,000 - €119,999		3	-
€120,000 - €129,999		3	3
€130,000 - €139,999		-	-
€140,000 - €149,999		2	1
€150,000 - €159,999		1	1
		58	49
(c) Average staff numbers by major category (HEAnet):			
Management		8	7
Administration		17	14
Technical/engineers/service delivery		51	46
		76	67
Average staff numbers by major category (consolidated, including secondees):			
Management		13	12
Administration		21	17
Technical/engineers/service delivery		67	57
		101	86

Additional disclosures are included in the above table to show the number of staff in the band between €60,000 and €69,999. This is not required under the HE SORP, but is a requirement of the Code of Practice for the Governance of State Bodies (2016).

(d) Key management personnel

The key management personnel of the group have been identified as the directors (of whom none is appointed to any salaried office or position within the company), and the senior management team (11 personnel) (2019: 11). The total compensation paid to these personnel in 2020 was €1,606,757 (2019: €1,498,381) and this includes salary, pension contributions and health insurance contributions.

The Chief Executive's Remuneration for 2020 was €158,995 (2019: €152,880).

10. Analysis of total expenditure by activity

	2020		2019	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Staff costs (note 9 (a))	8,638,310	6,598,284	7,551,052	5,894,185
Direct cost of delivering services	17,398,934	13,587,482	15,428,766	14,347,066
Administration expenses	1,786,685	1,318,651	1,915,587	1,422,399
Other operating expenses	7,635,125	979,552	7,493,612	1,428,799
	<u>35,459,054</u>	<u>22,483,969</u>	<u>32,389,017</u>	<u>23,092,449</u>
Administration expenses include:				
Rent, rates, service charge and office support	825,954	603,077	790,523	575,979
Consultancy and professional fees	274,794	188,478	310,897	265,413
Depreciation and amortisation	72,403	-	110,357	-
External auditors' remuneration in respect of audit services*	57,416	37,841	55,744	36,740
External auditors' remuneration in respect of non-audit services*	7,374	4,889	7,159	4,748
Foreign exchange (gain)/loss	-	-	(2)	(2)
	<u></u>	<u></u>	<u></u>	<u></u>
Other operating expenses include:				
IT service costs	5,923,260	-	5,318,937	-
Service continuity	998,545	-	908,487	-
HEAnet conference	4,511	4,511	23,789	23,789
	<u></u>	<u></u>	<u></u>	<u></u>

*Auditors remuneration is inclusive of VAT

11. Intangible assets

	2020		2019	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Cost				
At 1 January	532,750	362,081	530,661	359,992
Additions in the year	27,955	27,955	6,002	6,002
Disposals	-	-	(3,913)	(3,913)
At 31 December	<u>560,705</u>	<u>390,036</u>	<u>532,750</u>	<u>362,081</u>
Accumulated depreciation				
At 1 January	(526,998)	(356,329)	(530,661)	(359,992)
Charge for the year	(15,815)	(15,815)	(250)	(250)
Disposals	-	-	3,913	3,913
At 31 December	<u>(542,813)</u>	<u>(372,144)</u>	<u>(526,998)</u>	<u>(356,329)</u>
Net book value				
At 31 December	<u>17,892</u>	<u>17,892</u>	<u>5,752</u>	<u>5,752</u>

12. Tangible assets

CONSOLIDATED

Cost

	Fixtures fittings and equipment €	Computer hardware €	Total €
At 1 January 2020	455,678	12,911,812	13,367,490
Additions	-	2,000,283	2,000,283
Disposals	-	(346,500)	(346,500)
At 31 December 2020	455,678	14,565,595	15,021,273

Accumulated depreciation

At 1 January 2020	(351,431)	(11,619,892)	(11,971,323)
Charge for the year	(70,296)	(954,175)	(1,024,471)
Disposals	-	346,500	346,500
At 31 December 2020	(421,727)	(12,227,567)	(12,649,294)

Net book value

At 31 December 2020	33,951	2,338,028	2,371,979
At 31 December 2019	104,247	1,291,920	1,396,167

COMPANY

Cost

At 1 January 2020	48,933	12,824,578	12,873,511
Additions	-	2,000,282	2,000,282
Disposals	-	(346,500)	(346,500)
At 31 December 2020	48,933	14,478,360	14,527,293

Accumulated depreciation

At 1 January 2020	(48,933)	(11,534,765)	(11,583,698)
Charge for the year	-	(952,067)	(952,067)
Disposals	-	346,500	346,500
At 31 December 2020	(48,933)	(12,140,332)	(12,189,265)

Net book value

At 31 December 2020	-	2,338,028	2,338,028
At 31 December 2019	-	1,289,813	1,289,813

12. Tangible assets (continued)

Disposal figure includes the following:

Cost

	Consolidated 2020 €	2019 €	Company 2020 €	2019 €
Hardware	346,500	1,115,604	346,500	1,115,694
Software	-	3,913	-	3,913
Fixtures and fittings	-	-	-	-

Accumulated depreciation

Hardware	(346,500)	(1,115,604)	(346,500)	(1,115,604)
Software	-	(3,913)	-	(3,913)
Fixtures and fittings	-	-	-	-

Profit on disposal

Hardware	-	46,282	-	46,282
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Future tangible asset purchase commitments

Contracted for but not provided in financial statements	-	-	-	-
Authorised by the directors but not contracted for	-	-	-	-

No assets are held under finance leases.

13. Financial assets

Fixed asset investments comprise HEAnet's shareholding in its subsidiary company, EduCampus Services DAC. HEAnet holds 92% of the shares and has a controlling stake in that company. EduCampus's registered office is c/o HEAnet CLG, 5 George's Dock, IFSC, Dublin 1.

EduCampus Services DAC was formed to provide quality IT and MIS shared services to the higher education sector, in line with the National Strategy for Higher Education to 2030. EduCampus Services DAC commenced business operations on 1 October 2015.

14. Trade and other receivables

	Consolidated		Company	
	2020	2019	2020	2019
	€	€	€	€
Amounts falling due within one year:				
Trade debtors	1,021,778	325,136	606,894	232,876
Amounts owed by group companies	-	-	48,643	65,183
Other debtors	4,580	68,226	3,725	19,931
Grant receivable	475,530	221,308	23,704	212,227
VAT receivable	-	2,353	-	-
Deferred expenditure	4,520,375	3,880,053	2,812,178	3,207,975
	<u>6,022,263</u>	<u>4,497,076</u>	<u>3,495,144</u>	<u>3,738,192</u>

Amounts owed by group companies are unsecured, interest free and payable within 30 days in line with other HEAnet client invoices. There is no provision for impairment carried against trade debtors.

15. Creditors (amounts falling due within one year)

	Consolidated		Company	
	2020	2019	2020	2019
	€	€	€	€
Trade creditors	3,352,403	1,189,937	2,577,184	969,252
Accruals	2,877,445	1,370,021	542,725	894,392
Taxation and social insurance	501,014	312,058	437,429	261,627
Deferred grants	4,082,928	4,296,639	2,331,547	3,391,639
Deferred income	1,220,813	432,073	848,618	529,331
Other accruals	299,472	170,631	249,940	147,306
	<u>12,334,075</u>	<u>7,771,359</u>	<u>6,987,443</u>	<u>6,193,547</u>
Included in the above taxation and social insurance liability are the following:				
VAT payable	248,218	100,521	240,659	100,521
RCT payable	100	400	100	400
PAYE	122,954	103,119	95,112	76,995
PRSI	91,055	74,297	70,900	57,355
Local property tax	368	297	251	244
Universal social charge	24,054	20,552	19,058	15,757
Company sponsored health insurance	14,265	12,872	11,349	10,355
	<u>501,014</u>	<u>312,058</u>	<u>437,429</u>	<u>261,627</u>

Amounts owing to trade creditors are subject to agreed payment terms, which are generally 30 days. Tax and social insurance are repayable in accordance with the applicable statutory provisions.

16. Grants

	Notes	Consolidated		Company	
		2020	2019	2020	2019
		€	€	€	€
(a) Grants					
Balance at beginning of the year		11,618,322	10,216,006	9,085,639	8,050,496
Grants received/receivable during the year		29,758,621	26,946,667	17,405,283	17,395,148
		<u>41,376,943</u>	<u>37,162,673</u>	<u>26,490,922</u>	<u>25,445,644</u>
Less:					
Recurrent grant released to revenue	5(a), (b)	(26,965,534)	(25,049,325)	(15,181,161)	(15,869,678)
Transfer to capital grants	17	(2,025,214)	(495,026)	(2,025,214)	(490,327)
Transfer to designated fund		-	-	-	-
		<u>12,386,195</u>	<u>11,618,322</u>	<u>9,284,547</u>	<u>9,085,639</u>
(b) Grants due within/after one year					
Thereof:					
Amounts falling due within one year		4,082,928	4,296,639	2,331,547	3,391,639
Amounts falling due after one year		<u>8,303,267</u>	<u>7,321,683</u>	<u>6,953,000</u>	<u>5,694,000</u>
		<u>12,386,195</u>	<u>11,618,322</u>	<u>9,284,547</u>	<u>9,085,639</u>

(c) Government grants

The majority of HEAnet Group's activity is supported by way of grant funding from the Department of Education.

Some grants (e.g. operational costs for the schools project, which is funded by the Department of Education) are 100% funded in arrears, based on matured liabilities.

Other grants are funded up to a certain agreed figure based on budgetary projections provided in advance by HEAnet. The company is responsible for operating within the scope of the agreed budget.

Grants are provided on the basis of providing service in the periods to which the grants relates and are not contingent on meeting any future conditions.

The Group's obligations are organised so that the majority of contracts are cancellable on short notice periods (approximately three months) in the event grant funding was withdrawn.

16. Grants (continued)

(d) Analysis of deferred grants and grant income for the year ended 31 December 2020

Name of grantor	Name of grant	Purpose of grant	Opening deferral 1 January 2020 €	Grant received 2020 €	Income and Expenditure 2020 €	Closing deferral 31 December 2020 €	Reason for closing deferral
Department of Education	Vote 26 C.16	HEAnet Capital and Recurrent Research Grant	-	1,699,411	(1,699,411)	-	
Department of Education and the European Commission	Vote 26 C.12	HEAnet Capital and Recurrent Research Grant	7,708,630	7,819,259	(7,302,036)	8,225,853	Commitments in 2020 for 2021 expenditure
Department of Education	Vote 26 C.04	Schools Broadband Network Capital and Recurrent Grant	607,632	1,480,885	(1,588,486)	500,031	Commitments in 2020 for 2021 expenditure
Department of Education	Vote 26 C.04	Schools Post-Primary Capital and Recurrent Grant	769,377	6,405,728	(6,616,442)	558,663	Commitments in 2020 for 2021 expenditure
HEAnet closing balance			<u>9,085,639</u>	<u>17,405,283</u>	<u>(17,206,375)</u>	<u>9,284,547</u>	

Name of grantor	Name of grant	Purpose of grant	Opening deferral 1 January 2020 €	Grant received 2020 €	Income and Expenditure 2020 €	Closing deferral 31 December 2020 €	Reason for closing deferral
Department of Education	Vote 26 C.04	These grants are utilised in providing quality IT and MIS shared services to the Institutes of Technology	707,432	9,600,059	(9,066,477)	1,241,014	Commitments in 2020 for 2021 expenditure
Department of Education	Vote 26 C.16	Funding the refresh of the HRM and Payroll System	1,825,251	2,668,739	(2,663,722)	1,830,268	Future capital purchase commitments for the MIS refresh project
IT Sligo		Funding the e-Invoicing project	-	84,540	(54,174)	30,366	Future capital purchase commitments for the e-Invoicing project
EduCampus closing balance			<u>2,532,683</u>	<u>12,353,338</u>	<u>(11,784,373)</u>	<u>3,101,648</u>	
HEAnet Group closing balance			<u>11,618,322</u>	<u>29,758,621</u>	<u>(28,990,748)</u>	<u>12,386,195</u>	

17. Creditors (amounts falling due after more than one year)

	Notes	Consolidated		Company	
		2020	2019	2020	2019
		€	€	€	€
Deferred grants	16(b)	8,303,267	7,321,683	6,953,000	5,694,000
Capital grants	17(a)	2,387,014	1,400,912	2,353,063	1,294,558
		<u>10,690,281</u>	<u>8,722,595</u>	<u>9,306,063</u>	<u>6,988,558</u>
(a) Capital grants					
Balance at beginning of the year		1,400,912	2,828,154	1,294,558	2,616,142
Grants received/receivable during the year	16(a)	2,025,214	495,026	2,025,214	490,327
		<u>3,426,126</u>	<u>3,323,180</u>	<u>3,319,772</u>	<u>3,106,469</u>
Amortisation for the year		<u>(1,039,112)</u>	<u>(1,922,268)</u>	<u>(966,709)</u>	<u>(1,811,911)</u>
Balance at end of year		<u>2,387,014</u>	<u>1,400,912</u>	<u>2,353,063</u>	<u>1,294,558</u>
Included in the amortisation of capital grants for the year is amortisation in respect of:					
Core HEAnet infrastructure		714,392	1,394,810	714,392	1,394,810
Schools network		53,294	114,728	53,294	114,728
IoT infrastructure		-	1,389	-	1,389
Schools high speed		199,023	300,984	199,023	300,984
EduCampus		72,403	110,357	-	-
		<u>1,039,112</u>	<u>1,922,268</u>	<u>966,709</u>	<u>1,811,911</u>

18. Operating lease commitments

	Consolidated		Company	
	2020	2019	2020	2019
	€	€	€	€
Minimum lease payment under operating leases recognised as an expense during the year	<u>1,495,883</u>	<u>1,563,305</u>	<u>1,396,485</u>	<u>1,463,907</u>
At period end, the company has outstanding commitments under non-cancellable operating lease that fall due as follows:				
Within one year	1,242,496	1,495,882	1,143,093	1,396,485
Later than one year and not later than five years	1,007,616	2,250,113	633,219	1,776,318
Later than five years	-	-	-	-
Total lease payments due	<u>2,250,112</u>	<u>3,745,995</u>	<u>1,776,312</u>	<u>3,172,803</u>

19. Funds note

	Unrestricted funds - general reserve €	Designated funds - general reserve €	2020 Total €
Consolidated			
Opening balance	1,289,125	1,800,000	3,089,125
Net movement in statement of comprehensive income	356,911	-	356,911
Movements between funds	-	-	-
Closing balance at 31 December 2019	1,646,036	1,800,000	3,446,036
Net movement in statement of comprehensive income	1,424,066	-	1,424,066
Movements between funds	(1,000,000)	1,000,000	-
Closing balance at 31 December 2020	2,070,102	2,800,000	4,870,102
Company			
Opening balance	1,289,125	1,800,000	3,089,125
Net movement in statement of comprehensive income	356,911	-	356,911
Movements between funds	-	-	-
Closing balance at 31 December 2019	1,646,036	1,800,000	3,446,036
Net movement in statement of comprehensive income	46,989	-	46,989
Movements between funds	-	-	-
Closing balance at 31 December 2020	1,693,025	1,800,000	3,493,025

Restricted funds

Restricted funds comprise the following:

Restricted capital grants are grants received for capital expenditure relating to specific capital projects such as the Core HEAnet infrastructure capital project or the Schools network infrastructure capital project.

Grants are provided by the grant authority for the specific capital project stipulated. Amortisation of the relevant grants and the related depreciation expenditure are treated as restricted income and expenditure in the statement of comprehensive income and expenditure.

Other restricted funds relate to other income which has been received from a grant authority or other organisation with specific restrictions attaching to it. Such income is held in a restricted fund and utilised to fund the related expenditure when incurred. The company does not have any restricted reserves €Nil (2019: €Nil).

Unrestricted funds

Unrestricted funds comprise the following:

Unrestricted general funds (primarily client contributions) comprise all funds which have been received and used in the ordinary course of business which are not subject to a specific restriction by the grantor or donor.

Designated funds

Designated funds include funds designated by the Board for a specific purpose. The Board designated an amount of €1.8m as a designated fund for infrastructure recurrent expenditure, ring-fenced for cash flow purposes because certain recurrent grants are received in arrears, and €1m as a designated fund ring-fenced for expenditure on the MIS project in future years.

20. Related party transactions

HEAnet provides network and related services to its members. It operates on a cost recovery basis, whereby the members approve a budget for HEAnet to provide the required services and HEAnet invoices the members in accordance with the services which have been requested. HEAnet is in receipt of grant funding which is used to offset the cost of providing these services.

In 2015, HEAnet established a subsidiary company, EduCampus Services DAC, and HEAnet holds the majority of the shares (92%). The ultimate controlling party of the group is HEAnet. Business support services were provided to EduCampus Services DAC, which amounted to €292,277 (2019: €345,031).

On 1 March 2016 EduCampus Services became a client of HEAnet. Client contribution charges for 2020 were €10,674 (2019: €10,674).

Other services provided by HEAnet to EduCampus Services relate to Web-hosting, Managed IdP and Managed eduroam Radius Service. Other services charged by HEAnet for the period amounted to €3,517 (2019: €14,123). The balance receivable in respect of all services from EduCampus Services at the year-end was €64,614 (2019: €Nil).

The receivable is unsecured, due in 30 days and no guarantees have been received.

Ms Kerrie Power, Chief Executive in HEAnet CLG, is a Director of GÉANT from November 2019. During the year, HEAnet CLG received services from GÉANT and provided services to GÉANT. The services provided to GÉANT and provided by GÉANT were subject to normal commercial terms and amounted to the below:

During the year, HEAnet CLG provided services to GÉANT, and amounted to €12,000 (2019: €12,000). At the year-end, the amount due from GÉANT was €Nil (2019: €Nil).

During the year, HEAnet CLG received grant income from GÉANT, and this amounted to €299,504 (2019: €492,027). The grant receivable in respect of GÉANT at year-end was €Nil (2019: €Nil). The deferred grant in respect of GÉANT at year-end was €460,610 (2019: €384,675).

During the year, HEAnet CLG received services from GÉANT, and this amounted to €609,331 (2019: €608,066). At the year-end, the amount due to GÉANT was €Nil (2019: €61,192). Deferred expenditure in respect of GÉANT at year-end was €150,549 (2019: €198,583).

Mr David Burke, Legal Counsel - Data Protection and Compliance in HEAnet, is a director of INEX (Internet Neutral Exchange Association Limited) from January 2020. During the year, HEAnet CLG received services from INEX. INEX is a not-for profit organisation. The services provided by INEX to HEAnet CLG were subject to normal commercial terms and amounted to €41,082 (2019: €53,038). At the year-end, the amount due to INEX was €Nil (2019: €Nil). Deferred expenditure in respect of INEX at year-end was €Nil (2019: €Nil).

Mr Brian Nisbet, Service Operations Manager in HEAnet, is a director (Officer Without Portfolio) of Hotline.ie (a registered business name of Internet Service Providers Association of Ireland CLG) from May 2020. During the year, HEAnet CLG received services from ISPAI. The services provided by ISPAI to HEAnet CLG were subject to normal commercial terms and amounted to €18,000 (2019: €18,000). At the year-end, the amount due to ISPAI was €Nil (2019: €Nil). Deferred expenditure in respect of ISPAI at year-end was €Nil (2019: €Nil).

An Chéim Computer Services Ltd. is now fully liquidated. The final transfer of funds from TU Dublin to EduCampus Services DAC in relation to the residual funds from the wind down of An Chéim, in the amount of €1.3M, was completed in August 2020.

Limited by guarantee

The liability of members is limited to the amount (not to exceed €1.27) guaranteed by each member.

21. Contingent assets

There are no contingent assets at the end of 2020. The contingent asset in previous years for the transfer of surplus grants from An Chéim of €1.3M was received and recognised in EduCampus in 2020.

22. Pension plans

The pension entitlements of employees arise under a defined contribution plan, which commenced in September 1999. The Group's contribution charge to the profit and loss account for the year ended 31 December 2020 amounted to €658,786 (2019: €581,466).

23. Group structure

At 20 April 2015, HEAnet established a subsidiary company EduCampus Services and retains a 92% controlling stake of the share capital of that company.

24. Non-controlling interests

The movement in non-controlling interests was as follows:

At 1 January

Total comprehensive income attributable to non-controlling interest

At 31 December

2020	2019
€	€

8	8
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-	-
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8	8
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25. Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Company	Principal activity	Status	Country of incorporation
EduCampus Services DAC	MIS shared services	92% owned	Ireland

26. Subsequent events

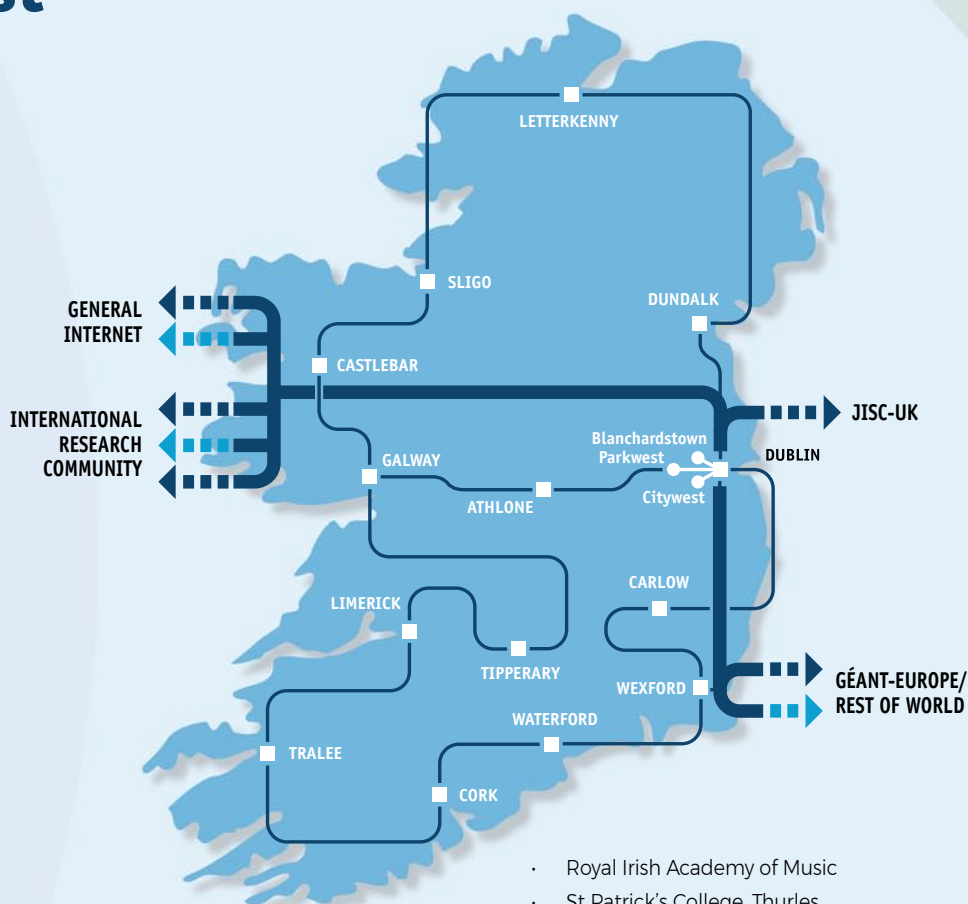
There were no subsequent events to report.

27. Approval of the financial statements

The directors approved the Group and Company financial statements on 14 May 2021.

HEAnet Network Infrastructure and Client List

- Athlone Institute of Technology
- Ballyfermot CFE
- Carlow College
- Cavan & Monaghan ETB
- Central Applications Office
- City of Dublin ETB
- College of Anaesthetists of Ireland
- Cork ETB
- Department of Education (including the State Examinations Commission)
- Donegal ETB
- Dublin City University
- Dublin & Dun Laoghaire ETB
- Dublin Institute for Advanced Studies
- Dun Laoghaire Further Education Institute
- Dundalk Institute of Technology
- Economic and Social Research Institute
- EduCampus Services
- Education & Training Boards Ireland
- Education Shared Business Service
- Environmental Protection Agency
- Eurofound
- Galway-Mayo Institute of Technology
- Galway & Roscommon ETB
- Health Research Board
- Higher Education Authority
- Houses of the Oireachtas
- IADT, Dun Laoghaire
- Irish Centre for High End Computing
- Inland Fisheries Ireland
- Institute of Bankers
- Institute of Public Administration
- Irish College of General Practitioners
- Irish Prison Service
- Irish Universities Association
- Institute of Technology Carlow
- Institute of Technology Sligo
- Kerry ETB
- Kildare & Wicklow ETB
- Kilkenny & Carlow ETB
- Laois & Offaly ETB
- Letterkenny Institute of Technology
- Limerick & Clare ETB
- Limerick Institute of Technology
- Longford & Westmeath ETB



- Louth & Meath ETB
- Marine Institute
- Marino Institute of Education
- Maynooth University
- Mayo, Sligo & Leitrim ETB
- Medical Council
- MET Éireann
- Mountbellew Agricultural College
- Munster Technological University
- National Cancer Registry Ireland
- National College of Art and Design
- National College of Ireland
- National Forum for the Enhancement of Teaching & Learning in Higher Education
- National University of Ireland
- National University of Ireland Galway
- Ordnance Survey Ireland
- PDST Technology in Education
- Post-Graduate Applications Centre
- Quality & Qualifications Ireland
- Royal College of Physicians of Ireland
- Royal College of Surgeons in Ireland
- Royal Irish Academy

- Royal Irish Academy of Music
- St Patrick's College, Thurles, Co. Tipperary
- Teagasc
- Technological Higher Education Association
- Technological University Dublin
- Tipperary ETB
- Trinity College Dublin
- University College Cork
- University College Dublin
- University of Limerick
- Waterford & Wexford ETB
- Waterford Institute of Technology
- .ie (formerly IE Domain Registry)

SCHOOLS

• Broadband for Schools Programme

• Schools 100Mbps Project

4,000 primary and post-primary schools, through the Department of Education & Skills.



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